

**FORM ADV PART 2A**



**NexAdvisors, LLC**

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This brochure provides information about the qualifications and business practices of NexAdvisors, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 550-8350. 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 NexAdvisors, LLC is also available at the Securities and Exchange Commission's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our registration as an investment adviser does not imply a certain level of any skill or training.

## **ITEM 2. MATERIAL CHANGES**

There were no material changes.

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## **ITEM 4. ADVISORY BUSINESS**

NexAdvisors, LLC (“NexAdvisors,” “Advisor,” “Registrant,” “Firm,” “we” or “us”) is an investment adviser registered with the SEC and provides investment advisory services to our clients (individuals, business entities, trusts, and pension and profit-sharing plans, etc.), directly or through one of our affiliated entities.

### **OWNERSHIP**

NexAdvisors, LLC is owned by NexAnnuity Holdings, Inc. The Dugaboy Investment Trust owns a majority interest in NexAnnuity Holdings, Inc., whose wholly owned subsidiaries include NexPoint Insurance Solutions, L.P., The Ohio State Life Insurance Company, NexAnnuity Asset Management, L.P., NexAnnuity Services, LLC and NexAnnuity Insurance Distributors, LLC.

### **INVESTMENT ADVISORY SERVICES**

We provide discretionary and/or non-discretionary investment advisory services to individuals, high-net-worth individuals, high net worth families, business or trust entities, and retirement plans. We may allocate some assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, “Affiliated Funds”) in a recommended mix. Before engaging us to provide investment advisory services, clients are required to enter into an agreement with us setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, and the fees that a client will incur. While we believe our portfolios offer a level of diversification and liquidity that can make it appropriate for a portion of most large investor portfolios, we tailor client portfolios as needed for client suitability. Before providing investment advisory services, we plan to ascertain the size of the client’s investment portfolio, liquidity needs and risk tolerance.

### **ERISA PLAN ENGAGEMENTS**

We may be engaged to provide investment advisory services to ERISA retirement plans, whereby we shall manage plan assets consistent with the investment objective designated by the plan sponsor. In such engagements, we will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). We generally provide services on an “assets under management” fee basis per the terms and conditions of an Investment Advisory Agreement between the plan and us. We may also provide investment advisory services to participant directed retirement plans per the terms and conditions of a Retirement Plan Consulting Agreement between us and the plan. For such engagements, we will assist the plan with the selection of an investment platform from which plan participants shall make their respective investment choices, and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision-making process.

## **AFFILIATED FUND ALLOCATIONS AND POTENTIAL CONFLICT OF INTEREST**

As discussed above, we may allocate some assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, "Affiliated Funds") in a recommended mix. This allocation will be made notwithstanding that other non-affiliated funds may be available in the marketplace that offer lower fees and/or periods of higher performance. A conflict of interest arises whenever the Registrant has an actual or perceived economic or other incentive in its management of client's accounts in a way that benefits the Registrant. A conflict is present where we invest in our Affiliated Funds or investment vehicles because such allocation not only increases the assets under management of our affiliates but also results in additional fee income to such affiliates as stipulated in the governing documents of the Affiliated Funds or investment vehicles. The applicable fees associated with any such affiliated vehicles will be disclosed to clients prior to any investment; in the case of a qualified retirement plan subject to ERISA, Registrant's fee disclosures shall satisfy the applicable requirements of 29 C.F.R. 2550.408(b)-2(c). In addition, we also have a conflict with respect to how we allocate among the funds our affiliates manage if one fund charges higher fees.

The Registrant is not required to deviate from this allocation except where required under applicable law (e.g. ERISA). The Registrant will comply with ERISA and Section 4975 of the Internal Revenue Code for all purchases of Affiliated Funds or vehicles in Individual Retirement Accounts or in qualified retirement plans subject to ERISA. The Registrant will not use any of its authority, control, or responsibility as a fiduciary with respect to a retirement plan subject to ERISA or an Individual Retirement Account, to cause such retirement plan or an Individual Retirement Account to purchase shares of Affiliated Funds or investment vehicles. Any purchase of shares of affiliated funds or investment vehicles by a retirement plan subject to ERISA or by an Individual Retirement Account will be made only if approved by a fiduciary of the retirement plan or Individual Retirement Account independent of the Registrant.

## **MISCELLANEOUS**

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn an advisory fee on the rolled over assets. **No client is under any obligation to rollover retirement plan assets to an account managed by Registrant.**

**Client Obligations.** In performing its services, except as may be required by law, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or risk tolerance for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

The Registrant encourages each client to review the documents for each underlying fund including each relevant Affiliated Fund, the relevant offering documents along with related investment risks in Section 8 "Methods of Analysis, Investment Strategies and Risk of Loss" in this brochure and fee disclosure in Item 5 "Fees and Compensation."

## ITEM 5. FEES AND COMPENSATION

We receive compensation from our clients in the form of fees which may be based on a percentage of assets under management, typically between 0.40% and 1.00% based on the aggregate invested capital, subject to negotiation. Applicable account level fees will be automatically deducted quarterly in arrears. Clients will also indirectly bear all fees applicable under the governing documents of each underlying fund or investment vehicle. Underlying Affiliated Funds are also subject to other transaction fees, asset-based fees, and potentially performance fees and allocation, or other compensation in favor of affiliates of the Registrant, in each case as disclosed in Item 11 under the heading “Conflicts of Interest” and in the governing documents of the applicable underlying fund or investment vehicle.

See the disclosure in “Item 4 – Advisory Business” regarding the conflict of interest posed by collecting fees at both the client level and the level of the funds we recommend. We also have an incentive to recommend the funds for which we are paid higher fees relative to other advised funds, but we attempt to mitigate the conflict by developing programs to allocate among a mix of our funds.

**Tradeaway/Custodian Fees:** Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian.

**Separate Fees:** All private investment funds and mutual funds (and exchange traded fund) impose fees at the fund level (e.g. management fees and other fund expenses). These fees are separate from, and in addition to, Registrant’s wealth management fee.

**Fee Schedule:** Clients pay tiered management fees quarterly in arrears based on their aggregate account balance as of the commencement of each quarter. For purposes of illustration, if a client has an aggregate balance of \$10 million it would pay 1.00% on the first \$2 million, 0.80% on the next \$3 million, and 0.60% on the remainder of its account balance, leading to an “average fee” of 0.74%.

<u>Client Assets Under Management</u>	<u>% of Assets</u>
\$0-2 million	1.00%, or a minimum of \$5,000
\$2-5 million	0.80%
\$5-10 million	0.60%
More than \$10 million	Negotiable

Notwithstanding the foregoing, we generally waive the first quarter of fees for new accounts and may waive other fees from time to time in our sole discretion without the obligation to make any such waivers available to our clients generally.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

See Item 5 for Fees and Compensation. For investments in private funds affiliated with the Registrant, we make investments consistent with disclosure documents provided to clients. Our Affiliated Funds may charge performance allocations or fees. Those allocations or fees will be disclosed to clients prior to the investment in those funds. Funds pay different levels of compensation to our affiliates, which creates further conflicts of interest, which are discussed further in Item 5 – “Fees and Compensation” and Item 4 – “Advisory Business”.



## **ITEM 7. TYPES OF CLIENTS**

The Registrant's clients generally include individuals, high net worth individuals, pension and profit-sharing plans, business entities, trusts, estates, and charitable organizations. The Registrant generally requires a minimum asset base of \$250,000.00 in investable assets per household for investment advisory services. The Registrant, in its sole discretion, may charge a lower investment management fee and/or waive or reduce its minimum asset requirement based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. Please see Item 5 – "Fees and Compensation" for an overview of the fees we charge.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

While we believe our portfolios offers a level of diversification and liquidity that can make it appropriate for a portion of most large investor portfolios, we will tailor client portfolios as needed for client suitability. Before providing investment advisory services, we will ascertain the size of the client's investment portfolio, liquidity needs and risk tolerance via submission and completion of client questionnaires and additional consultation, if needed. Subject to client demands, we will then recommend a diversified portfolio of securities for each client which may include allocation among our Affiliated Funds in a recommended mix.

The Registrant may utilize, but is not limited to, the following methods of security analysis:

- Charting (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental (analysis performed on historical and present data, with the goal of making financial forecasts of potential market valuation)
- Technical (analysis performed on historical and present data, focusing on price, trade volume and relative strength, to forecast the direction of prices)
- Cyclical (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)
- Derivatives (hedging investments to manage risk or other vehicles for obtaining exposure for a period of time)

**Investment Risk:** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). As discussed above, we may allocate some assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, "Affiliated Funds"). However, every underlying fund and/or investment has its own inherent risks. These risks are disclosed in the applicable governing documents of such products, copies of which are furnished to prospective clients prior to any investment therein. If a client specifically directs us to exclude one or more of such products, such products will be excluded and we

will either reallocate the corresponding funds to other vehicles or, if directed by such client, such amounts will be redeemed to the client. For ERISA accounts, the aforementioned allocation parameters will also be adhered to. See also the additional risk and conflict disclosures discussed in Items 4 and 11 herein.

**Private Investment Funds:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Mutual Funds:** Most mutual funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds that may be recommended and/or utilized by Registrant independent of engaging Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive Registrant's initial and ongoing investment advisory services.

**Separate Fees:** All private investment funds and mutual funds (and exchange traded funds) impose fees at the fund level (e.g. management fees and other fund expenses). These fees are separate from, and in addition to, Registrant's wealth management fee.

**Valuation Risk:** From time to time, certain situations affecting the valuation of the Affiliated Funds and other non-affiliated funds, and their underlying investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers) could have an impact on the net asset value of such assets, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. We are not required to make retroactive adjustments to prior subscription or withdrawal transactions or fees based on subsequent valuation data.

**Cybersecurity Risk:** Our and our affiliates' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we and our affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to

function properly, we, our affiliates and/or Underlying Funds may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in our, our affiliates' or Underlying Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our, our affiliates' or Underlying Funds' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. Non-affiliated funds may also be subject to the cybersecurity risk as outlined above and as disclosed in the relevant governing and offering documents.

**General Economic and Market Conditions Risk:** The success of our investment recommendations will be affected by general economic and market conditions, such as interest rates, availability of credit, the rate of inflation, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities' prices in general, and the liquidity of Client investments. Volatility or illiquidity could impair Client investment returns or result in losses. Unpredictable or unstable market conditions may result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value (or avoid significant losses) from investments. It is important to understand that investments can incur material losses even if we react quickly to difficult market conditions and there can be no assurance that investments will not suffer material adverse effects from broad and rapid changes in market conditions. The particular or general types of market conditions in which Clients may incur losses or experience unexpected performance volatility cannot be predicted, and Underlying Funds may materially under-perform other investment funds with substantially similar investment objectives and approaches.

**Long-Biased Investment Program Risk:** We expect that our recommended investment strategy will have a long bias. Therefore, any decline in the overall market may result in a decline in the value of Client assets.

**Illiquidity Risk:** Certain Client investments may be illiquid, and consequently Clients may not be able to sell such investments at prices that reflect our assessment of their value, or the amount paid for such investments by the Client. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual, or other restrictions on their resale under the governing documents for such Underlying Fund and other factors. Furthermore, the nature of private fund investments may require a long holding period prior to profitability. Underlying Fund documents may permit distributions in kind of securities in lieu of or in addition to cash. In the event an Underlying Fund makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions

on transfer. Any in-kind securities distributed to Clients will be valued based on our valuation policy.

**Exchange-Traded Funds (“ETF”) Risk:** There is risk that the price movement of an ETF may not exactly track the underlying index and may result in a loss. In addition, shareholders bear both their proportionate share of the Fund’s expenses and indirectly bear similar expenses of the underlying investment company when the Fund invests in shares of another investment company.

**Conflicts of Interest:** We and our affiliates are subject to a number of conflicts of interest in connection with our advisory services to clients. See “Item 4 – Advisory Business” and “Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” for more information regarding these conflicts of interest. Additional conflicts of interest that exist with respect to underlying investments in Affiliated Funds are described in the governing documents for such funds, copies of which are provided to clients prior to any investment in such funds.

## **ITEM 9. DISCIPLINARY INFORMATION**

We are required to disclose disciplinary issues, per SEC guidelines if we have any. We have none to disclose.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The Registrant and its advisory affiliates manage various strategies and some strategies are managed by more than one adviser. For this reason, certain clients of the Registrant (or of its advisory affiliates) may be referred to and enter into advisory agreements with such affiliated adviser. Neither the Registrant nor its advisory affiliates charge a fee for such referral.

### **BROKER-DEALER, BANKING, AND CONSULTING AFFILIATES**

Mr. Dondero indirectly owns a majority interest in NexBank Capital, Inc., whose wholly owned subsidiaries include NexBank Securities, Inc. (also doing business as NexBank Capital Advisors) (“NexBank Securities”), and NexBank. Certain employees of NAM’s owner, NexAnnuity, including James Dondero, may serve on the Board of Directors of NexBank. Additional entities operating under NexBank Capital, Inc. also perform consulting, title insurance and property management services.

#### *NexBank*

NexBank, a Texas state-chartered bank, is an affiliate of NexAnnuity and may, from time to time, provide banking and agency services to portfolio companies in which Client Accounts may be invested. Client Accounts and portfolio companies may invest in assets originated by, or enter into loans, borrowings and/or financings with NexBank, including in primary or secondary transactions. These services generally may result in compensation to NexBank in various forms, including administrative agent fees, structuring fees, origination and syndication fees, and assignment fees. As a result, we have an incentive to select, or attempt to influence the selection of, NexBank for such services. Fees are charged at rates competitive with those offered by third parties. NAM may also refer Client Accounts or controlled investments to NexBank for banking services. NexBank may charge its customary fees for the provision of such banking services.

To the extent permitted by applicable law, NexBank, may sell or offer participations to NAM Accounts in a variety of commercial loans for which NexBank will receive compensation.

#### *NexPoint Securities, Inc.*

NexPoint Securities, Inc., a SEC-registered broker dealer and a Member of FINRA/SIPC, is under common control through James Dondero’s indirect ownership of NexPoint Securities, Inc. It may provide distribution assistance in connection with the sale or placement of funds managed by investment advisor affiliates.

## INVESTMENT ADVISER AFFILIATES

The Registrant is also affiliated with the following investment advisers:

*NexPoint Asset Management, L.P.*

NexPoint Asset Management, L.P. a SEC-registered investment adviser, is under common control with NexAdvisors because James Dondero controls the NexPoint Asset Management's general partner.

Additionally, NexPoint Asset Management, L.P. serves as advisor to investment companies registered under the Investment Company Act of 1940, as amended.

*NexPoint Advisors, L.P.*

NexPoint Advisors, L.P., a SEC-registered investment adviser, is under common control with NexAdvisors because James Dondero controls the NexPoint Advisors, L.P. general partner.

*NexPoint Real Estate Advisors VII, L.P.*

NexPoint Advisors Real Estate Advisor VII, L.P., a SEC-registered investment adviser, is under common control with NexAdvisors because NexPoint Advisors, L.P. controls the NexPoint Advisors Real Estate Advisor VII, L.P. general partner.

*NexPoint Real Estate Advisors X, L.P.*

NexPoint Advisors Real Estate Advisor X, L.P., a SEC-registered investment adviser, is under common control with NexAdvisors because NexPoint Advisors, L.P. controls the NexPoint Advisors Real Estate Advisor X, L.P. general partner.

*NexAnnuity Asset Management, L.P.*

NexAnnuity Asset Management, L.P., a SEC-registered investment adviser, is under common control with NexAdvisors because James Dondero controls the NexAnnuity Asset Management, L.P. general partner.

*NexPoint Insurance Solutions, L.P.*

NexPoint Insurance Solutions, L.P., a SEC-registered investment adviser, is under common control with NexAdvisors because James Dondero controls the NexPoint Insurance Solutions, L.P. general partner.



Each of the foregoing advisers may advise certain of the Affiliated Funds, in which clients may invest and will receive fees for such services in accordance with the governing documents of such entities. See Item 4 “Advisory Business” and Item 5 – “Fees and Compensation” for a discussion of this conflict.

Stephanie Vitiello is the Chief Compliance Officer of NexPoint Asset Management, L.P., NexPoint Advisors, L.P., NexPoint Real Estate Advisors VII, L.P., NexPoint Real Estate Advisors X, L.P., NexPoint Insurance Solutions, L.P., NexAnnuity Asset Management, L.P. and NexAdvisors, LLC. Eric Holt is the Chief Compliance Officer of NexBank Securities, Inc. and NexPoint Securities, Inc.

#### *INSURANCE COMPANY AFFILIATES*

NexVantage Title Services is a title insurance company affiliated with the Registrant, which may provide title insurance with respect to real property investments owned by clients as well as underlying funds, investment vehicles or entities. A conflict of interest exists due to the fact that NexVantage receives premiums for such services. Governance Re Ltd., an affiliate of the Registrant, is a captive insurance agency that issues directors & officers’ liability insurance and employment practice liability insurance to underlying funds, investment vehicles or entities. As a result, the Registrant is incentivized to choose these affiliates to provide these services over a third party even though such party’s services may be better suited. Other affiliates of the Registrant may provide insurance related products or services from time to time to clients as well as underlying funds, investment vehicles or entities, and receive arm’s length fees for such services. See “Conflicts of Interest,” in the section titled Code of Ethics, Participation of Interest in Client Transactions and Personal Trading. In addition, NexAnnuity Asset Management, L.P., a related advisor, provides advisory services to an affiliated insurance company, Ohio State Life Insurance Company (“OSL”). OSL issues fixed annuities and the Registrant may place clients in policies issued by OSL. Eagle Equity Advisors, LLC is a Texas Resident General Lines Insurance Agency that provides agent services and product education to our affiliate insurance companies. Advisors Equity Group LLC is a Texas Resident General Lines Insurance Agency and is a high-end insurance advisory company offering life insurance, annuities and other unique products to Advisors and their clients.

#### *BUSINESS ACTIVITIES WITH PORTFOLIO COMPANIES*

Additional information regarding potential conflicts of interest arising from the Registrant’s relationship and activities with its affiliates is provided in the section titled Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Registrant maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its Code of Ethics. The Code of Ethics applies to each employee of Registrant and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of Registrant’s standard of business conduct.

A complete copy of Registrant’s Code of Ethics is available to any client or prospective client upon request.

### **STANDARDS OF CONDUCT**

Registrant and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and Registrant or client.

### **ETHICAL BUSINESS PRACTICES**

Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or employees are prohibited except for political contributions approved by our Chief Compliance Officer. We seek to outperform our competition fairly and honestly and seek competitive advantages through greater performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the Chief Compliance Officer or the Compliance Department, and (ii) spreading of false rumors pertaining to any publicly traded company.

### **CONFIDENTIALITY**

Employees must maintain the confidentiality of Registrant’s proprietary and confidential information and must not disclose that information unless the necessary approval is obtained. Registrant has a particular duty and responsibility, as investment adviser, to safeguard client information. Information concerning the identity and transactions of investors is confidential,

and such information will only be disclosed to those employees and outside parties who need to know it in order to fulfill their responsibilities.

## GIFT AND ENTERTAINMENT POLICY

Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in our best interests and that of our clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of our business relationship. Under no circumstances may (i) gifts of cash or cash equivalents be accepted or (ii) may any gifts be received in consideration or recognition of any services provided to or transactions entered into by, clients.

## PERSONAL TRADING

### *Personal Trading Policy*

Access persons are allowed to trade reportable securities during designated time periods, however all transactions in reportable securities other than ETFs must be pre-approved by the Chief Compliance Officer or his/her designee. Except in very limited circumstances approved by the Chief Compliance Officer, access persons are not permitted to trade any security of which we or a client own any portion of the capital structure or that is on our restricted list without permission. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or his/her designee for compliance with the personal trading policy and applicable SEC rules and regulations.

### *Prohibition against Insider Trading*

Registrant forbids any access person from trading, either personally or on behalf of others, including clients advised by Registrant, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as “insider trading”. The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics and reviewed by all employees and officers no less than annually.

### *Reporting Requirements*

In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with

Registrant, within 10 days of opening a new account and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

## POTENTIAL CONFLICTS

Registrant, its affiliates and their respective officers, directors, trustees, stockholders, members, partners and employees and their respective funds and investment accounts (collectively, the “Related Parties”) engage in a broad range of activities, including activities for their own account and for the accounts of clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how we address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the following potential conflicts of interest will be discussed and resolved on a case by case basis. Our determination as to which factors are relevant, and the resolution of such conflicts, will be made using our best judgment, but in our sole discretion. In resolving conflicts, we will take into consideration the interests of the relevant clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

### *Conflicts Related to Investment Activities*

We may allocate some assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, “Affiliated Funds”) in a recommended mix. This allocation will be made notwithstanding that other non-affiliated funds may be available in the marketplace that offer lower fees and/or periods of greater performance. A conflict of interest arises whenever the Registrant has an actual or perceived economic or other incentive in its management of client’s accounts in a way that benefits the Registrant. A conflict is present where we invest, on a discretionary basis, in our Affiliated Funds or investment vehicles because such allocation not only increases the assets under management of our affiliates, but also results in additional fee income to such affiliates as stipulated in the affiliates governing documents.

The Related Advisors may buy or sell the same securities for an affiliate’s account that they buy or sell for a client or may pursue the same investment strategies for an affiliate’s account as for a client. The Related Advisors also may receive greater management or performance-based fees or incentives in connection with managing certain client accounts than from other client accounts. In addition, the Registrant has an incentive to allocate assets into vehicles that produce the greatest fees for the

Related Advisors. Each of these situations give rise to a potential conflict of interest in the allocation of investment opportunities. In addition, the Related Advisors have an incentive to resolve conflicts of interest in favor of affiliated clients over non-affiliated clients.

#### *Trade Aggregation*

In some circumstances, the Related Advisors may seek to buy or sell the same securities contemporaneously for multiple client accounts. The Related Advisors may, in appropriate circumstances, aggregate securities trades for a client with similar trades for other clients but are not required to do so. In particular, the Related Advisors may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if the Related Advisors determine that aggregation is not practicable, not required or inconsistent with client direction. When transactions are aggregated and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage any particular client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all affiliated client accounts seeking the investment opportunity or a client may be limited in, or precluded from, participating in an aggregated trade as a result of that client's specific brokerage arrangements. Also, an issuer in which clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable client to participate in the opportunity.

#### *Errors*

For the Registrant's clients, the Registrant's responsibility for its trade errors is set forth in the governing documents for the relevant client. In addition, the Registrant may not use the securities in one client's account to settle the trade error in another client's account.

### *Conflicts Related to Valuation*

The Registrant and/or its affiliates may have a role in determining asset values with respect to client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because a Registrant and/or its affiliates may be paid an asset-based fee on certain client accounts. In order to mitigate these conflicts, the Registrant and/or its affiliates determine asset values in accordance with valuation procedures, which generally are set forth in their applicable Compliance Manual.

### *Conflicts Related to Liquidity*

Certain investments in our Affiliated Funds may be subject to varying holding periods, as a result you may not be able to reallocate your holdings or withdraw completely except pursuant to certain liquidity events. An investment in such Affiliated Funds is suitable only for investors who can bear the risk associated with limited liquidity and should be viewed as a long-term investment. In addition, since we receive fees based on our assets under management, we have an incentive to allocate assets to such Affiliated Funds.

### *Conflicts Related to Investments in Affiliated Funds*

We may allocate some of our assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, "Affiliated Funds") in a recommended mix. Investment by a client in such a vehicle means Related Parties receive advisory or other fees from the client in addition to advisory fees charged for managing the client's Account. The Registrant does not intend to offer any fee offsets, rebates or other reduction arrangements in connection with such investments except as described in Item 5 hereof.

### *Other Potential Conflicts*

The Registrant may cause a client to purchase, sell or hold securities of issuers in which Related Parties make a market or has an equity, debt or other financial interest or securities of issuers or other investments in which Related Parties, their officers or employees or their affiliated broker-dealers and other Related Parties and their officers or employees have positions or other financial interests.

### *Conflicts Related to Information Possessed by or Provided by the Related Advisors*

Certain Related Parties may receive or create information (e.g., proprietary technical models) that is not generally available to the public. The Related Advisors have no obligation to provide such information to clients or effect transactions for clients on

the basis of such information and in many cases the Related Advisors will be prohibited from trading for the same clients based on the information. Similarly, some clients may have access to information regarding Related Parties' transactions or views that is not available to other clients and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other clients (e.g., through market movements or decreasing availability or liquidity of securities). Additionally, our personnel or those of our advisory affiliates may from time to time serve on the board of directors of portfolio companies, and in such capacity may recommend investment opportunities to such companies.

#### *Conflicts Related to the Related Advisors' Relationships with Third Parties*

Related Parties may in-source or out-source to third parties certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if Related Parties bear operational expenses of various clients to the extent that a given fee structure would tend to place more expense on clients for which Related Parties have a greater entitlement to reimbursement or less expense on clients for which Related Parties have lesser (or no) entitlement to reimbursement. Related Parties may provide information about a client's portfolio positions to unrelated third parties to provide additional market analysis and research to Related Parties and they may use such analysis to provide investment advice to other clients.

Conflicts may arise where a Related Advisor has the responsibility and authority to vote proxies on behalf of its clients. Please refer to the section titled Voting Client Securities for information regarding the policies and procedures governing the Related Advisors' proxy voting activities.

Related Parties may serve on the boards of directors and/or investment committees of external organizations, including those organizations that are currently or may become clients of Related Parties, and such service may present conflicts of interest to the extent the employee become aware of material non-public information and may be unable to initiate some transactions for other clients while in possession of that information.

The Related Advisors may conduct business with institutions such as broker dealers or investment banks that invest, or whose clients invest, in pooled vehicles sponsored or advised by the Related Advisors or may provide other consideration to such institutions or recognized agents, and as a result the Related Advisors may have a conflict of interest in placing its brokerage transactions.

Related Parties may receive stock options from companies, the securities of which may be held in accounts of Related Parties' clients, in exchange providing consulting work, including but not limited to, advisory services and financial services, for those companies.

#### *Other Accounts and Relationships*

As part of our regular business, the Registrant and its Related Parties hold, purchase, sell, trade or take other related actions both for their respective accounts and for the accounts of their respective clients, on a principal or agency basis, subject to applicable law including Section 206(3) of the Advisers Act, with respect to loans, securities and other investments and financial instruments of all types. The Related Parties also provide investment advisory services, among other services, and engage in private equity, real estate and capital markets-oriented investment activities. The Related Parties will not be restricted in their performance of any such services or in the types of debt, equity, real estate or other investments which they may make. The Related Parties may have economic interests in or other relationships with respect to investments made by clients. In particular, but subject to the personal trading policies of such advisers, the Related Parties may make and/or hold an investment, including investments in securities, that may compete with, be *pari passu*, senior or junior in ranking to an, investment, including investments in securities, made and/or held by clients or in which partners, security holders, members, officers, directors, agents or employees of such clients serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions by clients and otherwise create conflicts of interest for clients. In such instances, the Related Parties may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to client investments, subject to the capital structure conflicts procedures discussed above. In connection with any such activities described above, but subject to the personal trading policies of such advisers, the Related Parties may hold, purchase, sell, trade or take other related actions in securities or investments of a type that may be suitable for clients. Subject to the Registrant's personal trading policy, the Related Parties will not be required to offer such securities or investments to clients or provide notice of such activities to clients. In addition, in managing client portfolios, each of the Related Advisors may consider its relationship or the relationships of its affiliates with obligors and their respective affiliates, which may create conflicts of interest. Furthermore, in connection with actions taken in the ordinary course of business of the Related Advisors in accordance with their fiduciary duties to their other clients, the Related Advisors may take, or be required to take, actions which adversely affect the interests of their clients.



The Related Parties have invested and may continue to invest in investments that would also be appropriate for clients. Such investments may be different from those made on behalf of clients. No Related Advisor nor any Related Party has any duty, in making or maintaining such investments, to act in a way that is favorable to clients or to offer any such opportunity to clients, subject to the allocation policies and personal trading policies of such advisers. The investment policies, fee arrangements and other circumstances applicable to such other parties may vary from those applicable to clients. Any Related Party may also provide advisory or other services for a customary fee with respect to investments made or held by clients, and no stockholders nor clients shall have any right to such fees except to the extent the governing documents of the applicable client expressly provide otherwise. Any Related Party may also have ongoing relationships with, render services to or engage in transactions with other clients, who make investments of a similar nature to those of clients, and with companies whose securities or properties are acquired by clients and may own equity or debt securities issued by clients. In connection with the foregoing activities any Related Party may from time to time come into possession of material nonpublic information that limits the ability of the Related Advisors to effect a transaction for clients, and client investments may be constrained as a consequence of the Related Advisors' inability to use such information for advisory purposes or otherwise to effect transactions that otherwise may have been initiated on behalf of its clients.

Although the professional staff of the Related Advisors will devote as much time to clients as they deem appropriate to perform their duties, the staff may have conflicts in allocating its time and services among client accounts.

The directors, officers, employees and agents of the Related Parties may, subject to applicable law, serve as directors (whether supervisory or managing), officers, employees, partners, agents, nominees or signatories, and receive arm's length fees in connection with such service, for clients or any Related Party, or for any client joint ventures or any affiliate thereof, and no clients nor their stockholders shall have the right to any such fees except to the extent the governing documents of the applicable client expressly provide otherwise.

The Related Parties serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business as clients, or of other investment funds managed by Related Advisors. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the best interests of clients or their stockholders. Clients may compete with other entities managed by Related Advisors for capital and investment opportunities.

There is no limitation or restriction on Related Advisors with regard to acting as investment manager (or in a similar role) to other parties or persons. This and other future activities of Related Parties may give rise to additional conflicts of interest. Such conflicts may be related to obligations that Related Advisor or their affiliates have to other clients.

Certain Related Parties, including NexBank and Governance Re among others, may provide banking, agency, insurance and other services to clients and their operating affiliates for customary fees, and no client, nor its subsidiaries will have a right to any such fees except to the extent the governing documents thereof expressly provide otherwise. In addition, the Registrant also performs business, M&A and restructuring advisory services to certain operating entities, including those securities of which clients may be directly and/or indirectly invested. The Registrant receives market fees for such services, and the Registrant does not intend to offer any fee rebates, offsets or adjustments to clients for such fees.

Related Advisors may direct clients to acquire or dispose of investments in cross or principal trades involving clients of the Advisory Parties in accordance with applicable legal and regulatory requirements as described above. In addition, clients may make and/or hold an investment, including an investment in securities, in which Related Parties have a debt, equity or participation interest, and the holding and sale of such investments by clients may enhance the profitability of Related Parties' own investments in such companies. Moreover, clients and their operating affiliates may invest in assets originated by, or enter into loans, borrowings and/or financings with Related Parties, including but not limited to NexBank, including in primary and secondary transactions with respect to which Related Parties may receive customary fees from the applicable issuer, and no client nor their subsidiaries shall have the right to any such fees except to the extent the governing documents of such client expressly provide otherwise. In each such case, Related Parties may have a potentially conflicting division of loyalties and responsibilities regarding clients and the other parties to such investment.

Related Parties may act as an underwriter, arranger or placement agent, or otherwise participate in the origination, structuring, negotiation, syndication or offering of investments purchased by clients. Such transactions are on an arm's-length basis and may be subject to arm's-length fees. There is no expectation for preferential access to transactions involving investments that are underwritten, originated, arranged or placed by Related Parties and no client nor their stockholders shall have the right to any such fees except to the extent the governing documents of such client expressly provide otherwise.

### *Material Non-Public Information*

There are generally no ethical screens or information barriers among the Related Advisors and certain of their affiliates of the type that many firms implement to separate persons who make investment decisions from others who might possess material, non-public information that could influence such decisions. If any Related Advisor, any of their personnel or affiliates were to receive material non-public information about an investment or issuer or have an interest in causing a client to acquire a particular investment, we may be prevented from causing the client to purchase or sell such asset due to internal restrictions imposed on us. Notwithstanding the maintenance of certain internal controls relating to the management of material non-public information, it is possible that such controls could fail and result in the Related Advisors, or one of its investment professionals, buying or selling an asset while, at least constructively, in possession of material non-public information. In addition, while the Related Advisors and certain of their affiliates generally operate without information barriers on an integrated basis, such entities could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, our ability to operate as an integrated platform could also be impaired, which would limit our access to personnel of our affiliates and potentially impair our ability to manage client investments.

## ITEM 12. BROKERAGE PRACTICES

### BROKER-DEALER SELECTION

The Registrant has an obligation to obtain “best execution” for client transactions considering the execution price and overall commission costs paid and certain other factors. Our trading desk typically routes orders to our custodian, and sometimes various broker-dealers for execution at their discretion. Where possible, we deal directly with the dealers who make a market in the securities involved, except in those circumstances where we believe better prices and execution are available elsewhere.

Factors involved in selecting brokerage firms plan to include:

#### *Broker Specific*

- ❖ Size of broker
- ❖ Reputation
- ❖ Quality of service
- ❖ Experience
- ❖ Financial stability and creditworthiness
- ❖ Financial statements
- ❖ Regulatory filings
- ❖ Standing in financial community
- ❖ Ability to handle block trades
- ❖ Acceptable record of delivery and payment on past transactions
- ❖ Quality of research and investment information provided

#### *Transaction Specific*

- ❖ Best available execution
- ❖ Market knowledge regarding specific industries and securities
- ❖ Access to sources of supply or markets
- ❖ Nature of the market for the security

## SOFT DOLLARS

In those circumstances where more than one broker-dealer is able to satisfy our obligation to obtain best execution, NexAdvisors may place a trade order on behalf of client accounts with a broker-dealer that charges more than the lowest available commission cost or price. NexAdvisors may do this in exchange for certain brokerage and research services provided either directly from the broker-dealer or through a third party ("Soft Dollar Arrangements"), provided that each of the following is met:

- ❖ NexAdvisors determines:
  1. The research or brokerage product or service constitutes an eligible brokerage or research service;
  2. The product or service provides lawful and appropriate assistance in the performance of NexAdvisors's investment decision making responsibilities; and;
  3. In good faith the amount of client commissions paid is reasonable in light of the value of the products or services provided.
- ❖ The brokerage or research is "provided by" a broker-dealer who participates in effecting the trade that generates the commission. NexAdvisors may not incur a direct obligation for research with a third-party vendor and then arrange to have a broker-dealer pay for that research in exchange for brokerage commissions.
- ❖ NexAdvisors may only generate soft dollars with commissions in agency transactions. NexAdvisors may not use dealer markups in principal transactions to generate soft dollars. In addition, a trade for a fixed income security or over-the-counter ("OTC") security may be done on an agency basis only if the trader determines that it would not result in a broker-dealer unnecessarily being inserted between NexAdvisors and the market for that security.
- ❖ No soft dollars are generated on accounts for which:
  1. Investment discretion resides with the client (i.e. non-discretionary accounts);
  2. Client mandates restrict or prohibit the generation of soft dollar commissions;
  3. The client has a directed brokerage arrangement.
- ❖ The brokerage trade placed is for "securities" transactions (and not, for example, futures transactions).

Research services furnished by brokers through whom NexAdvisors effects securities transactions may be used in servicing all of NexAdvisors's accounts, and not all such services

may be used in connection with the accounts which paid commissions to the broker providing such services.

If client account is under the custody of one brokerage firm and another brokerage firm is a selling group member for an underwriting syndicate, such client account will not be able to participate in the purchase of securities in the underwriting because the custodial brokerage firm was not a selling group member. In addition, to the extent that a client directs brokerage trades to be placed with a particular broker, the allocation of securities transactions may be impacted.

When NexAdvisors uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, NexAdvisors receives a benefit because the firm does not have to produce or pay for research, products, or services. Consequently, NexAdvisors may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than the client's interest in receiving most favorable execution.

#### PRODUCTS AND SERVICES ACQUIRED WITH SOFT DOLLARS

All products and services acquired with soft dollars qualify under the Safe Harbor of 28(e) of the Securities Exchange Act of 1934. Examples of eligible services and products include independent stock research, economic research, research in specific industry sectors, real time feeds, newswires, strategic analysis, and back-office systems.

#### BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending broker-dealers, we do not consider whether we or a related person receives client referrals from a broker-dealer or third party.

#### DIRECTED BROKERAGE

NexAdvisors does not require clients to direct brokerage, but in those situations where a client directs NexAdvisors to place trades with a particular broker-dealer, NexAdvisors will not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing NexAdvisors to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to clients who direct us to use a particular broker-dealer and those clients who do not direct us to use a particular broker-dealer as well as a disparity among the brokers to which different clients have directed trades.

## TRADE AGGREGATION

Orders of clients may be combined (or “bunched”) when possible, to obtain volume discounts resulting in a lower per share commission. Please see the section entitled Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading for additional information regarding NexAdvisors’s trade aggregation procedures.

## THE APPROVAL PROCESS

The Registrant’s trading desk is only allowed to trade with broker-dealers that are approved by our Investment Committee unless interim approval is expressly provided by the Compliance Department, in which case such approval shall be ratified by the Brokerage Committee at the next meeting of the Committee. New broker-dealers are added to Registrant’s approved list of broker-dealers subject to a formal review process which closely analyzes all of the above-mentioned broker specific selection items. The Investment Committee reviews the requirements and determines what additional procedures or reporting are necessary.

## **ITEM 13. REVIEW OF ACCOUNTS**

### **ACCOUNT REVIEW**

Client portfolios/accounts are expected to be reviewed depending on the complexity of the relationship, at least annually by the client's relationship management team. Client portfolios are also continuously monitored by investment management team.

### **ACCOUNT REPORTING**

Client performance reports are expected to be distributed no less frequently than quarterly. Clients are also provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian for the client accounts, and we encourage clients to review these statements and compare them to any statements we provide.



## **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The Registrant may receive referrals from affiliates, agents, or advisors and we may pay referral fees. If a referral fee is paid, we require a separate disclosure statement provided to prospective client which includes the following: solicitor's name and relationship with our firm, the fact that the solicitor is being paid referral fee, the amount of fee, and that the fee paid by the client will not be increased above our normal advisory fee as a result of any referral. When a custodian is engaged, such custodian may refer clients to the Registrant. Fees related to such referrals shall be determined upon execution of a contract with such custodian.

## **ITEM 15. CUSTODY**

The Registrant's advisory fee for each client is debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts, and we encourage clients to review those statements and compare them to any statements we provide. The Registrant may also provide a written periodic report summarizing account activity and performance.

## ITEM 16. INVESTMENT DISCRETION

Clients generally engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

We may allocate some of our assets among affiliated funds or other investment vehicles (including those advised by our investment advisor affiliates identified in Item 10 hereof, "Affiliated Funds") in a recommended mix. The Registrant will provide each fund's offering documents for review and consideration prior to investment. Some clients may maintain non-discretionary accounts for which we provide investment management services/ model portfolios, and for investments made in these accounts, our clients will be required to take action to implement the trades that we recommend.

## **ITEM 17. VOTING CLIENT SECURITIES**

### **SECURITIES HELD IN CLIENT ACCOUNTS**

The Company does not vote proxies or consider any other corporate actions on your behalf. We shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by you. You retain the authority and responsibility for, and we shall be expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies. Certain accounts may permit you to direct proxy ballots to a designated third-party (such as your attorney) or other outside vendor. You will receive proxies or other solicitations directly from the custodian and/or transfer agent.

## **ITEM 18. FINANCIAL INFORMATION**

Not applicable.

**ITEM 19. REQUIREMENTS FOR  
STATE-REGISTERED ADVISERS**

Not Applicable.