

Denali Advisors, LLC

5075 Shoreham Place, Ste 120

San Diego, CA 92122

Phone: 858-558-3600

Fax: 858-952-5886

www.DenaliAdvisors.com

This brochure provides information about the qualification and business practices of Denali Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 858-558-3600, or by email at dlamb@mckinleycapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Denali Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

February 20, 2024

Item 2: Material Changes

Annual Update

Denali Advisors, LLC (“Denali”) is providing this information as part of our annual updating amendment.

Material Changes since the Last Update

Since our last annual amendment filed on March 2, 2023, the following material changes have occurred:

- Effective December 31, 2023, Denali acquired McKinley Capital Management, LLC (“McKinley Capital”), an Anchorage, AK-based registered investment adviser from McKinley Management, LLC (“McKinley”). As part of the acquisition, McKinley acquired a 10.53% interest in Denali.
- Effective January 1, 2024, (i) Kenneth Lenhart is Denali’s Chief Operating Officer; (ii) Robert A. Gillam is Denali’s Chief Investment Officer, Growth Equity; and (iii) Deborah Lamb is Denali’s Chief Compliance Officer.

Full Brochure Availability

The Firm Brochure for Denali Advisors, LLC is available by contacting:

Deborah Lamb
Chief Compliance Officer
Denali Advisors, LLC
907-365-9557
dlamb@mckinleycapital.com

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Item 4: Advisory Business

Firm Description

Denali Advisors, LLC is a majority employee-owned, quantitative-based, institutional investment management firm, and the largest Native American-owned asset management firm in the country. Specializing in U.S. value equities, Denali was founded in 2001 by our principal owner Robert Snigaroff, an Alaskan Native of the Aleut Tribe, and Michael Munson. Denali is 70% employee owned.

Principal Owners

Mr. Snigaroff, President, and Michael Munson, Senior Vice President and Portfolio Manager are founding principal owners of Denali Advisors, LLC. Nile Capital Group has 19% ownership interest in Denali. As part of this arrangement, Nile provides consulting on employment, sales, marketing and growth opportunities. Nile does not have any additional compensation arrangements, other than equity distributions as part of the ownership. Denali maintains its Minority Business Enterprise (“MBE”) investment manager status, independence, and autonomy. McKinley Management, LLC has an approximately 11% ownership interest in Denali.

Types of Advisory Services

Denali provides advisor and sub-advisory asset management services on a discretionary basis in accordance with the methods described in the Methods of Analysis, Investment Strategies and Risk of Loss section of this Brochure, primarily to institutional public, corporate and foundation clients. For more information on the types of clients that we provide advisory services to, please see *Types of Clients* in this Brochure. Denali develops an investment policy and creates and manages client portfolios based on client-specified guidelines and objectives. Denali offers the following domestic and international equity strategies: Denali Network Value Large (NV Large), Denali Network Value Mid (NV Mid), Denali Network Value Small (NV Small), Denali NV Micro Core (NV Micro Core), Denali Network Value Emerging Markets (NV EM), Denali Network Value ACWI ex-US (NV ACWI ex-US), Denali Network Value EAFE (NV EAFE), Denali Network Value EAFE Small (NV EAFE Small), Denali Network Value Small- Mid (NV SMID), and Denali Small Growth (DEN SG).

Tailored Relationships

Advisory services are tailored to individual needs of the client. Clients may impose restrictions on

investing in certain securities or types of securities. Such restrictions must be submitted to Denali in writing.

Assets under Management

As of December 31, 2023, Denali managed \$493,421,776 on a discretionary basis and \$0 on a non-discretionary basis. Effective December 2023, Denali Advisors acquired McKinley Capital Management, LLC (“McKinley Capital”). McKinley Capital is now a wholly owned subsidiary of Denali with approximately \$996 million in discretionary AUM and approximately \$7.5 million in assets under advisement.

Item 5: Fees and Compensation

Description

STANDARD FEE SCHEDULES FOR MANAGED ACCOUNTS:

The standard fee for asset management services is based upon a percentage of the client's assets under management. While fees are negotiable, they will generally not exceed 1% of the market value of the portfolio per year. The determination of the fees will be based on the type and size of the account as noted below:

	NV Large	NV Mid	NV Small	NV Micro Core	NV EM
First \$25 million	.55%	.75%	1.00%	1.25%	1.00%
Next \$25 million	.50%	.70%	1.00%	1.25%	1.00%
Next \$50 million	.45%	.65%	1.00%	1.25%	1.00%
Over \$100 million	.40%	.65%	1.00%	1.25%	1.00%

	NV EAFE SMALL	NV ACWI ex-US	NV EAFE	NV SMID	DEN SG
First \$25 million	1.00%	.75%	.75%	.75%	.75%
Next \$25 million	1.00%	.75%	.75%	.70%	.70%
Next \$50 million	1.00%	.65%	.65%	.65%	.65%
Over \$100 million	1.00%	.50%	.50%	.65%	.65%

The table above represents Denali's basic fee schedule. Denali retains the right to negotiate fees at our discretion. Denali may negotiate a higher or lower fee arrangement based on such factors as the number of portfolios managed for a client, and/or the level of service required by the client.

Denali will be developing additional investment approaches in the future. Clients with whom Denali works in developing such new investment approaches may be charged a lower fee. Similarly, a limited number of initial accounts using newer approaches may be charged a lower rate with regard to such accounts.

Client requirements, such as compliance with investment restrictions or the use of designed securities universes, and facts and circumstances relating to accounts, may also result in different fee rates.

Fee Billing

Fees are billed quarterly in arrears based on the average market value of the account's three preceding month end values (including cash and cash equivalents). Denali does not direct debit fees from clients' assets. The standard investment management agreement provides that it may be terminated by either party upon thirty days written notice. Any earned, unpaid fees will be due and payable at the time the account is closed. When an account is opened other than at the beginning of a quarter, the market value of the account at inception is one of the valuations used and the fee is prorated for that quarter. Similarly, when the management for the account ends other than at the end of the quarter, the closing value of the termination date is one of the valuations used and the fee is prorated. In such a shorter billing period, less than three market valuations may be used in calculating the fee. Denali reserves the right to negotiate with the client other methods of determining the final account valuation method.

Other Fees

In connection with Denali's advisory services, clients may incur and are responsible for the fees and expenses charged by their custodians and imposed by broker-dealers. Such fees may include, but are not limited to, custodial fees, transaction costs, fees for duplicate statements and transaction confirmations, brokerage commissions, fees for electronic data feeds and reports. Please see the *Brokerage Practices* section for more information on how Denali selects the broker-dealers to be used for execution.

Item 6: Performance-Based Fees & Side-by-Side Management

Denali does not charge performance-based fees.

Item 7: Types of Clients

Description

Denali provides investment advisory services on an advisory and sub-advisory basis to high net worth individuals and institutional clients, endowments, foundations, state and municipal government entities, sovereign wealth funds and foreign official institutions, and Native American tribal entities, through the following products: Denali Network Value Large strategy, Denali Network Value Mid strategy, Denali Network Value Small strategy, Denali NV Micro Core strategy, Denali Network Value Emerging Markets strategy, Denali Network Value EAFE Small, Denali Network Value ACWI ex-US, Denali Network Value EAFE, Denali Network Value SMID, and Denali Small Growth.

Account Minimums

Account marketing minimums are:

Denali Network Value Large strategy-\$5 Million

Denali Network Value Mid strategy-\$5 Million

Denali Network Value Small strategy-\$ 1 Million

Denali NV Micro Core strategy-\$5 Million

Denali Network Value Emerging Markets strategy-None

Denali Network Value EAFE Small -\$10 Million

Denali Network Value ACWI ex-US-\$10 Million

Denali Network Value EAFE-\$10 Million

Denali Network Value SMID-\$5 Million

Denali Small Growth-\$5 Million

The account minimum for individuals starts at \$250,000.

The account minimum may be waived at Denali's discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Denali uses security valuation computer models to forecast the relative performance and risk of different securities. These models assign rankings to various securities which are then combined into portfolios using a risk model. Denali's professional staff evaluates risk exposures, expected transaction costs associated with model suggested portfolios, adjustments to model suggested portfolios, as well as improvements to the models themselves.

Denali uses data from various professional data service providers (including Barra and Bloomberg) who collect data from annual reports, prospectuses, filings with the Securities and Exchange Commission as well as news, press releases, and pricing and other securities data from exchanges, to implement our strategies.

Investment Strategies

Value stocks can perform differently than other types of stocks and can continue to be undervalued (and overvalued) by the market for long periods of time. Although the strategy seeks to beat the index, this is not guaranteed, and the strategy may trail the index.

The Denali Network Value Large strategy, NV Large, uses a pool of stocks (universe) which is 4500 of the largest US-based stocks. Through the use of our proprietary investment computer model, we narrow that set of stocks into a list that ranks, from most attractive stocks to least attractive stocks. Using that list, our portfolio management team then buys (and sells) stocks we feel are undervalued (and overvalued) in the general marketplace. The portfolios in the NV Large product hold less than 60 stocks and is measured against the Russell 1000 Value Index.

Denali Network Value Mid strategy, NV Mid, uses an initial investment universe of 3500 US-based stocks. Through the use of our proprietary investment computer model, we narrow that set of stocks into a list, from most attractive stocks to least attractive stocks. Using that list, our portfolio management team then buys (and sells) stocks we feel are undervalued (and overvalued) in the general marketplace. With the NV Mid strategy, we seek a weighted average market cap that is less than with our NV Large value strategy, NV Large. The portfolios in the NV Mid strategy generally hold between 60-120 stocks and is benchmarked against the Russell Mid Cap Value

Index.

Denali Network Value Small strategy, NV Small, uses an initial investment universe of 4500 US-based stocks. Through the use of our proprietary investment computer model, we narrow that set of stocks into a list, from most attractive stocks to least attractive stocks. Using that list, our portfolio management team then buys (and sells) stocks we feel are undervalued (and overvalued) in the general marketplace. With the NV Small strategy, we seek a weighted average market cap that is less than with our NV Mid strategy. The portfolios in the NV Small strategy generally hold between 80-120 stocks and is benchmarked against the Russell 2000 Value Index.

Denali NV Micro Core strategy, NV Micro Core, consists of fully discretionary micro-cap portfolios that are intended to outperform the Russell Microcap Index on a risk-adjusted basis while maintaining similar sector, industry, and security characteristics. NV Micro Core uses an initial investment universe of 4500 US-based stocks. Through the use of our proprietary investment computer model, we narrow that set of stocks into a list, from most attractive stocks to least attractive stocks. Using that list, our portfolio management team then buys (and sells) stocks we feel are undervalued (and overvalued) in the general marketplace. With the NV Micro Core strategy, we seek a weighted average market cap that is less than with our NV Small strategy. The portfolios in the NV Micro Core strategy generally hold between 70-120 stocks and is benchmarked against the Russell Microcap Index. NV Micro Core has liquidity risk. The holdings in this product have less liquidity than the holdings in the other products. In volatile markets, the less liquid securities are often more volatile than more liquid securities.

Denali Network Value Emerging Markets Composite, NV EM, consists of fully discretionary Emerging Market portfolios that are intended to outperform the MSCI Emerging Markets Index on a risk-adjusted basis.

The Denali Network Value EAFE Small strategy consists of fully discretionary portfolios that are designed to track the Denali Network Value International Small Index, as created by Denali using the MSCI EAFE Small Cap Index and adjusting the weights of securities. The portfolios in the NV EAFE Small strategy generally hold between 100-150 stocks and is benchmarked against the MSCI EAFE Small Cap Index.

Denali Network Value ACWI ex-US strategy consists of fully discretionary All Country ex US (large cap and mid cap) portfolios that are designed to track the Denali Network Value All Country ex US index, as created by Denali using the largest companies from 22 developed countries plus an index

for emerging markets. The NV International portfolio construction is based on the analysis of earnings, liquidity and other characteristics of selected large and mid cap companies from developed international stock markets. The portfolios in the NV ACWI ex-US strategy generally hold between 70-100 stocks and is benchmarked against the MSCI ACWI ex-U.S. Index.

Denali Network Value EAFE strategy consists of fully discretionary International (large cap and mid cap) portfolios that are designed to track the Denali Network Value EAFE index (Denali Network Value International ex-Canada index), as created by Denali using the largest companies from the 21 developed market countries included in the MSCI EAFE index. Results are compared against the returns of the MSCI EAFE Index and intended to outperform this benchmark while maintaining similar country, sector, industry and security characteristics. The Denali Network Value EAFE portfolio construction is based on the analysis of earnings, liquidity and other characteristics of selected large and mid-cap companies from developed international stock markets (i.e. the markets represented in the MSCI EAFE Index). The portfolios in the NV EAFE strategy generally hold between 70-100 stocks and is benchmarked against the MSCI EAFE Index.

The Denali Network Value SMID strategy consists of fully discretionary portfolios holding a mix of small and mid cap stocks. Results are compared against the Russell 2500 Value Index and are intended to outperform that benchmark while maintaining similar sector, industry and security characteristics. The NV SMID portfolio construction is based on the analysis of earnings, liquidity and other characteristics of selected companies from the Russell 2500 index. The investment process selects stocks using Denali's proprietary Network Value forecast model that ranks stocks by earnings and illiquidity, in addition to the other factors that are used to forecast returns using additional independent models. The sector and industry characteristics of the NV Model are still similar to the Russell 2500 Value Index. The portfolios in the NV SMID strategy generally hold between 80-115 stocks and is benchmarked against the Russell 2500 Value Index.

Denali Small Growth strategy, DEN SG, consists of fully discretionary portfolios holding a mix of small cap growth stocks and intends to outperform the Russell 2000 Growth index.

Also see "Risk of Loss" section for additional risk disclosure. These are investments in equities and could lose money over short-term or even long-term time periods. We expect the portfolio returns to fluctuate across a wide range, like the fluctuations of the stock market.

Risk of Loss

Investing in securities involves a risk of loss that clients should be prepared to bear. An investment in equities could lose money over short-term or even long-term time periods. We expect the portfolio returns to fluctuate across a wide range, like the fluctuations of the stock

market. Specifically, these are the types of risk to performance of equities:

- Stock market risk, which is the chance that stock prices in general will decline.
- Sector risk, which is the chance that we have a larger than benchmark weight in a sector and that sector under-performs the stock market in general.
- Stock selection risk, which is the chance that the securities we select within a sector under- performs that sector.
- Country/regional risk, which is the chance that world events, including natural disasters, financial turmoil, or political change, will cause a decline in the value of securities issued by companies that operate in other countries.
- Investing in foreign stock markets involves additional risks including political, economic and currency risks and difference in accounting methods.

An investment in these portfolios is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Item 9: Disciplinary Information

Denali and its management personnel are not currently, nor have never been a part of any legal disciplinary action.

Item 10: Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements with Financial Industry

Denali has been retained by managers of managers to act as sub-adviser with respect to certain clients. These relationships do not create a material conflict of interest as client accounts obtained through this relationship are managed according to the investment strategies discussed in the Methods of Analysis, Investment Strategies and Risk of Loss section of this brochure and are subject to the standard fee schedule as described in the Fees and Compensation section of this brochure.

Effective December 31, 2023, Denali acquired McKinley Capital Management, LLC (“McKinley Capital”), an Anchorage, AK-based registered investment adviser from McKinley Management, LLC (“McKinley”). As part of the acquisition, McKinley acquired a 10.53% interest in Denali. As of

the date of this brochure, McKinley Capital maintains its own registration as an investment adviser with the Securities and Exchange Commission. Additional affiliations of McKinley Capital can be found in Item 10 of the Part 2A for McKinley Capital. In early 2024 Denali will seek notice filing with state securities authorities in all 50 states and the companies will pursue a fully integrated merger.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Denali has adopted a Code of Ethics (the “Code”) as required under Rule 204A-1 of the Investment Advisers Act of 1940. The Code of Ethics sets forth high ethical standards of business conduct that we require of our managers, officers and employees of Denali. Our Code of Ethics describes the firm’s fiduciary duties and responsibilities to our clients and sets the tone for our practice of supervising the personal securities transactions of our supervised persons with access to client information. These rules, among other restrictions, prohibit trading ahead of or in competition with customer orders, prohibit certain principal trades with clients, prohibit preferring his or her own interest to that of our clients, creates blackout dates for trading of held securities, prohibits the use of material non-public information and has certain restrictions on trading in connection with Denali’s research activities.

The Code requires that Denali and its managers, officers, and employees conduct their investment activities as to:

- Adhere to the requirements imposed by applicable law
- Fulfill fiduciary duties by mitigating possible conflicts of interest between personal securities transactions and transactions for Clients, and when such possible conflicts of interest exist, place the interests of the Clients first; and
- Detect and prevent the use of material nonpublic information by Access Persons in making any investment decisions (for Clients, for personal securities accounts, or otherwise), whether that information is obtained by virtue of that person’s position with the Advisor or otherwise; and
- Treat clients fairly and equally as reasonably possible to prohibit client favoritism.

While the Code refers to and is driven by the requirements of the 1940 Act, it is intended that it apply to all of Denali's investment activities, whether specifically for the Fund or for other Clients.

Managers, officers and employees of Denali are required to attest to their adherence and willingness to adhere to the Code, and act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the Code of Ethics may be subject to discipline.

A copy of Denali Advisors code of ethics will be provided to a client or prospective client upon request using the contact information found on the cover page of this brochure.

Invest in Same Securities Recommended to Clients

Employees or related persons may invest in the same securities that are purchased and sold for clients. To mitigate this conflict of interest, all employees of Denali are subject to the firm's Code of Ethics which requires that employees with access to advisory recommendations provide annual holdings reports and quarterly transaction reports to the Chief Compliance Officer. In addition, the Code also requires that these persons are subject to the following policies to mitigate the potential conflicts:

- (1) No trades will be permitted in any security that is held for any client beginning (4) days before client trading through (4) days subsequent to client trade days. A current "restricted list" is maintained by the CCO or designee. Depending on the particular facts and circumstances, these other requests could be preapproved by the CCO.
- (2) Employee trades that are not on the restricted list and then subsequently purchased by Denali for any client shall be required to be held for a minimum of thirty (30) days after trade date before the position is eligible to be unwound unless Denali completely closes a position prior to the end of the lock out period.
- (3) Absent unusual circumstances, the CCO or designee expects to be able to authorize all other pre-clearance requests. Depending on the particular facts and circumstances, these other requests could also be denied.

At all other times trades in opposition to net trades for client accounts are subject to an additional four (4) day blackout period after trade day. On trade days employees' personal trades in a security traded by Denali for clients are allowed only after client trading is complete in that security. The CCO or designee will maintain a list of Covered Securities (restricted list) held for any client.

The Code also requires that these persons receive approval from the Chief Compliance Officer prior to investing in securities or derivatives in Denali's investable securities.

Item 12: Brokerage Practices

Selecting Brokerage Firms

In selecting a broker or dealer for each specific transaction, Denali uses its best judgment to choose the broker or dealer most capable of providing the services necessary to obtain the best execution of that transaction. The SEC has stated that the determining factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. In seeking the best execution of each transaction, Denali evaluates a wide range of criteria, including any or all of the following: the broker's commission rate, promptness, reliability and quality of executions, trading expertise, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, knowledge of other buyers and sellers, ability to provide Denali with market-related information, confidentiality, capital strength and financial stability, prior performance and responsiveness in serving Denali and its clients, and other factors affecting the overall benefit received by the client(s) in the transaction. When circumstances relating to a proposed transaction indicate that a particular broker or dealer is in a position to obtain best execution, the order is placed with that broker or dealer. This may or may not be a broker or dealer that has provided investment information and research services to Denali.

Research and Soft Dollars

Subject to the requirement of seeking best execution, Denali will take into consideration not only the items listed above, but also the commission paid research and brokerage services provided by broker dealers in connection with the execution of client transactions, also known as "soft dollars". Denali may, in circumstances in which two or more brokers or dealers are in a position to offer similar prices and execution, give preference to a broker or dealer that can provide investment information, research services and brokerage services to Denali. In obtaining that information and those services, Denali may affect securities transactions that cause a client to pay an amount of commission in excess of the amount of commission another broker would have charged. In selecting such broker or dealer, Denali will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services and research and investment information received, viewed in terms of either the specific transaction or Denali's overall responsibility to the accounts for which it exercises investment discretion. Denali regularly evaluates all commissions paid in order to ensure that the commission represents reasonable compensation for the brokerage and research services provided by such brokers.

When client brokerage commissions are used to obtain research and other products and services, Denali receives a benefit because Denali does not have to pay for the research, products or services. We may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your clients' interest in receiving most favorable execution. The investment information and research services that Denali receives from brokers or dealers is used by Denali's research analysts and portfolio managers to formulate recommendations for purchase or sale of securities. Such information and services are used by Denali as part of its investment process to enhance portfolio return and to reduce trading in servicing all of our clients. An account may be charged a commission paid to a broker or dealer who supplied research services not utilized by that particular account.

The information and research Denali receives includes information concerning pertinent Federal and State legislative and regulatory developments and other developments that could affect the value of companies in which Denali has invested or may consider investing; attendance at meetings with corporate management personnel, industry experts, economists, government personnel, academicians and other financial analysts and journalists; consultation with scientific and technical experts concerning the viability and market potential of an issuer's products and services; comparative issuer performance and evaluation and technical measurement services; subscription to publications that provide investment- related information; accounting and tax law interpretations; economic advice; quotation equipment and services; execution measurement services; market-related and survey data concerning the products and services of an issuer and its competitors or concerning a particular industry and other services provided by recognized experts on investment matters of particular interest to Denali. In addition, services may include the use of or be delivered by computer systems whose hardware and/or software components may be provided to Denali as part of the services.

Directed Brokerage

Denali does not direct, recommend, request or require that its clients direct us to execute transactions through a specified broker dealer. A client may, however, instruct us to direct all or a portion of the trades for its account to a specific broker dealer. In a directed brokerage arrangement, the client may forgo any benefit from savings on execution costs that Denali could obtain for our clients through, for example, negotiated volume discounts or aggregated orders as described in the Order Aggregation sub-section below. The client may also receive less favorable prices on securities transactions. Specific directions as to the directed brokerage arrangement must be in writing and signed by the client, either as part of the investment advisory contract or in a separate document

and must be maintained in the client's legal file.

When Denali has a soft dollar arrangement with a broker with which a client also has a directed brokerage arrangement, commissions generated by that client's account with that broker will be credited towards the client's directed brokerage arrangement.

Order Aggregation

Where possible and when advantageous to our clients, Denali will combine assets from multiple client accounts and trade in aggregate blocks of securities. Aggregating orders allows us to execute equity trades in a more timely and equitable manner while reducing overall commission charges to clients.

These orders will be averaged as to price and costs will be shared equally and on a pro-rated basis between all accounts included in any such block. In making such allocation decisions, Denali will adhere to all applicable legal and regulatory requirements and will use its business judgment and will consider, among other things, any or all of the following: each client's investment objectives, guidelines, and restrictions, the size of each client's order, the amount of investment funds available in each client's account, the amount already committed by each client to that or similar investments, and the size and structure of each client's portfolio. In the event Denali's portfolio managers purchase for client accounts shares in initial public offerings, including "hot IPO's," the firm's portfolio managers will generally allocate such offerings amongst their client accounts in proportion to the asset values of the accounts, subject to account restrictions, available investable funds, and suitability considerations. Denali expects such instances to be rare given Denali's investment products.

Because each client has its own investment guidelines, objectives, and restrictions, a particular security may be bought for one or more clients at a time when one or more clients are selling the same security. In such cases, when Denali believes it is appropriate and in accordance with applicable law and regulations, Denali may affect third party (broker) internal cross transactions between two or more accounts. Denali believes that such transactions can benefit both accounts by affecting a transfer of securities from one account to another at a greatly reduced cost.

Item 13: Review of Accounts

Periodic Reviews

Client accounts are monitored on a daily basis by the Analyst or Investment Operations Manager. Performance attribution analysis and risk analysis is performed for each account by our Portfolio Manager. These analyses are provided to clients on a monthly or quarterly report cycle, as clients prefer.

Review Triggers

Additional account reviews may be triggered by news in particular securities or industries; corporate actions such as mergers, acquisitions, or dividends; and events that impact the valuation approaches and risk assessment methodologies that are used by Denali. A team of reviewers including the President, Senior VP and Portfolio Manager, and the Chief Investment Officer conduct the reviews. Account reviews may also be triggered by client requests or changes in a particular client's circumstances.

Regular Reports

Denali complies with each client's reporting guidelines set forth in the written client contract. The client determines the reporting requirement including frequency of reporting and type of report. Holdings and trading reports are provided as clients' desire, as well as other customized reports. At a minimum each client receives the Denali Advisor Quarterly Update report. This report generally details performance, performance attribution, portfolio risk characteristics and other selected data as well as commentary on the investment environment.

Item 14: Client Referrals and Other Compensation

Denali does not currently pay or compensate any third parties for client referrals.

As discussed above in the *Brokerage Practices* section, Denali does receive an economic benefit from non-clients in connection with giving investment advice.

Item 15: Custody

It is Denali's policy not to maintain physical custody of client funds or assets. Any client assets received at our offices are to be given to the CCO or designee to be returned to sender.

Item 16: Investment Discretion

Denali will seek full investment discretion on all accounts; i.e., Denali can determine which securities are to be bought or sold and which brokers such transactions are executed through, limited by the guidelines for each client. Such guidelines may serve as an additional constraint(s) and may include such restrictions as stock relative to total client portfolio or to outstanding stock of a company, religious, ethical, or political guidelines as explicitly mandated in writing by a client as part of the client's investment policy guidelines or as part of the investment advisory agreement.

The client may modify these restrictions at any time, with written notification to Denali.

Denali reserves the right to refuse an account based on excessive guideline limitations.

Item 17: Voting Client Securities

Proxy Voting

The function of Denali is to invest and manage assets that have been entrusted to it by its clients. Investment objectives involving equity ownership are of a long-term nature. The long-term profitability and survival of a corporation depends in part upon responsiveness to changing societal demands. Denali should be aware of new ideas that may reflect a change in societal attitudes and values through proxy resolutions submitted by shareholders other than management. The board of directors and officers of a corporation should be cognizant of, and responsive to, resolutions submitted by shareholders. Management of the corporation in its evaluation of these resolutions will have the most detailed knowledge of and the responsibility to evaluate their impact and long-term effect on the corporation and its profitability and survival. In general, Denali buys into management's capabilities in managing these issues when the stock is held by Denali. However, there are, on occasion, issues that Denali, in its role of asset manager, may disagree with management. For example, Denali may vote against a stock option plan that it deems as excessive, or in some other way is improperly tied to the success of the company. These, and any other management or shareholder resolutions, are voted by

Denali according to law and according to client wishes. In the event of a conflict of interest between the client and Denali, Denali will contact the client to determine how the shares will be voted.

The client may elect to vote their own proxies and will receive their proxies or other solicitations directly from their custodian or a transfer agent. Generally, clients direct Denali to vote proxies according to their guidelines. In a particular solicitation a client can direct the vote. Any change to the client's guidelines needs to be in writing to Denali. Clients may obtain their proxy voting records and our Proxy Voting Policies and Procedures upon request by using the contact information found on the cover page of this brochure.

Item 18: Financial Information

Denali has never been the subject of a bankruptcy petition and we are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients. However, should at some future date, Denali file for bankruptcy or should Principal Owners decide to withdraw their capital, Denali may no longer be able to meet its contractual commitments to clients.

Additional Disclosures

Privacy Notice

Under Title V of the Graham-Leach-Bliley Act and SEC Regulation S-P (Reg. S-P), Denali Advisors is responsible for protecting the security and confidentiality of our clients and employees' nonpublic personal information. Denali is required to ensure that such records are secure and confidential. These records and information must be protected from threats, hazards and unauthorized use or access.

Privacy Policy Statement

Denali's privacy policy is applicable to former and current clients.

Denali Advisors collects nonpublic personal information about clients from Information we receive from the client on applications or other forms; and information about client transactions with others, such as the client's financial advisor, or us.

Denali Advisors will not disclose any nonpublic personal information about clients or their account(s) to anyone unless one of the following conditions is met:

- Denali Advisors receives the client's prior written consent;
- Denali Advisors believes the recipient is the clients authorized representative;
- Denali Advisors is permitted by law to disclose the information to the recipient in order to service the client's account(s); or
- Denali Advisors is required by law to disclose information to the recipient.

If the client decides to close his account(s) or become an inactive customer, Denali Advisors will adhere to the privacy policies and practices as described in this notice.

Denali Advisors restricts access to clients personal and account information to those employees who need to know that information to provide the client products or services. We maintain physical, electronic, and procedural safeguards to guard client nonpublic personal information.

Based upon the requirements of Reg. S-P, and the policy as recreated above, Denali and its employees will follow the following procedure regarding the appropriate handling of this information.

1. Only employees requiring access to nonpublic information shall have access to these records.

- a. If access is available to any employee not needing access to the information, the breach is to be immediately reported to the CCO.
 - b. If access is needed on a temporary basis, the reason must be clearly stated and approved. The approval is to be filed (electronically or in the general files).
 - i. After temporary use is complete, the materials are to be returned to the individual who granted access. If it is in electronic format, the copy is to be deleted.
2. Any records with nonpublic information are to be properly destroyed.
- a. For hard copies, the copies are to be shredded in a cross shredder to ensure the information cannot be pieced together.
 - b. For computers, the files are to be destroyed.
 - i. Temporary files are to be destroyed immediately upon completion of need of use.
 - ii. Original files are only to be destroyed if the computer is to be removed from Denali's list of assets. (Files need to be kept per SEC requirements for record keeping.) If there is a question on whether a file can be destroyed, contact the CCO.
 - c. Any computer, which is no longer in use, is to be 'scrubbed' prior to leaving Denali's office to prevent access by any outsider who may come in contact with the computer.

If there are any questions regarding the proper use and handling of nonpublic information, please contact the CCO.

Denali Business Continuity Plan Summary

Denali has a BCP plan and will provide more information upon request.