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**This brochure provides information about the qualifications and business practices of Akre Capital Management, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 540-687-3880. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

**Additional information about Akre Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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#### Item 4. Advisory Business

Akre Capital Management, LLC is an investment adviser with its principal place of business in Middleburg, Virginia. The Adviser commenced operations as an investment adviser on October 1, 1989, and has been registered with the SEC since January 12, 2000. The principal owner of the Adviser is Charles T. Akre, Jr. (through the Charles T. Akre, Jr. Revocable Trust dated December 21, 2012, as amended).

The Adviser provides advisory services on a discretionary basis to its clients that include individuals and institutions with separately managed accounts, a registered investment company, private funds, family offices, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

The Adviser typically manages accounts in accordance with its overall investment style, which involves long-term investing in equity securities of issuers identified by the Adviser through its fundamental, bottom-up analysis of issuers. Separate account clients may impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2023, the Adviser had approximately \$14.7 billion of client assets under management, all of which was managed on a discretionary basis.

#### Item 5. Fees and Compensation

The Adviser charges each client an investment management fee based on the value of the account's assets under management.

- *Separate Accounts.* Investment management fees for separate accounts are charged each quarter based upon a percentage of the market value of the account's assets under management as of the last day of each quarter. The standard fee for these accounts is an annual rate of 1.50%. Fees are billed in advance. The Adviser will refund unearned fees that have been prepaid. Advisory contracts may be terminated by the Adviser upon 30 days' notice.

If a new client account is established during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement and will be prorated for the number of days remaining in the quarter.

- *Private Funds.* The private funds for which the Adviser serves as investment manager generally pay a management fee at an annual rate of 1.50% of the fund's net assets as of quarter end.

On an annual basis, if the performance of the fund exceeds the high water mark for each investor, the Adviser or its related persons are entitled to receive an incentive reallocation of profits equal to 20% of net profits allocated to the investor or partner in any fiscal year.

- *Akre Focus Fund.* The Adviser serves as investment adviser to the Akre Focus Fund ("Fund"), a series of a registered, open-end investment company. For its services to the Fund, the Adviser receives an investment advisory fee from the Fund that is based upon a specified percentage of the average daily net assets of the Fund. Such fee is paid in arrears.

For the private funds for which the Adviser serves as investment manager, the Adviser deducts the investment management fee from these client accounts by instructing the client's custodian. For the separately managed accounts for which the Adviser serves as investment manager, the client may select the method by which it would

like to pay the investment management fee. The Adviser deducts the investment management fee from a client's account by instructing the client's custodian, or the Adviser bills a client for the investment management fees on a quarterly basis.

In addition to paying investment management fees and, if applicable, a performance-based incentive reallocation to the Adviser or its related persons, client accounts are also subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; bank service fees; interest expenses; taxes, duties, and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses, and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. More detailed information about the fees and expenses related to the private funds may be found in the governing documents of such private funds.

Some client assets are invested in pooled investment vehicles. In these cases, clients bear their pro rata share of the underlying fund's operating and other expenses including, in addition to those listed above: sales expenses; legal expenses; valuation expenses; internal and external accounting, audit, and tax preparation expenses; and organizational expenses. Client assets are from time to time invested in money market mutual funds, ETFs, or other registered investment companies. In these cases, the client bears its pro rata share of the investment management fee and other fees of the fund, which are in addition to the investment management fee paid to the Adviser. Please refer to Item 12 of this brochure for a discussion of the Adviser's brokerage practices.

The Adviser has determined to invest all or a substantial portion of the assets of certain client accounts in shares of the Fund. Unless otherwise provided in its investment management agreement, the client authorizes the Adviser to make such investments in shares of the Fund. Such authorization may be revoked at any time in writing by the client. Each client account invested in shares of the Fund should review the Fund's prospectus for information about the Fund and its fees, which include a management fee to the Adviser. The Adviser does not charge its managed account fee on any assets in a client account invested in the Fund. The Fund pays an investment management fee to the Adviser, and a client account will indirectly pay its pro rata portion of the Fund's management fee to the Adviser to the extent assets in the client account are invested in the Fund.

The allocation of expenses by the Adviser between it and any client and among clients represents a conflict of interest. To address this conflict, the Adviser has adopted and implemented policies and procedures for the allocation of expenses. The Adviser allocates expenses to each client account in accordance with the client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the client (and not covered by the client's arrangements) in a fair and reasonable manner.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser manages client accounts that are subject to performance-based profit reallocation and accounts that pay asset-based fees, which are non-performance-based fees. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account, a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser (and indirectly its investment personnel) higher fees or are subject to performance-based profit reallocation.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. These areas are monitored by the Adviser's compliance personnel. See Items 12 and 16 below for additional information regarding the Adviser's brokerage and allocation procedures.

Each private fund for which the Adviser or its related person serves as general partner or investment manager may enter into agreements, or "side letters," with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the fund. For example, such terms and conditions may provide for special rights to make future investments in the fund, other investment vehicles or managed accounts; special withdrawal or redemption rights, relating to frequency or notice; a waiver or rebate in fees or withdrawal or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions); and such other rights as may be negotiated by the fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

#### **Item 7. Types of Clients**

The Adviser's clients consist of individuals and institutions, a registered investment company, private funds, family offices, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

The Adviser requires its managed account clients to invest a minimum of \$1 million, which is subject to waiver by the Adviser, to open an account. The initial and additional subscription minimums for the Adviser's private funds are disclosed in the offering memorandum for the respective private fund.

#### **Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss**

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, as well as use of quantitative tools and investment approaches. The Adviser does not expect to use charting analysis or cyclical analysis.

The Adviser employs the following investment strategies:

- *Equity.* The Adviser's equity investment program focuses on a broad range of equity investment styles, including growth, core, and value, as well as portfolios designed to be "style-neutral." Client accounts focus on capital growth wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.
- *Focused/Non-Diversification.* The Adviser's investment program focuses its investments on a limited number of issuers and does not seek to diversify investments among types of securities, issuers, countries, or industry sectors.

- *Buy and Hold.* The Adviser typically buys securities and holds them in client accounts for a relatively long period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.
- *Leverage.* The Adviser's investment program may utilize leverage, which involves the borrowing of funds from brokerage firms, banks, and other institutions, in order to increase the amount of capital available for marketable securities investments.
- *Mid-Cap and Small-Cap Companies.* The Adviser may invest in the securities of mid-cap and small-cap companies.
- *Short Selling.* The Adviser may engage in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility, and (iii) for profit.
- *Arbitrage Transactions.* The Adviser engages in one or more types of arbitrage transactions. Arbitrage attempts to take advantage of perceived price discrepancies of identical or similar financial instruments on different markets or in other forms. The Adviser engages in the following types of arbitrage: event-driven arbitrage, merger arbitrage, and capital structure arbitrage.
- *Option Trading.* The Adviser engages in various option trading investment programs. Options are investments whose ultimate value is determined from the value of the underlying investment. The Adviser engages or may engage in the following types of option trading: buying calls and puts, covered calls.

These methods, strategies, programs and investments involve risk of loss to clients, and clients must be prepared to bear the loss of their entire contribution or investment. The following summary identifies the material risks related to the Adviser's significant investment strategies and should be carefully evaluated before making an investment with the Adviser. However, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of the identified risks.

The material risks relating to the foregoing investment strategies include the following:

- *General/Market Risks.* The market values of securities or other investments that a client account holds may fall, sometimes rapidly or unpredictably, or fail to rise for various reasons including changes or potential or perceived changes in U.S. or foreign economies, financial markets, interest rates, the liquidity of investments and other factors including terrorism, war, natural disasters and public health events and crises, including disease/virus outbreaks and epidemics. The resulting short-term and long-term effects and consequences of such events and factors on global and local economies and specific countries, regions, businesses, industries, and companies cannot necessarily be foreseen or predicted. From time to time, certain market segments (such as equity or fixed income), investment styles (such as growth or value), or other investment categories, may fall out of favor which may impair the value of a client account.
- *Focused/Non-Diversification.* Client accounts will not be diversified among a wide range of types of securities, issuers, countries, or industry sectors. Accordingly, client portfolios are subject to more rapid changes in value than would be the case if the Adviser were to maintain a wider diversification among types of securities and other instruments, issuers, countries, or industry sectors.
- *Buy and Hold.* Under a buy and hold investment strategy, the Adviser may not take advantage of short-term gains in a security that could be profitable to a client. Moreover, if the Adviser's predictions are incorrect, the value of a security may decline sharply before the security is sold.

- *Leverage.* Performance may be more volatile if a client's account employs leverage.
- *Short Selling Risk.* Short selling transactions expose accounts to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the account in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the account might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- *Arbitrage Transaction Risks.* If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Adviser is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced, or eliminated by other market participants.
- *Illiquid/Restricted Securities Instruments.* Certain securities or instruments may have no readily available market or third-party pricing or may be subject to restrictions on resale, including restrictions applicable to the Adviser and its clients arising from the Adviser's or its clients' status as affiliates of the issuer of the security or instrument or control positions with respect to the issuer of the security or instrument. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a fund's portfolio.
- *Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources than larger issuers.
- *Inflation Risk.* Client accounts may be subject to inflation risk. Inflation risk is the risk that the value of investments or income from investments will be lower in the future as inflation decreases the value of money. As inflation increases, the value of the investments in a client's account can decline.

The following risks are those most associated with the types of securities that are primarily recommended to clients:

- *Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. Issuer, political, or economic developments can affect a single issuer; issuers within an industry, economic sector, or geographic region; or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. War, terrorism and related geo-political risks, natural disasters, and public health events and crises, including disease outbreaks and epidemics, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

- *Mid-Cap and Small-Cap Companies Risk.* Investing in the securities of mid-cap and small-cap companies generally involves greater risk than investing in the securities of larger, more established companies. Although investing in securities of mid-cap and small-cap companies offers potential above-average returns if the companies are successful, there is the risk that the companies will not succeed and the prices of the companies' shares could significantly decline in value. Securities of mid-cap and small-cap companies, especially those whose business involves emerging products or concepts, may be more volatile due to their limited product lines, markets, or financial resources. Securities of mid-cap and small-cap companies also may be more volatile than larger companies or the market averages in general because of their general susceptibility to economic downturns, especially in the financial services group of industries where changes in interest rates and demand for financial services are so closely tied to the economy.
- *Real Estate Investment Trusts ("REITs").* REITs are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which could in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

### **Additional Risks Relating to the Adviser**

*Cybersecurity Risk.* The information and technology systems of the Adviser and of key service providers to the Adviser and its clients, including banks, broker-dealers, custodians and their affiliates, may be vulnerable to potential damage, ransom 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. For instance, cyber-attacks may interfere with the processing or execution of the Adviser's transactions, cause the release of confidential information, including private information about clients, subject the Adviser or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds) affecting any of the Adviser's key service providers, may cause significant harm to the Adviser, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Adviser's clients may invest. These risks could result in material adverse consequences for such issuers, and may cause the investments in such issuers to lose value. Although the Adviser has implemented various measures designed 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, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

*Systems and Operational Risk.* The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third-party service providers, including prime brokers, third-party administrators, market counterparties, and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third-party service providers to safeguard information in these systems, the



Adviser, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations of the Adviser and other service providers, including functions such as trading and valuation, could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

#### **Item 9. Disciplinary Information**

This Item is not applicable.

#### **Item 10. Other Financial Industry Activities and Affiliations**

The Adviser serves as investment adviser to the Fund, a series of a registered, open-end investment company. Managed account clients investing in the Fund through their managed accounts pay only those fees charged to shareholders of the Fund with respect to their assets invested in the Fund. Such arrangement means the value of the client's investment in the Fund is excluded from the Adviser's quarterly investment management fee calculation for the managed account.

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its supervised persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients and prospective clients may obtain a copy of the Code by contacting Carolyn Hylton by email at [chylton@akrecapital.com](mailto:chylton@akrecapital.com), or by telephone at (540) 687-8923. See below for further provisions of the Code as they relate to pre-clearing and reporting of securities transactions by the Adviser's supervised persons.

The Adviser or its related persons, in the course of their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested, or seek to invest, on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to

clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell, or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

A portfolio manager, officer, or employee of the Adviser may from time to time serve as an officer, director, or trustee of a company in which the Adviser or its related persons have invested, or seek to invest, on behalf of clients. When a portfolio manager, officer, or employee of the Adviser serves as an officer, director, or trustee of a company, that portfolio manager, officer, or employee will likely obtain material, nonpublic information about the company as a result of such service. When the Adviser or one of its employees possesses material, nonpublic information about a company, the Adviser includes the securities of that company on a restricted list maintained by the Adviser. In general, the Adviser and its employees are prohibited from transacting in securities of companies on the restricted list and from recommending the purchase or sale of securities on the restricted list. This prohibition applies to potential transactions for client accounts as well as personal accounts and would, for example, restrict the Adviser from selling the securities of a company on the restricted list that are held in client accounts when it may otherwise desire to do so.

In addition, when a portfolio manager, officer, or employee of the Adviser serves as an officer, director, or trustee of a company or the Adviser obtains a controlling interest in the securities of the company, or otherwise has the ability to control the policies and management of the company, that company's policies that are applicable to the Adviser or such portfolio manager, officer, or employee, and the statutes and regulations applicable to any of them, could restrict activities contemplated by the Adviser with respect to the company or limit the timing, manner, and volume of transactions in such company's securities (including hedging transactions) for the accounts of clients. Further, certain investments in private securities by the Adviser on behalf of certain clients may prevent public trading in related or other securities by other clients.

The Adviser may invest assets of a managed account client in the Fund or in one or more private funds for which the Adviser acts as investment adviser and for which a related person of the Adviser acts as a general partner. This practice creates a conflict of interest because the Adviser has an incentive to invest managed account client assets in the Fund or in one or more of the private funds based on its own financial interests, rather than solely the interests of a client. The Adviser addresses this conflict (i) by, in the case of the Fund, excluding assets invested in the Fund from the assets used to determine the amount of investment management fees payable to the Adviser by the managed account and (ii) by only making such investments when they are consistent with the client's stated investment objectives, risk tolerance, liquidity, and suitability.

In addition, the Adviser or its related persons from time to time invests in the same securities (or related securities, e.g., warrants, options, or futures) that the Adviser recommends to clients. This practice presents a conflict where, because of the information an Adviser has, the Adviser or its related person is in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients' trades). In addition to affecting the Adviser's or its related person's objectivity, this practice may also harm clients by adversely affecting the price at which the clients' trades are executed. The Adviser has adopted the following procedures in an effort to minimize such conflicts:

- The Adviser requires its supervised persons to pre-clear transactions in their personal accounts with the Adviser's Chief Compliance Officer, Managing Member, or designated Adviser personnel who may deny permission to execute the transaction if such transaction is likely to have any adverse economic impact on a client; and
- All of the Adviser's supervised persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis.

Trading in supervised persons' accounts is reviewed by the Adviser's compliance personnel and compared with transactions for client accounts.

## **Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors may include execution prices, financial stability of the brokerage firm, its commission rates, execution and settlement capabilities, research services, back-office efficiency, ability to handle difficult or block trades and various sizes and types of transactions, and prior performance in serving the Adviser. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is possible that the Adviser may not negotiate "execution only" commission rates, meaning that a client may be deemed to be paying for research, brokerage, or other services provided by a broker-dealer which are included in the commission rate. Portfolio management and trading personnel of the Adviser meet periodically to evaluate the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser receives brokerage and research products and services (other than execution) from broker-dealers and third parties in connection with client securities transactions. The Adviser limits its receipt of such products and services to those qualifying as brokerage and research services under Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Eligible research services within Section 28(e) include, but are not limited to, (i) advice relating the value of securities or the advisability of investing in securities; and (ii) analyses or reports about issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts. Specific examples of research products or services that may be obtained by the Adviser include research reports, software providing analysis of securities portfolios, corporate governance research and rating services, attendance at seminars and conferences, discussions with research analysts, meetings with corporate executives, certain market data services (including services providing data such as stock quotes, last sales prices and trading volumes, company financial data, and economic data), and advice from brokers on order execution. The Adviser's receipt of eligible research services permits the Adviser to supplement its own research and analysis and makes available to the Adviser the views and information of individuals and research staffs of other firms. Eligible brokerage services within Section 28(e) include, but are not limited to, services related to the execution, clearing, and settlement of securities transactions for the period beginning when an order is first transmitted to a broker-dealer and ending at the conclusion of clearance and settlement of the transaction covered by the order. Specific examples of brokerage products or services that may be obtained by the Adviser include connectivity services between the Adviser and a broker-dealer and custodians, trading software operated by a broker to route orders to market centers, software used to transmit orders to direct market access systems, clearance and settlement services in connection with a trade, and post-trade matching services. During the Adviser's last fiscal year, as a result of client brokerage commissions, the Adviser and/or its related persons acquired advice relating to the advisability of investing in securities; analyses or reports about issuers, industries, securities, economic factors, economic trends, and portfolio strategy; and access to meetings with corporate executives or certain seminars.

Research and brokerage services obtained by the Adviser using client commissions may be used by the Adviser in its other investment activities, including for the benefit of other client accounts. The Adviser does not seek to allocate the benefits proportionately to the client accounts that incurred commissions. In determining whether to direct client brokerage to particular broker-dealers, the Adviser's investment and trading personnel meet periodically to review and evaluate the soft dollar practices of the Adviser and to determine in good faith whether, with respect to any research or other products or services received, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research, or other products or services provided. This determination is viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to use a broker-dealer to effect client transactions based on its interest in receiving those products and services. To address these conflicts of interest, the Adviser executes client trades through broker-dealers that provide research and brokerage products to the Adviser only if it is determined by the Adviser's Best Execution/Soft Dollar Committee that client trades with such broker-dealers are otherwise consistent with seeking best execution.

Under certain circumstances, the Adviser may permit clients to direct the Adviser to execute the client's trades with a specified broker-dealer. When a client directs the Adviser to use a specified broker-dealer to execute all or a portion of the client's securities transactions, the Adviser treats the client direction as a decision by the client to retain, to the extent of the direction, the discretion the Adviser would otherwise have in selecting broker-dealers to effect transactions and in negotiating commissions for the client's account. Although the Adviser attempts to effect such transactions in a manner consistent with its policy of seeking best execution, there may be occasions where it is unable to do so, in which case the Adviser will continue to comply with the client's instructions. Transactions in the same security for accounts that have directed the use of the same broker will be aggregated to the extent practicable and determined to be in the best interest of the clients. When the directed broker-dealer is unable to execute a trade, the Adviser will select broker-dealers other than the directed broker-dealer to effect client securities transactions. A client that directs the Adviser to use a particular broker-dealer to effect transactions should consider whether such direction may result in certain costs or disadvantages to the client. Such costs may include higher brokerage commissions (because the Adviser may not be able to aggregate orders to reduce transaction costs), less favorable execution of transactions, and the potential of exclusion from the client's portfolio of certain foreign ordinary shares and/or small capitalization or illiquid securities due to the inability of the particular broker-dealer in question to provide adequate price and execution of all types of securities transactions. By permitting a client to direct the Adviser to execute the client's trades through a specified broker-dealer, the Adviser will make no attempt to negotiate commissions on behalf of the client and, as a result, in some transactions such clients may pay materially disparate commissions depending on their commission arrangement with the specified broker-dealer and upon other factors such as number of shares, round, and odd lots and the market for the security. The commissions charged to clients that direct the Adviser to execute through a specified broker-dealer may in some transactions be materially different than those charged to clients that do not direct the execution of their trades. Clients that direct the Adviser to execute trades through a specified broker-dealer may lose the ability to negotiate volume commission discounts on batched transactions that may otherwise be available to other clients, and their orders may be sequenced before or after orders for clients who have not directed the use of a specified broker-dealer.

The Adviser often purchases or sells the same security for more than one client at or near the same time and using the same executing broker. The Adviser may, but is not obligated to, aggregate client orders for the purchase or sale of the same security submitted at or near the same time for execution using the same executing broker. Such aggregation permits the Adviser to attempt to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction than would be the case if the orders were not aggregated. The Adviser may determine not to include a client account in an aggregated order in certain circumstances such as when:

- the client has placed a trading or investment restriction on the account precluding the account from participating in an aggregated order; or
- the account is subject to trade away fees charged by the custodian for using a broker other than the custodian to execute securities transactions, and the Adviser determines that the imposition of such fees for participating in the aggregated order is disproportionate relative to the value of participating in the aggregated order.

In cases where the client has negotiated the commission rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the client will be

precluded from receiving the benefit of any possible commission discounts that might otherwise be available as a result of the aggregated trade. In cases where trading or investment restrictions are placed on a client's account and the Adviser is precluded from aggregating that client's transaction with others, the client may pay a higher commission rate and/or receive less favorable prices than clients who are able to participate in an aggregated order.

The Adviser seeks to avoid the imposition of multiple trade away fees for accounts participating in an aggregated order, including multiple trade away fees for orders which the Adviser believes may require more than one day to complete. Accordingly, in order to avoid multiple trade away fees, certain accounts subject to such fees may receive their full allocation of securities prior to or after other accounts that are not subject to such fees.

- If an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale among the participating accounts based on the original allocation statement as determined by the portfolio manager at the time of the purchase or sale order.
- If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the securities purchased or proceeds from securities sold are to be allocated pro rata among the participating client accounts in accordance with the initial order allocation or other written statement of allocation. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations.
- If the order is allocated in a manner other than that stated in the initial allocation statement, a written explanation of the change must be provided to and approved by the Compliance Officer.

### **Item 13. Review of Accounts**

A portfolio manager reviews all separate accounts periodically and reviews each account's performance, holdings, and weightings of holdings in the account. A portfolio manager reviews the holdings of the registered investment company and private funds daily.

Significant market events affecting the prices of one or more securities in client accounts, changes in the investment objectives or guidelines of a particular client, or specific arrangements with particular clients may trigger reviews of client accounts on other than a periodic basis.

Each separate account client receives quarterly account statements that include the cost and market value of securities positions and performance information, as well as quarterly letters. Such documents may be delivered electronically to the client in accordance with the client's agreement with the Adviser.

Private fund investors receive reports from the fund pursuant to the terms of each fund's offering memoranda or as otherwise described in the offering document. The Adviser also provides investors in the private funds with quarterly letters and annual audited financial statements.

### **Item 14. Client Referrals and Other Compensation**

As noted above, the Adviser receives certain research or other products or services from broker-dealers. Please see Item 12 for further information on the Adviser's brokerage practices.

The Adviser may from time to time compensate third-party solicitors for client referrals. The Adviser's arrangements with third-party solicitors may vary. In a typical referral arrangement, the Adviser would agree to pay the solicitor a referral fee calculated as a percentage of the management fees received from referred clients, and the solicitor would agree to disclose the referral arrangement to prospective clients. These arrangements are intended to address the requirements of Rule 206(4)-1 under the Investment Advisers Act of 1940. Any compensation paid pursuant to these arrangements creates an incentive for the solicitor to recommend the Adviser, resulting in a material conflict of interest.

#### **Item 15. Custody**

Separate account clients receive account statements from their broker-dealer, bank or other qualified custodian, and should carefully review those statements.

The Adviser also sends quarterly statements directly to separate account clients in addition to those sent by the qualified custodian. Such clients should compare any quarterly statements they receive from their qualified custodian with those they receive from the Adviser.

#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status, and the timing of the receipt of cash for investment from a client or of a request for cash from a client, and the application of other considerations at the time of purchase or sale of securities, there may be differences among clients in invested positions and securities held. The Adviser considers the following factors, among others, in allocating investment opportunities to clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status; (iv) restrictions placed on a client's portfolio by the client or by applicable law; (v) size of the client account; (vi) nature and liquidity of the security to be allocated; (vii) size of available position; (viii) current market conditions; (ix) account liquidity and account requirements for liquidity; (x) account limitations on the broker used to effect trades; (xi) timing of cash flows; and (xii) the cost of a trade relative to the size of the trade and security position in the client account. The foregoing and other factors, which are relevant at the time of the allocation, may lead the Adviser to allocate securities to client accounts in varying amounts or to determine that an account should not receive an allocation of securities.

Securities acquired by the Adviser for its clients through an initial public offering ("IPO") or limited offering are allocated pursuant to procedures set forth in the Adviser's allocation policy. The policy provides that the Adviser will determine which accounts are eligible to participate in the IPO or limited offering, and then will consider the factors described above with respect to allocations of investment opportunities in allocating the IPO or limited offering securities to eligible client accounts (or excluding an eligible client account from such allocation).

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. A cross transaction enables the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals, redemptions, contributions, or subscriptions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions, including with respect to a decision to enter into such transactions and with respect to valuation, pricing and other terms. Because the Adviser represents the interests of both the seller and the buyer in a cross transaction, clients for which the Adviser executes cross transactions bear the risk that other clients in the cross transaction will be treated more favorably, especially where the other clients pay a higher investment management or performance-based fee or incentive allocation. Clients also bear the risks that the price of a security bought or sold through a cross transaction may be less favorable than it might have been had the transaction been executed in the open market, and the risk that they receive a security that is difficult to dispose of in a market transaction. The Adviser will only engage in a cross transaction between clients when the Adviser has determined that the cross transaction is in the best interest of each client. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA. Cross transactions involving a registered investment company for which the Adviser serves as adviser are permitted only in accordance with the company's rule 17a-7 procedures.

#### **Item 17. Voting Client Securities**

When exercising delegated proxy voting authority on behalf of its clients, the Adviser seeks to comply with its proxy voting policies and procedures. The policies are designed to ensure that the Adviser votes proxies in the best interests of each client.

The Adviser generally does not accept proxy voting authority when it is required by a client to vote proxies in accordance with the client's voting guidelines. Any client who wishes to arrange to vote proxies in accordance with their own guidelines may elect to do so at any time by contacting Carolyn Hylton by email at [chylton@akrecapital.com](mailto:chylton@akrecapital.com) or by telephone at (540) 687-8923, so that appropriate arrangements can be made to forward proxies to the client.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines and factors set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. Where the policies do not address the proposal presented, the Adviser will: (i) request voting instructions or seek a waiver of the conflict of interest from the client; (ii) cast the vote in accordance with the recommendations of an independent proxy voting service; (iii) refrain from voting; or (iv) take other appropriate action to resolve the conflict.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Carolyn Hylton by email at [chylton@akrecapital.com](mailto:chylton@akrecapital.com) or by telephone at (540) 687-8923.

#### **Item 18. Financial Information**

This Item is not applicable.

#### **Item 19. Requirements for State-Registered Advisers**

This Item is not applicable.

**Item 2. Material Changes**

Since the Adviser's last annual update of the brochure, which was filed on March 6, 2023, the Adviser has made routine updates and clarifying changes to the brochure.