

PHOCAS FINANCIAL CORPORATION  
1080 MARINA VILLAGE PARKWAY, SUITE 520  
ALAMEDA, CA 94501  
(510) 523-5800

[WWW.PHOCASFINANCIAL.COM](http://WWW.PHOCASFINANCIAL.COM)

This brochure provides information about the qualifications and business practices of Phocas Financial Corporation. If you have any questions about the contents of this brochure, please contact us at (510) 523-5800 or [info@phocasfinancial.com](mailto:info@phocasfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Phocas Financial Corporation also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Being a registered investment adviser with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

**NO MATERIAL CHANGE**

March 2024

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## **ADVISORY BUSINESS**

### **The Firm**

Phocas Financial Corporation (“Phocas”) is an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). Phocas, founded in 2005, is a minority-owned emerging institutional asset manager that accepted its first institutional accounts in June of 2006.

As of December 31, 2023, Phocas managed approximately \$795 million on a discretionary basis.

Although all portfolio managers are stockholders of Phocas, the principal owner is William F. K. Schaff.

The portfolio managers at Phocas have been managing institutional assets since 1986 and have been a stable investment team since 1998. They formerly managed assets for institutional investors at Bay Isle Financial Corporation.

### **Advisory Services**

Phocas provides investment advisory services to institutions, private individuals, other investment advisors, and separately managed accounts. Phocas also provides sub-advisory services to Mutual Funds. Phocas specializes in the following strategies:

- U.S. Small Cap Value (“SCV”) equities;
- Real Estate Investment Trusts (“REITs”); and
- Equity Income (“EI”).

Portfolios are designed to meet criteria established by client investment policies and guidelines. Phocas’ goal is to deliver attractive long-term returns with low trading turnover and moderate risk.

To accommodate our clients’ investment objectives, Phocas, at the request of a potential and/or current client, may consider managing strategies other than those listed above.

To enable individual investors to benefit from the expertise we provide to our institutional clients, Phocas also offers the AAM/Phocas Real Estate Fund (trading symbol: APRIX) which invests in securitized real estate stocks or real estate investment trusts (“REITs”). It is a “no load” mutual fund offered at platforms including Charles Schwab and LPL Financial. Please see the Prospectus and Statement of Additional Information for more information.

## **FEES AND COMPENSATION**

Phocas’ fees are generally calculated as a percentage of the total market value of assets under management and are generally billed quarterly in arrears. Institutional clients are billed accordingly. Fees may be negotiable and may vary according to particular arrangements with clients. Clients may terminate an investment advisory agreement upon written notice to Phocas.

In the event a client terminates the relationship prior to quarter-end, client will pay a pro-rated fee calculated to termination date.

Our fees for private wealth management clients may be directly debited from their respective custodial accounts. In those cases, clients provide us with written authorizations to debit advisory fees directly from their accounts. We send clients their fee invoices showing the amounts of the fees, the values of their assets on which the fee was based, and the specific way our fee was calculated. We will send the custodian a similar invoice indicating only the amount of the fees to be paid by the custodian. It is the client's responsibility to verify the fee calculation. The custodian will not determine whether the fee is properly calculated. The custodian will send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of the advisory fees paid directly to us. Clients should contact their custodian or Phocas immediately if they do not receive statements from their custodian.

The account custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12(b)(1) fees and other mutual fund annual expenses as described in the fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources.

If Phocas views that it is in the best interest of the client to purchase and/or sell shares of the mutual funds for which it acts as a sub-advisor, Phocas will not double charge its clients when recommending the AAM/Phocas Real Estate Fund (the "Fund") (trading symbol: APRIX). Phocas clients owning APRIX will only be charged the expense ratio of the Fund for the amount of their assets invested in the Fund.

The fee schedules, subject to negotiation, are as follows:

#### **Institutional Clients (\$10 Million Minimum)**

- U.S. Small Cap Value Strategy: 1% of assets per annum
- Real Estate Investment Trusts: 1% of assets per annum
- Equity Income: 1% of assets per annum

#### **Private Wealth Management Clients**

- 1.0% of assets per annum

While the above normally applies to our private wealth management clients, Phocas may agree to different fees based upon certain circumstances such as the amount of assets under management, the nature of such assets, the services provided, and other factors.

## **Mutual Funds**

Phocas receives fees as a sub-adviser of certain mutual funds. For its services as sub-adviser, Phocas receives fees calculated as a percentage of the total market value of assets under management, which is a portion of the investment advisory fee charged by the investment adviser of each of the mutual funds. Management fees offered to those with individually managed accounts may be different from (lower/higher) the management fees Phocas receives from the mutual funds for managing similar assets.

Phocas, on behalf of its clients, may also purchase and sell shares of the mutual fund for which Phocas acts as a sub-advisor. Where applicable, such purchases and sales by clients of the firm which are subject to ERISA are done in accordance with DOL Prohibited Transactions Exemption 77-4.

Phocas reserves the right to waive management fees for any accounts.

## **TYPES OF CLIENTS**

Phocas' clients include:

- Individuals;
- Investment Companies ("Mutual Funds");
- Pooled Investment Vehicles;
- State and/or municipal government entities;
- Corporate businesses; and
- Other Investment Advisers.

Phocas generally requires minimum account sizes of one million dollars (\$1,000,000.00) for Individuals and ten million dollars (\$10,000,000.00) for all others. That minimum account size may be waived under certain circumstances.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **U.S. Small Capitalization Value Equity:**

This strategy employs fundamental research, GICS sector-peer decile ranking algorithms, and various ratio analyses to value investment candidates and portfolio holdings. At the portfolio level, risk is managed by observation of fundamental information, valuations, and portfolio diversification.

This strategy invests in small cap companies, which involves additional risks such as limited liquidity and greater volatility. Small Cap stocks typically are more volatile than larger value

capitalization stocks; however, value stocks have lower expected growth rates in earnings and sales.

### **Real Estate Investment Trusts:**

This strategy depends on fundamental research, compound valuation, and various ratio analyses to value investment candidates and portfolio holdings. At the portfolio level, risk is managed by observation of fundamental information, valuations, and portfolio diversification.

This strategy may invest in foreign securities which involve political, economic and currency risks, greater volatility, and differences in accounting methods. The REIT strategy is non-diversified, meaning it may concentrate its assets in one asset class and/or fewer individual holdings than a more diversified strategy. Therefore, the REIT strategy is more exposed to individual stock volatility than a more diversified strategy.

### **Equity Income:**

This strategy employs fundamental research, fundamental analysis, including balance sheet analysis and cash flow stability, and various ratio analyses to value investment candidates and portfolio holdings. At the portfolio level, risk is managed by observation of fundamental information, valuations, and portfolio diversification.

This strategy may invest in foreign securities which involve political, economic and currency risks, greater volatility, and differences in accounting methods. EI may also invest in small-cap companies, which involves additional risks such as limited liquidity and greater volatility. Small Cap stocks typically are more volatile than value stocks; however, value stocks have lower expected growth rates in earnings and sales.

***There is an inherent risk of loss of both income and principal that is associated with investing in any securities, including mutual funds.***

### **Data Sources Risk**

Phocas subscribes to external data sources used to enforce investment restrictions or exclusion lists, to assist in making investment decisions, investment research, index creation, pricing and valuation of securities, processing corporate actions and collateral management. Although Phocas believes its third-party data sources to be generally reliable, if information that Phocas receives from a third-party data source is incorrect, a client or Fund may be negatively impacted, and may not achieve its desired results. Moreover, there may be time lags associated with inputting or implementing vendor data that may impact certain processes and thereby impact Phocas' advisory services and/or your investments.

Phocas typically receives third-party data on an "as is" basis and cannot guarantee that the data received from these sources will be accurate or timely. Phocas is not responsible for errors by these sources.

**Natural & Unavoidable Events:**

Global markets are interconnected, and events like hurricanes, floods, earthquakes, forest fires and similar natural disturbances, war, terrorism or threats of terrorism, civil disorder, public health crises, and similar “Acts of God” events have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term and wide-spread effects on the world economies and markets generally. Clients may have exposure to countries and markets impacted by such events, which could result in material losses.

**Cybersecurity Risk:**

Phocas faces a variety of cybersecurity risks that can impact operations, customers, and reputation. Some of the most significant cybersecurity risks they navigate in their threat-landscape include:

**1) Data Breaches**

Data breaches can result from a variety of sources, including cybercriminals, insider threats, and third-party vendors. Data breaches can result in the theft or loss of sensitive information, including customer data, intellectual property, and other confidential information.

**2) Ransomware Attacks**

Ransomware attacks are a type of malware that encrypts a victim's files, rendering them inaccessible until a ransom is paid. These attacks can be devastating for financial institutions, as they can lead to downtime, data loss, and reputational damage.

**3) Phishing Attacks**

Phishing attacks are a type of social engineering attack that uses email or other communication methods to trick victims into providing sensitive information or clicking on malicious links. These attacks can result in the theft of customer data, login credentials, and other sensitive information.

**4) Third-Party Vendor Risks**

Many SEC-regulated firms rely on third-party vendors for various services, including data processing, software development, and other IT-related services. These vendors can introduce additional cybersecurity risks, as they may have weaker security controls or be vulnerable to attacks.

**5) Insider Threats**

Insider threats are a significant risk for many financial institutions, as they can result in the theft or misuse of sensitive information. Insider threats can come from employees, contractors, or other third parties who have access to sensitive information.

To mitigate these risks, Phocas has implemented robust cybersecurity policies and procedures, including data encryption, multi-factor authentication, regular security assessments, and employee training programs. Additionally, they conduct ongoing risk assessments, conduct vendor due diligence, and stay current on emerging threats and vulnerabilities in the

cybersecurity landscape. By taking these steps, Phocas protects their operations, customers, and reputation from cybersecurity threats.

## **DISCIPLINARY INFORMATION**

Neither Phocas nor any of its management persons has ever been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of its management.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Phocas, on behalf of its clients, may also purchase and sell shares of the mutual fund for which it acts as sub-advisor (AAM/Phocas Real Estate Fund – trading symbol: APRIX). Where applicable, such purchases and sales by clients of the firm which are subject to ERISA are done in accordance with DOL Prohibited Transactions Exemption 77-4.

If Phocas believes that it is in the best interest of a client to purchase and/or sell shares of the mutual funds for which it acts as a sub-advisor, Phocas will not double charge its clients when recommending the AAM/Phocas Real Estate Fund (trading symbol: APRIX). Phocas clients owning APRIX will only be charged the expense ratio of the Fund.

### **Outsourcing**

Phocas outsources the provisions of its investment operations functions to STP Investment Services ("STP"). The operations outsourced include trade matching and confirmation, investment record keeping, asset set-up, reconciliation, client reporting production, valuations, and performance analysis. Phocas retains the investment management and trade execution functions. Phocas' Operations Department monitors STP's activities and supports interactions between STP and Phocas' front office and client servicing teams, as appropriate.

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

Phocas has adopted a Code of Ethics (the "Code") for the purpose of instructing its personnel in their ethical obligations, and to provide rules for their personal securities transactions. Phocas and its personnel owe a duty of loyalty, fairness, and good faith towards their clients, and are obligated to adhere not only to the specific provisions of the Code but to the general principles that guide the Code. The Code covers a range of topics that may include general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings, and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and



supervisory procedures. Phocas will provide a copy of the Code to any client or prospective client upon request.

**Participation or Interest in Client Transactions – Applicant Has Financial Interest**

Phocas will not double charge its clients when recommending the AAM/Phocas Real Estate Fund (trading symbol: APRIX). Phocas' clients owning APRIX, will only be charged the expense ratio of the Fund.

**Personal Trading Policy**

Priority on all purchases and sales of securities are first given to clients. All personal trades must be conducted in a way that does not conflict with the interests of a client.

**De-Minimus Exception to Pre-Clearance.** Employees are allowed to trade up to \$10,000 in a single security without obtaining pre-clearance. Employees are also allowed to trade up to \$25,000 in a single ETF without obtaining pre-clearance. It is the employee's responsibility to ensure that executed trades meet the de minimus or have received pre-clearance approval. Upon reviewing personal trades, the CCO and COO may revoke the de minimus exception if it is being used to circumvent the purpose of pre-clearance.

**When Trading Approvals are Required.** Employees who seek to trade outside the de minimus exception must seek prior written approval of the CCO, in consultation with the relevant portfolio manager (or, the COO for personal trades requested by the CCO), and any transaction may be cancelled by the Company and the trade allocated to a client account, if determined by the CCO, in consultation with the relevant portfolio manager (or, the COO for personal trades requested by the CCO) to be necessary or appropriate. Preclearance request must be submitted through ComplySci.

Once approval has been given, Employees will have the remainder of the day to execute the trades in question.

**Must Pre-Clear.** Any trades involving mutual funds that are advised or sub-advised by the Firm must be pre-cleared regardless of the amounts traded. There are no exceptions.

Phocas also has procedures to ensure that no "front running" of client accounts takes place. Transactions in options, derivatives or convertible instruments that are related to a transaction in an underlying security for a client account ("inter-market front running"), are also subject to the same procedures and restrictions.

Neither Phocas nor an Employee may engage in principal transactions between a proprietary account and a client account without first obtaining the written approval of an Authorized Person and the written consent of the client.

No Employee may acquire, directly or indirectly, beneficial ownership of any security in a

private placement or in an initial public offering without the prior approval of an Authorized Person.

It is unlawful for any person, acting alone or with others, to affect a series of transactions in any security registered on a national securities exchange creating actual or apparent active trading in such security or raising or depressing the price of the security, for the purpose of inducing the purchase or sale of such security by others. Buy or sell programs may cause stock prices to rise or fall and price changes resulting from supply and demand factors are not prohibited. Activities where there is a purpose to affect the price of a security artificially through trading or apparent trading, not where such change is an incidental result of a change in supply, demand, or in the intrinsic value of a security is prohibited.

Each person associated with Phocas is required to maintain a standard of conduct in effecting securities transactions for his or her own account or on behalf of others, that avoids both the reality and the appearance of gaining personal advantage based on material, nonpublic information or at the expense of any third party, including Phocas' clients or end-users.

Violations of Phocas' Trading Policy are subject to various sanctions, ranging up to, and including, dismissal or termination at the discretion of Phocas' CCO and/or CEO.

## **BROKER PRACTICES**

Generally, Phocas has discretionary authority to determine the securities to be bought and sold for clients, the amount of such securities, the broker-dealer to be used and the commission to be paid, subject to a client's established guidelines. Phocas will use best efforts to obtain the best available price and most favorable execution ("best execution") with respect to all portfolio transactions executed on behalf of its clients.

In selecting a brokerage firm and negotiating commission rates when placing a trade on behalf of a client account(s), Phocas considers the full range and quality of brokerage services available, in conjunction with a security's price, liquidity, and order size. These include but are not limited to: capable floor brokers or traders, competent block trading coverage, good communications, ability to position, financial condition, general research services, retail distribution and underwriting, use of automation, research relating to a specific transaction, arbitrage skills, administrative ability or provision of market information relating to a security. Phocas will make periodic evaluations of the quality of brokerage services provided by firms selected. Brokerage services will be obtained only from those firms that meet Phocas' standards, are financially sound, and can be expected to supply such services reliably and continuously.

Phocas does not engage in "soft dollar" arrangements.

### **Allocation of Client Transactions**

While investment decisions for clients managed by Phocas are made independently, the same investment decisions may be made for more than one client. In this circumstance, should purchase and sell orders of the same class of security be in effect on the same day, the orders for

such transactions may be combined to seek the best combination of net price and execution for each. Client orders partially filled will, as a general matter, be allocated pro rata in proportion to each client's original order, although exceptions may be made to avoid, among other things, odd lots, and de minimus allocations. Execution prices for a combined order will be averaged so that each participating client receives the average price paid or received.

### **Cross Transactions**

Although, Phocas does not generally engage in cross transactions, there may be circumstances under which Phocas deems it appropriate to cause one of its clients to sell a security and another of its clients to purchase the same security at or about the same time. Consistent with its fiduciary obligations to each client, and the requirements of best price and execution, Phocas may, under such circumstances, arrange to have the purchase and sale transaction effected directly between its clients ("cross transactions"). A cross transaction would be affected based on the current market price of the security or at a price reasonably determined to reflect the fair value of the security, which may be based on the independent dealer quotes or information obtained from recognized pricing services. Cross transactions may also be executed through third-party brokers. Phocas will not receive compensation (other than its advisory fees), directly or indirectly, for effecting a cross transaction between clients, and accordingly will not be deemed to have acted as a "broker" within the meaning of Section 206(3) of the Investment Advisers Act of 1940 with respect to the transaction. Cross transactions may not currently be affected with any client account that is subject to ERISA.

### **Directed Brokerage Arrangements**

Certain clients may request in writing that Phocas allocate brokerage transactions to specific broker-dealers that have agreed to pay expenses for which the client would otherwise be responsible, or to provide services directly to that client. Such direction may prevent the client's order from receiving execution terms as favorable as those enjoyed by other clients in such instances with respect to the same securities. Phocas highlights the following possible consequences of directed brokerage: (1) trades may not obtain the cost and execution benefits of participating in aggregated trades with other clients; (2) the clients' transactions may not be executed until after Phocas executes transactions for accounts that do not direct brokerage; and (3) by directing brokerage to a particular broker-dealer, the client may not always be receiving optimal execution of its trades.

### **Block Trading**

In placing its orders to purchase or sell securities in accounts, principals of Phocas may elect to aggregate orders. In so doing, Phocas will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of Phocas' investment advisory agreement with each client for which trades are being aggregated; no advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Phocas' transactions in that security on a given business day, with transaction costs shared *pro rata* based on each client's participation in the transaction; Phocas will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated pro-rata based on the Allocation Statement; notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved in writing by Phocas' compliance officer no later than one hour after the opening of the markets on the trading day following the day the order was executed.

Phocas' books and records will reflect separately, for each client account, the orders which are aggregated, the securities held by, bought, and sold. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the client's cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following settlement of the respective trades; Phocas will receive no additional compensation of any kind as a result of the proposed aggregation; and individual investment advice and treatment will be accorded to each advisory client.

## **REVIEW OF ACCOUNTS**

### **Institutional Account Reviews:**

All portfolios will be reviewed at least monthly by investment personnel. This will include a review of portfolio performance versus benchmarks by sector and security. Exceptional performers, both up and down, will be noted and discussed by investment personnel. Reviewing investment personnel will include, at minimum, one Portfolio Manager but, in most cases, will include two Portfolio Managers. Company performance is measured and monitored daily to note exceptional performances. Any daily exceptional price moves considered +/-10% change in value from the prior day's close, will be noted by monitoring Investment Personnel and reviewed for significance and/or potential action. Clients may request exceptions either at the security and/or sector level. The limit on number of accounts will be dependent upon the size of the accounts placed, total assets under management, and the impact on security marketability and liquidity.

Clients will receive a quarterly report summarizing their portfolio performance from inception, year-to-date and quarter-to-date. The report will include all portfolio positions, including cash and money market funds. Quarterly reports will also include security market value and cost basis as well as overall portfolio market value. Each quarterly report will have a general financial summary and explanation of performance for the then most recent quarter.

### **Private Wealth Management Client Account Reviews:**

All portfolios will usually be reviewed monthly but no less frequently than quarterly by the Portfolio Manager. This will include a review of the portfolio's asset class weight versus that of the client's asset class target and portfolio performance versus benchmarks. Exceptional performers, both up and down, will be noted and discussed by the Portfolio Manager. Company performance is measured and monitored daily to note exceptional performances. Any daily

exceptional price moves, considered +/- 10% change in value from prior day close, will be noted by the portfolio manager and reviewed for significance and/or potential action. Clients may request exceptions either at the security and/or sector level.

Clients will receive a quarterly report summarizing their portfolio performance from inception, year-to-date and quarter-to-date. The report will include all portfolio positions, including cash and money market funds. Quarterly reports will also include security market value and cost basis as well as overall portfolio market value. Each quarterly report will have a general financial summary and explanation of performance the then most recent quarter.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Currently, Phocas is not a party to any arrangements in which Phocas will pay for client introductions.

## **CUSTODY**

Phocas does not maintain custody of client assets. Clients maintain their assets at custodians of their choice.

As stated in Fees and Compensation (Pages 1-3), our wealth management clients may provide us with written authorizations for us to debit their custodial accounts for our management fees for their respective accounts.

We strongly recommend that clients compare the account statements they receive from their custodians to the one they receive from us to ensure that the calculations of management fees are accurate. If the client sees a discrepancy or an error, the client should notify us immediately. If the client does not receive statements from their custodian, the client should immediately contact their custodian or Phocas.

## **INVESTMENT DISCRETION**

Generally, Phocas has discretionary authority to determine the securities to be bought and sold for clients, the amount of such securities, the broker-dealer to be used and the commission to be paid, subject to a client's established guidelines. Prior to accepting any client account, Phocas requires that an Investment Management Agreement (the "Agreement") be executed by the client and Phocas. The Agreement details the client's investment objectives and restrictions if any.

## **VOTING CLIENT SECURITIES**

Clients of Phocas may authorize Phocas to vote proxies on their behalf or they may retain the authority to do so themselves.

Phocas has outsourced and adopted the Institutional Shareholder Services Inc. (“ISS”) United States Proxy Voting Policy. Accordingly, all proxies shall be submitted to ISS directly from the custodian and available for review and vote by Phocas personnel. Phocas will generally vote in-line with the ISS recommendations but reserves the right to go against the recommendations if management deems it is in the best interest of the shareholders.

Clients may request, in writing, information on how proxies for his or her shares were voted.

The 2024 U.S. Policy Guidelines as published by Institutional Shareholder Services is available online at: <https://www.issgovernance.com/file/policy/active/americas/US-Voting-Guidelines.pdf?v=1>

If you have any questions about our proxy voting policy, please email us at [info@phocasfinancial.com](mailto:info@phocasfinancial.com).

## **FINANCIAL INFORMATION**

We neither require nor solicit our clients to prepay management fees at any time for any amount.

## **OTHER DISCLOSURES**

Employees of Phocas may from time to time, personally invest in private investments that are not suitable for our clients. There may be instances where these private investments may decide to go public, and as such may pass through our screens and become securities that are suitable to invest in for our clients. As with all securities we invest in on behalf of our clients, these securities would also have to go through our investment processes to ensure that they are suitable investments for our clients.

Prior to an employee selling the security [that went public], the employee would have to seek pre-approval as required by our Code of Ethics and Personal Trading Policies. (See Code of Ethics, Participation or Interest in Client Transactions and Personal Trading).

Phocas and its employees may obtain material, non-public information about other companies. For example, an employee of Phocas may serve on a board of directors of a privately held company that may be doing business with a publicly traded company in which the Fund and/or Phocas’ other clients invest, either directly or indirectly. Additionally, Phocas or its employees may engage in transactions or other business arrangements with a publicly traded company that the Fund and/or Phocas’ other clients invest, either directly or indirectly. As a result of such service, transactions or business arrangements, the supervised person or Phocas may become aware, from time to time, of material non-public information about an investee company or

public companies affiliated, or that otherwise do business, with an investee. Such knowledge of material non-public information can attribute to Phocas and may create a conflict of interest between the investee company and Phocas. Additionally, these arrangements may expose the employee, and by association Phocas, the Fund, and/or other client accounts of Phocas, to certain limitations on the ability to trade in the securities of particular companies; therefore, the Fund's and/or Phocas' other clients' abilities to trade in the securities of such companies may become substantially restricted. The Fund's and/or Phocas' other clients' abilities to buy and sell such securities may be limited to such times as company insiders are permitted so to do. These limitations may cause each of the Fund and/or Phocas' other clients to forego purchases or sales that it otherwise would make, thereby potentially exposing the Fund and/or Phocas' other clients to forfeited opportunities.

### **Cybersecurity**

Cybersecurity is an inherent risk to all businesses, however, Phocas has taken correct measures to mitigate the risk to the best of the Firm's abilities. Phocas has contracted an outside firm (Cobaltix Compliance) to assist in their risk assessments, vulnerability scans, penetration tests, cyber security training, and other relevant services.

## PRIVACY NOTICE

Like most industries today, the financial services industry is rapidly being shaped by technology, which is transforming the way in which business is done. To be successful in this environment, we must continue to ensure that clients are confident that their financial affairs will be managed expertly and confidentially.

To deliver investment management services of Phocas Financial Corporation (“we,” “Phocas,” or the “Firm”) as effectively and conveniently as possible, it is essential that we use technology to manage and maintain certain client information.

We want to assure all the Firm’s clients that whenever information about clients is used, it is used discreetly. The safeguarding of client information is an issue we take seriously at the Firm. To affirm ongoing commitment to the proper use of client information, Phocas has set forth and approved the following Privacy Principles. It is these Privacy Principles that guide Phocas and its employees in serving and protecting the privacy needs of Phocas’ clients.

1. **Recognition of a Client’s Expectation of Privacy:** At Phocas, the confidentiality and protection of client information is among our most important fundamental responsibilities. And while information is critical to providing quality service, we recognize that one of our most important assets is our clients’ trust. Thus, the safekeeping of client information is a crucial priority for the Firm.
2. **Use, Collection, and Retention of Client Information:** The Firm limits the use, collection, and retention of client information to what we believe is necessary or useful to conduct our business and provide quality service to our clients. Information collected may include, but is not limited to name, address, telephone number, tax identification number, date of birth, employment status, annual income and net worth.
3. **Maintenance of Accurate Information:** Phocas recognizes that it must maintain accurate client records. Therefore, it has established procedures to maintain the accuracy of client information and to keep such information current and complete. These procedures include responding promptly to requests to correct inaccurate information.
4. **Limiting Employee Access to Information:** At the Firm, employee access to personally identifiable client information is limited to those with a business reason to know such information. Employees are educated on the importance of maintaining the confidentiality of client information and on these Privacy Principles. Because of the importance of these issues, all Phocas employees are responsible for maintaining and safeguarding the confidentiality of client information. Employees who violate these Privacy Principles will be subject to disciplinary measures, including immediate termination of employment.
5. **Protection of Information via Established Security Procedures:** We recognize that a fundamental element of maintaining effective client privacy procedures is to provide reasonable protection against the unauthorized access to client information. Therefore, Phocas has established appropriate security standards and procedures to guard against unauthorized access to



client information.

6.     Restrictions on the Disclosure or Use of Client Information: The Firm places strict limits on who receives specific information about client accounts and other personally identifiable data. Phocas will not share any such information with any person or entity outside of the Firm except when legally required or permitted in connection with fraud investigations and litigation, and at the written request or written permission of a client. We do, however, we reserve the right and discretion to use or disclose such information in the normal course of our business, for example, when interacting with duly authorized government agencies.

7.     Non-disclosure Agreements: The Firm requires all of its staff, whether or not permanent, and any of its vendors, consultants, or sub-contractors who may, in the course of performing their normal duties for Phocas, encounter client information, to execute non-disclosure agreements that commit them to preserve the confidentiality of any client information to which said staff, vendors, consultants, or sub-contractors become privy.

8.     Information Technology Testing: Testing and maintenance of the Firm's information technology ("IT") infrastructure and equipment, including firewalls and applications to combat computer "viruses," "hacking," and "spyware," is conducted remotely on a perpetual basis, and onsite on a regular basis. Phocas' IT consultant has developed a testing program for the Firm's infrastructure and will make upgrade recommendations as necessary.

9.     No "phishing": Phocas utilizes a service called "ProofPoint" to filter out both spam and phishing emails before the email reaches individuals in the Firm. Information regarding clients should never be given to anyone over the phone or on email unless it is a third-party providing service(s) to that certain client and/or we have been instructed by the client to provide such information to the person (by name). Any requests for information about the Firm's clients that are made by third parties communicating with Phocas staff, whether permanent, principals, vendors, and/or consultants must be escalated promptly to the Firm's Chief Compliance Officer ("CCO") for approval or denial.

10.    Disclosure of Privacy Principles to Clients: Phocas recognizes and respects the privacy expectations of our clients. We want our clients to understand our commitment to privacy in our use of client information. As a result of our commitment, we have developed this Privacy Policy, which is made readily available to our clients. Clients who have questions about these Privacy Principles or have a question about the privacy of their client information should call our Chief Compliance Officer, Ms. Frances Chiu at (510) 523-5800 or e-mail her at [frances.chiu@phocasfinancial.com](mailto:frances.chiu@phocasfinancial.com).

We reserve the right to change this Privacy Notice, and any of the policies or procedures described above, at any time; provided, however, that any material changes therein will be communicated to our clients with fifteen (15) days prior written notice. The principles contained in this Privacy Notice are for general guidance and do not constitute a contract or create legal rights, and do not modify or amend any agreements we have with our clients, the terms of which shall prevail over anything contained herein.

## **PHOCAS' DISASTER RECOVERY PLAN BUSINESS CONTINUITY PLAN DISCLOSURE**

Phocas Financial Corporation (“Phocas” or the “Firm”) has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – If, after a significant business disruption, you cannot contact us as you usually do at (510) 523-5800, please send us an email at [info@phocasfinancial.com](mailto:info@phocasfinancial.com). We will respond as soon as practicable.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the Firm’s books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data backup and recovery; all mission critical systems; alternative communications with clients, employees, and regulators; alternate physical locations of employees; critical supplier, and regulatory reporting.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only the Firm, a single building housing the Firm, the business district where the Firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only the Firm or a building housing the Firm, we will transfer our operations to a local site when needed and expect to recover and resume business within forty-eight (48) hours. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area and expect to recover and resume business within seventy-two (72) hours. In either situation, we plan to continue in business. We will notify clients directly either by telephone or e-mail as to the status of our business.

**For more information** – If you have questions about or wish to receive a copy of our business continuity plan, please contact us at (510) 523-5800.

PHOCAS FINANCIAL CORPORATION  
1080 MARINA VILLAGE PARKWAY, SUITE 520  
ALAMEDA, CA 94501  
(510) 523-5800

[WWW.PHOCASFINANCIAL.COM](http://WWW.PHOCASFINANCIAL.COM)

This Brochure Supplement provides information about the following individual:

**William Franz Kim Schaff**

This supplements the Phocas Financial Corporation brochure. You should have received a copy of that brochure. Please contact [info@phocasfinancial.com](mailto:info@phocasfinancial.com) if you did not receive Phocas Financial Corporations' brochure or if you have any questions about the contents of this supplement.

Additional information about **William Franz Kim Schaff** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

MARCH 2024

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

William Franz Kim Schaff, CFA\*  
Chief Executive Officer

*Year of Birth:* 1957

*Education:* University of California, Davis, Masters of Science in Engineering, 1980  
University of California, Santa Barbara, Bachelor of Arts in Chemistry, 1978

*Background:* Chief Executive Officer  
Phocas Financial Corporation, 2005 – Present

\* The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute (formerly AIMR) to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

## **DISCIPLINARY INFORMATION**

Mr. Schaff has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of its management.

## **OTHER BUSINESS ACTIVITIES**

Mr. Schaff does not engage in any other investment-related business or occupation.

## **ADDITIONAL COMPENSATION**

Mr. Schaff does not receive any additional compensation / economic benefits for providing advisory services to anyone who is not a client.

## **SUPERVISION**

Mr. William Schaff is supervised by Ms. Yolanda Foreman, President, and Mr. James Murray, Chief Operating Officer. They review Mr. Schaff's work through frequent interactions. Phocas Financial Corp. ("Phocas") also provides supervisory services in accordance with its compliance policies and procedures manual. The primary purpose of Phocas's compliance policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act. Phocas's Chief Compliance Officer, Frances Chiu, has responsibility for oversight of the compliance policies and procedures and can be reached at (510) 523-5800.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Phocas is a federally registered investment adviser.

PHOCAS FINANCIAL CORPORATION  
1080 MARINA VILLAGE PARKWAY, SUITE 520  
ALAMEDA, CA 94501  
(510) 5b23-5800

[WWW.PHOCASFINANCIAL.COM](http://WWW.PHOCASFINANCIAL.COM)

This Brochure Supplement provides information about the following individual:

**Yolanda Waggoner Foreman**

This supplements the Phocas Financial Corporation brochure. You should have received a copy of that brochure. Please contact [info@phocasfinancial.com](mailto:info@phocasfinancial.com) if you did not receive Phocas Financial Corporations' brochure or if you have any questions about the contents of this supplement.

Additional information about **Yolanda Waggoner Foreman** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

MARCH 2024

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Yolanda Waggoner Foreman  
President

*Year of Birth:* 1975

*Education:* University of Missouri, Master of Business, 2001  
University of Illinois, Bachelor of Science in Finance, 1997

*Background:* President  
Phocas Financial Corporation, 2021 – Present

Principal  
Phocas Financial Corporation 2020 – 2021

CEO  
Morningside Asset Management, 2015 – 2020

Co-CEO  
Gray Financial Group, 2010 – 2015

## **DISCIPLINARY INFORMATION**

Ms. Foreman has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of its management.

## **OTHER BUSINESS ACTIVITIES**

Ms. Foreman does not engage in any other investment-related business or occupation.

## **ADDITIONAL COMPENSATION**

Ms. Foreman does not receive any additional compensation / economic benefits for providing advisory services to anyone who is not a client.

## **SUPERVISION**

Ms. Yolanda Foreman is supervised by Mr. William Schaff, Chief Executive Officer. He reviews Ms. Foreman's work through frequent interactions. Phocas Financial Corp. ("Phocas") also provides supervisory services in accordance with its compliance policies and procedures manual. The primary purpose of Phocas's compliance policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act. Phocas's Chief Compliance Officer, Frances Chiu, has responsibility for oversight of the compliance policies and procedures and can be reached at (510) 523-5800.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

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This Brochure Supplement provides information about the following individual:

**James Archie Murray**

This supplements the Phocas Financial Corporation brochure. You should have received a copy of that brochure. Please contact [info@phocasfinancial.com](mailto:info@phocasfinancial.com) if you did not receive Phocas Financial Corporations' brochure or if you have any questions about the contents of this supplement.

Additional information about **James Archie Murray** is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

MARCH 2024

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**James Archie Murray, CFA\***  
**Chief Operating Officer, Portfolio Manager**

*Year of Birth:* 1972

*Education:* Kenyon College, Bachelor of Arts in Economics, 1995

*Background:* Portfolio Manager  
Phocas Financial Corporation, 2005 – Present

\* The Chartered Financial Analyst (CFA) designation is an international professional certification offered by the CFA Institute (formerly AIMR) to financial analysts who complete a series of three examinations. To become a CFA Charterholder candidates must pass each of three six-hour exams, possess a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFA Charterholders are also obligated to adhere to a strict Code of Ethics and Standards governing their professional conduct.

## **DISCIPLINARY INFORMATION**

Mr. Murray has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of its management.

## **OTHER BUSINESS ACTIVITIES**

Mr. Murray does not engage in any other investment-related business or occupation.

## **ADDITIONAL COMPENSATION**

Mr. Murray does not receive any additional compensation / economic benefits for providing advisory services to anyone who is not a client.

## **SUPERVISION**

Mr. James Murray is supervised by Ms. Yolanda Foreman, President, and Mr. William Schaff, Chief Executive Officer. They will review Mr. Murray's work through frequent office interactions. Phocas Financial Corp. ("Phocas") also provides supervisory services in accordance with its compliance policies and procedures manual. The primary purpose of Phocas's compliance policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act. Phocas's Chief Compliance Officer, Frances Chiu, has responsibility for oversight of the compliance policies and procedures and can be reached at (510) 523-5800.

## **REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Phocas is a federally registered investment adviser.

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This Brochure Supplement provides information about the following individual:

**Frances Chiu**

This supplements the Phocas Financial Corporation brochure. You should have received a copy of that brochure. Please contact [info@phocasfinancial.com](mailto:info@phocasfinancial.com) if you did not receive Phocas Financial Corporations' brochure or if you have any questions about the contents of this supplement.

MARCH 2024

## **EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

**Frances Chiu**  
**Chief Compliance Officer**

*Year of Birth:* 1968

*Education:* San Francisco State University  
B.S., in Business Administration, 1994

*Background:* Chief Compliance Officer  
Phocas Financial Corporation, 2009 – Present

## **DISCIPLINARY INFORMATION**

Ms. Chiu has not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of its management.

## **OTHER BUSINESS ACTIVITIES**

Ms. Chiu does not engage in any other investment-related business or occupation.

## **SUPERVISION**

Ms. Frances Chiu is supervised by Mr. William Schaff, Chief Executive Officer, and Mr. James Murray, Chief Operating Officer. They will review Ms. Chiu's work through frequent office interactions. Phocas Financial Corp. ("Phocas") also provides supervisory services in accordance with its compliance policies and procedures manual. The primary purpose of Phocas's compliance policies and procedures is to comply with the supervision requirements of Section 203(e)(6) of the Investment Advisor's Act. Phocas's Chief Compliance Officer, Frances Chiu, has responsibility for oversight of the compliance policies and procedures and can be reached at (510) 523-5800.