

PART 2A OF FORM ADV: FIRM BROCHURE

Clarity Capital KCPS Ltd.

Sasson Hogi Tower, 20th Floor

12 Abba Hillel Road

Ramat-Gan, 5250606, Israel

Telephone: +972-3-777-9000

Facsimile: +972-3-777-9001

Web: www.claritycap.com

March 28, 2024

This brochure provides information about the qualifications and business practices of Clarity Capital KCPS Ltd. If you have any questions about the contents of this brochure, please contact Eyal Tenne, General Counsel and Chief Compliance Officer, either by telephone at +972-3-777-9000 or by email at eyalt@claritycap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Clarity Capital KCPS Ltd. is a Registered Investment Adviser. Registration as an investment adviser reflects only that a firm has registered with the SEC and does not imply a certain level of skill or training.

Additional information about Clarity Capital KCPS Ltd. is available on the SEC's website at <http://www.adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The firm's CRD number is 160662.

Item 2 – Material Changes

In February 2024, certain of Clarity Capital KCPS Ltd.'s direct and indirect owners entered into an agreement pursuant to which a new entity will become a substantial indirect owner of Clarity Capital KCPS Ltd. The closing of this transaction remains subject to satisfaction of a number of conditions, including regulatory approval both in Israel and in Andorra, which is expected to take a couple of months. More detailed information about this agreement and transaction are set forth in *Item 4 – Advisory Business*.

In addition, this document has been updated to reflect that certain conflicts of interest are no longer present between Clarity Capital KCPS Ltd., on the one hand, and certain of its related persons that are investment advisers, on the other hand, as a result of such related persons no longer making investments on behalf of their clients. While Clarity Capital KCPS Ltd. does not consider these changes to be material, clients are encouraged to review this document in its entirety.

Item 3 – Table of Contents

Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 –Advisory Business	4
Item 5 – Fees and Compensation	6
Item 6 – Performance Based Fees and Side-By-Side Management	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9 – Disciplinary Information.....	13
Item 10 – Other Financial Industry Activities and Affiliations	13
Item 11 – Code of Ethics, Participations of Interest in Client Transactions and Personal Trading	17
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts.....	21
Item 14 – Client Referrals and Other Compensation	21
Item 15 – Custody	22
Item 16 – Investment Discretion	22
Item 17 – Voting Client Securities	22
Item 18 – Financial Information.....	23
Item 19- Requirements for State-Registered Advisers	23

Item 4 –Advisory Business

The Firm

Clarity Capital KCPS Ltd., a limited company established under the laws of Israel (“KCPS Clarity,” “we,” “us” or “our”), is a portfolio manager licensed with the Israeli Securities Authority and an investment adviser registered with the SEC that began conducting business in October 2007.

KCPS Clarity is majority owned by its parent company, Sigma-Clarity Ltd. (formerly known as Clarity Capital Matrat Mizug Ltd.), a limited company established under the laws of Israel (“Sigma-Clarity”), which owns 91.8 % of the issued and outstanding equity interests of KCPS Clarity. Mr. Eran Peleg owns 8.2% of the issued and outstanding equity interests of KCPS Clarity. Sigma-Clarity is jointly owned and managed by KCPS Clarity Capital Group Ltd., a limited company established under the laws of Israel (“KCPS Clarity Capital Group”), and Andorra Bank Agricol Reig, S.A., a banking institution based in Andorra (“Andbank”).

In February 2024, Sigma-Clarity, Andbank and KCPS Clarity Capital Group entered into an agreement with J.C.K. Consulting Ltd. (“J.C.K. Consulting”), a limited company established under the laws of Israel. According to the terms of such agreement, Andbank and KCPS Clarity Capital Group will sell ordinary shares of Sigma-Clarity to J.C.K. Consulting and, as a result of the transaction, J.C.K. Consulting will own 52.21% of the issued and paid-up capital of Sigma-Clarity on a fully diluted basis, Andbank will hold 22.34%, and KCPS Clarity Capital Group will hold 25.45%. The closing of this transaction remains subject to satisfaction of a number of conditions, including regulatory approval both in Israel and in Andorra, which is expected to take a couple of months. Other than changes in our indirect ownership, we do not expect any changes with respect to our operations or the services we provide.

None of KCPS Clarity, Sigma-Clarity or Sigma-Clarity’s parent companies is publicly owned or traded.

Types of Investment Services

KCPS Clarity provides continuous investment management services on both a discretionary and non-discretionary basis to a diverse array of separate account clients, including high net worth individuals and institutions.

KCPS Clarity offers investment services¹ to its clients in respect of a variety of asset classes, including equities, fixed income investments, alternative investments and cash equivalents. The scope of its investment services and specific investment guidelines and limitations are tailored for each client on an individual basis, as described below. From time to time, KCPS Clarity may contract with sub-advisers to provide certain portfolio management services for clients. In the event we use a sub-adviser's services, the sub-adviser may have discretion over the assets that it sub-advises, and the relevant client will be notified by KCPS Clarity.

Tailored Portfolio Management and Investment Restrictions

KCPS Clarity tailors individual strategic asset allocations to fit each client's needs through the following steps:

- *Risk Assessment & Establishment of Objectives:* KCPS Clarity gains a thorough understanding of each client's needs through an upfront Client-Assessment process and through extensive dialogue with the client. A client's risk tolerance is then assessed, and long-term wealth objectives are determined.
- *Mandate Definition & Implementation:* A client's strategic asset allocation is determined and implemented by a KCPS Clarity portfolio manager. Asset classes included are: equities, fixed income, alternative investments and cash equivalents. Because some types of investments involve certain additional degrees of risk, such investments will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.
- *Ongoing Client Interaction & Reporting:* A client's portfolio is managed on an ongoing basis and monthly and quarterly reports are provided.

Clients may impose restrictions on investing in certain types of securities or investment products.

Wrap Fee Programs

KCPS Clarity does not offer or participate in any wrap fee programs.

¹ The term "investment services" refers to "investment advice" as defined under the U.S. Investment Advisers Act of 1940, as amended, and to "portfolio manage" and "investment marketing" as defined under the Israeli Regulation of Investment Advice, Investment Marketing and Investment Portfolio Management Law, 1995 (the "Israeli Law").

Client Assets under Management

As of December 31, 2023, KCPS Clarity's regulatory assets under management totaled approximately \$580 million. Of such amount, approximately \$571 million was managed on a discretionary basis and approximately \$9 million was managed on a non-discretionary basis.

Item 5 – Fees and Compensation

KCPS Clarity charges its clients a management fee pursuant to a written investment advisory agreement with each client specifying the exact amount of such fees and the manner in which they will be charged. Management fees usually are charged based upon a percentage of assets the client has supervised by KCPS Clarity. The standard management fee generally charged to clients is 1.00% per annum.

Limited Negotiability of Management Fees

Although KCPS Clarity has established the aforementioned fees, it retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client relationship, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, frequency and types of reports, and other factors. The specific annual fee schedule will be identified in the investment advisory agreement between KCPS Clarity and each client. Discounts, not generally available to KCPS Clarity's clients, have been offered to family members and associated persons of KCPS Clarity and its affiliates and may be offered to the same types of persons in the future.

Our fees are billed either monthly or quarterly, in arrears (as indicated in the client's investment advisory agreement), and are based on the market value of the applicable account at the end of the relevant period. Fees will be debited via the client's custodian from the applicable client account following calculation and instruction from the custodian. In situations where a client's custodian does not permit direct debiting, KCPS Clarity will bill the client directly for any management fees. Client accounts initiated or terminated during a fee period will be charged a prorated fee. Upon termination of any account any earned, unpaid fees will be due and payable.

Termination of the Investment Services Relationship

A client may generally terminate its investment advisory agreement with KCPS Clarity at any time, for any reason, upon written notice to KCPS Clarity. KCPS Clarity may generally terminate an investment advisory agreement with a client upon written notice to the client. In certain cases, if a client terminates its investment

advisory agreement with KCPS Clarity prior to the first anniversary of such agreement, such client will continue to pay us a fee with respect to any illiquid investments that we recommended to such client.

Additional Fees and Expenses

In addition to management fees charged by KCPS Clarity, described above, each client is also responsible for any management fees and other fees and expenses charged by sub-advisers, custodians and funds (including the underlying fund's management and performance fees, if any), including alternative vehicles and private funds managed by KCPS Clarity's related persons ("Affiliated Funds"), and charges imposed by brokers or dealers relating to the client's account, including, without limitation, any transaction charges imposed by brokers or dealers in connection with transactions effected by KCPS Clarity, a sub-adviser or other independent investment manager for the client's account, all as applicable. KCPS Clarity's clients pay such commissions for trades in their accounts.

Item 6 – Performance Based Fees and Side-By-Side Management

In most circumstances, KCPS Clarity does not charge clients a performance-based fee. However, KCPS Clarity sometimes charges qualified purchasers (as defined under the Investment Company Act of 1940, as amended) an annual performance-based fee. In addition, to the extent KCPS Clarity invests client accounts in an underlying fund, that underlying fund may also charge performance fees.

In the event that we charge performance compensation to clients in the future, such arrangements would create a theoretical incentive for us to recommend investments that are riskier or more speculative than would be the case in the absence of such arrangements. However, any client that would be subject to a performance-based fee would be provided with disclosures relating to the performance-based fees ultimately received by us and the risks associated with such client's investment with us.

In the limited circumstance in which we may charge performance compensation in the future, such performance compensation may give rise to certain conflicts of interest that have the potential to motivate KCPS Clarity to favor its performance-based account clients over other clients. For example, performance-based compensation, in periods it is earned, may be significantly higher than the asset-based fees paid on traditional accounts.

It is our policy that no client for which we have investment discretion will receive preferential treatment over any other client. In allocating investment activities among client accounts, it is our policy that all client accounts should be treated fairly and, to the extent possible, should receive equitable treatment.

Item 7 – Types of Clients

KCPS Clarity generally provides investment services to the following types of clients:

- High net worth individuals
- Endowments and foundations
- Charitable organizations
- Institutional clients
- Trusts
- Family offices
- Corporations or other business entities
- Non-U.S. retail clients

KCPS Clarity typically requires a minimum investment of \$3,000,000 in connection with opening a new account. Occasionally, investments of less than \$3,000,000 are accepted by KCPS Clarity from “friends and family” and other investors, as determined by KCPS Clarity in its discretion. Prospective clients should refer to the terms of KCPS Clarity’s investment advisory agreement for additional qualification requirements.

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

Methods of Analysis and Investment Strategy

KCPS Clarity utilizes a top-down approach to wealth management. Typically, KCPS Clarity’s investment services relates specifically to one or more of the following four asset categories: (i) equities; (ii) fixed-income; (iii) alternative investments; and (iv) cash equivalents. KCPS Clarity’s investment process involves determining overall “strategic” and “tactical” asset allocation guidelines in respect of each client.

Upon contracting with a new client for investment services, KCPS Clarity will work with such client to determine strategic allocation guidelines based on risk/reward objectives and applicable investment constraints. KCPS Clarity’s investment committee, comprised of key officers and directors of KCPS Clarity and KCPS Clarity Capital Group (the “Investment Committee”), determines tactical guidelines applicable to all clients, based on the Investment Committee’s macroeconomic view of relevant markets. Once the Investment Committee has determined tactical allocation guidelines – examined and expressed in terms of capital preservation and capital growth objectives – it will “tilt” clients’ portfolios into certain asset categories or classes based on its analysis. Currently, the following individuals serve as members of the

Investment Committee: Mr. Tal Keinan (Chairman at KCPS Clarity Capital Group), Mr. David Steinhardt (Co-President at KCPS Clarity Capital Group), Mr. Laurence Schreiber (Co-President at KCPS Clarity Capital Group), Mr. Eran Peleg (Chairman at KCPS Clarity) and Mr. David Botbol (Chief Investment Officer at KCPS Clarity).

KCPS Clarity generally employs the following methods for specific security and manager/fund selection within three primary asset categories:

- **Equities**

- Equity Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.
- Identify Relevant Theme: In view of the macroeconomic environment, KCPS Clarity will determine relevant investment themes.
- Select Companies/Funds for Evaluation: KCPS Clarity will seek to determine sectors that are best positioned to fit these investment themes.
- Company Specific Research: KCPS Clarity will review company presentations and regulatory filings, and access leading analyst research. KCPS Clarity may contact specific companies and/or use affiliate networks to access the view of expert investors familiar with relevant companies.
- Risk Management: KCPS Clarity will evaluate expected risk/reward of specific portfolio holdings, as well as correlations to other equity holdings and to the overall portfolio. KCPS Clarity will seek to effect portfolio diversification across sectors and geographic regions.
- Invest: KCPS Clarity will seek to acquire securities and other investment instruments to best express desired portfolio themes.

- **Fixed Income**

- Fixed-Income Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.
- Identify Relevant Bond Sectors: KCPS Clarity will perform internal analysis to choose sectors based on the macroeconomic environment (*e.g.*, government, corporate, convertibles, high-yield, etc.).
- Select Investment Method: KCPS Clarity will assess bond sectors and determine an investment method on a case-by-case basis, *i.e.*, ascertain whether a niche manager may offer better access/diversification.
- Bond Picking: KCPS Clarity will screen bonds with a focus on rating, yield-to-maturity, duration, and spread over the yield of the parallel government bond compared to peers.
- Analysis of Company: KCPS Clarity will review company presentations and financial statements, examine analyst research, and hold discussions with analysts covering applicable companies.
- Risk Management: KCPS Clarity will evaluate expected risk/reward of proposed bond allocations. KCPS Clarity will also evaluate correlations to other bonds in the portfolio, as well as to other portfolio assets. KCPS Clarity will consider bond yield in the context of the applicable currency's yield curve.
- Invest: KCPS Clarity will invest directly in investment-grade credit, and gain exposure to high-yield and convertible bonds via funds that have passed a strict due diligence process. KCPS Clarity will seek to acquire fixed-income securities to best express desired portfolio themes.

- **Alternative Investments**

- Alternatives Tactical Tilt: The Investment Committee will determine tactical tilts based on macroeconomic views.

- Identify Relevant Strategies: In view of the macroeconomic environment, market cycle, and strategy correlations, KCPS Clarity will perform proprietary analysis on selected fund strategies' contribution to clients' portfolio risk adjusted performance.
- Review External Market Research: KCPS Clarity will seek to initiate contacts with academics and market practitioners all over the world, as well as financial industry reports.
- Identify Funds for Evaluation: KCPS Clarity will seek to identify funds via affiliate networks, institutional relationships and databases. KCPS Clarity will seek experienced managers with attractive risk-adjusted performance and low correlation to other asset classes.
- Screening of Single Managers: KCPS Clarity will use its best efforts to meet with managers to verify strong management skills, strong risk management approach, and strict operational/compliance policies. KCPS Clarity will seek to understand the real ability of managers to deliver alpha.
- Risk Management: KCPS Clarity will consider unique hedge fund and alternative investment risks, including operational, leverage and transparency risks.
- Invest: KCPS Clarity will seek to acquire interests in funds to best express desired portfolio investment themes.

- **Cash Equivalents**

- Clients' portfolios usually hold a small amount of cash or cash equivalents investments in order to be able to seize investment opportunities that KCPS Clarity finds attractive. This cash or cash equivalents portfolio allocation is allocated to money-market fund, bank deposits, short dated high-credit quality bonds and ultra-short duration bond exchange-traded funds.

Summary of Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear.

Prices of securities react to the business and financial condition of the company that issued them as well as macroeconomic factors. Prices of a security may rise and fall based on changes in the business or financial condition of the issuing company, changes in management and the potential for merger and acquisitions.

KCPS Clarity may recommend or introduce to clients alternative investments in private fund vehicles and separate accounts managed by other investment managers. Clients should be aware that investments in such products may carry additional risks relating to the particular investment strategies employed by other investment managers in connection with such alternative investments.

Investing in securities involves risk of loss that clients should be prepared to bear. There is no “risk free” investment. Investors face the following key investment risks, which KCPS Clarity attempts to minimize through prudent portfolio diversification:

- **Interest-rate Risk:** Changes in interest rates may cause investment prices to fluctuate. For example, when interest rates rise for new bonds, the market value of lower yielding older bonds can decline.
- **Market Risk:** The price of any security may drop in reaction to tangible and intangible events and conditions. This type of risk is associated with external factors such as political, economic and social conditions. These events can result in market declines, even though the underlying security is financially unchanged.
- **Inflation Risk:** When any type of inflation is present the monetary value in the future will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the portfolio based currency against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.*, interest rate). This primarily relates to fixed income securities.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many buyers are available on short notice or if it is a standardized product. For example, Treasury Bills are highly liquid, while individual real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business’ operations decreases its profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value. This risk is also known as credit risk.

- **Operational Risk:** Operational risk is defined as the risk of loss resulting from inadequate or failed processes, people and systems or from external events. Such failures might include lack of data, mistakes and errors, culture differences, fraud etc.
- **Cybersecurity:** Cybersecurity breaches involving KCPS Clarity or its affiliates or service providers may cause disruptions and impact business operations, potentially resulting in financial losses to clients; impediments to trading; the inability of KCPS Clarity, its affiliates and/or service providers to transact business; violations of applicable privacy and other laws; as well as the inadvertent release of confidential information.
- **Fraud:** One of paramount concern in private alternative investments is the possibility of material misrepresentation or omission on the part of a counterparty, such counterparty's affiliates or credit support providers or breach of covenant by such parties. While we conduct due diligence with respect to our respective counterparties before investing and believe that the managers to the private funds we invest in will do the same, there can be no assurance that we or such funds will detect such fraud or inaccuracy or that the private investments will not be adversely affected by such fraud or inaccuracy.

Item 9 – Disciplinary Information

Neither KCPS Clarity nor any of its management persons have reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

KCPS-CM and Clarity IS

We are affiliated (under common control and ownership) with the following investment advisory/private fund sponsor entities (collectively with us, the “KCPS Affiliates”), both of which are in the process of liquidating their businesses:

- KCPS Capital Management Ltd. (“KCPS-CM”), an Israeli limited company based in Ramat-Gan, Israel, provides investment management services to a variety of clients, including individuals and institutions. Additionally, KCPS-CM serves as the investment manager and general partner of a private fund vehicle. KCPS-CM is registered as an investment adviser with the SEC (SEC # 801-108918).
- Clarity Investment Services Ltd. (“Clarity IS”), an Israeli limited company based in Ramat-Gan, Israel and wholly owned and controlled by us, serves as the general partner of, and provides discretionary investment management services to, a private fund.

Some of our supervised persons serve as dual officers, employees or investment committee members of one or more other KCPS Affiliates. When KCPS Capital and its related persons concurrently manage client accounts/investment products, and particularly when dual officers/employees/investment committee members are involved, this presents certain conflicts, as described below.

The KCPS Affiliates are no longer making new investments on behalf of their clients. Nonetheless, management of client accounts by affiliated investment advisers could give rise to a variety of potential and actual conflicts of interest, including potential front-running in the same security, and potential sharing of material non-public information across affiliate investment managers. The KCPS Affiliates have taken a number of steps to mitigate these conflicts, including the following:

- The KCPS Affiliates have adopted and abide by the same Code of Ethics
- The KCPS Affiliates share the same Restricted List
- Each KCPS Affiliate is independently capitalized

Further, we believe that the conflicts above are mitigated substantially as a result of the fact that the KCPS Affiliates are no longer making new investments on behalf of their clients.

Investments with Third-Party Manager

In general, we seek to avoid situations in which clients' investments would create conflicts of interest. Nonetheless, we have provided non-discretionary advice to certain clients regarding an investment in a private fund managed by a third-party manager (the "Third-Party Manager"). According to our agreement with the Third-Party Manager, we or our related persons receive a portion of the asset-based fees and performance fees our clients would have otherwise been charged directly from that manager with respect to their investments in the private funds it manages. This creates an incentive for us to recommend investments in such private funds in order to continue to receive such advisory fees.

In addition, subject to our personal trading policies described below, certain of our related persons or our respective employees invest directly in vehicles managed by such Third-Party Manager. Further, clients of KCPS-CM have invested in private funds managed by the Third-Party Manager following a recommendation by KCPS-CM.

We require a client's consent prior to entering into a transaction for such client if we determine that such transaction would result in a potential conflict of interest between us or the KCPS Affiliates, on the one hand, and the client, on the other hand.

KCPS-CM's Distribution Arrangements

KCPS-CM has entered into distribution agreements with certain investment managers, under which it distributes such managers' investment products. KCPS-CM is paid distribution fees in consideration for such services. It is possible that KCPS Clarity will determine that such an investment product would be suitable for one of its clients. In such a case, KCPS Clarity will recommend such investment product only upon providing full disclosure to the client and obtaining written consent regarding the potential conflict of interest relating to the distribution of such product by its affiliate (KCPS-CM). In addition, KCPS-CM will waive all forms of compensation that it would receive relating to investments made in such an investment product by a KCPS Clarity client.

Relationship with Andbank

Andbank owns other SEC-registered investment advisers and broker-dealers (such advisers and broker-dealers, the "Andbank Affiliates"). Andbank does not have a role in our day-to-day management. Each Andbank Affiliate operates independently of us and we carry out our investment advisory activities independent of the Andbank Affiliates. Further, we do not have any business dealings, referral arrangements or other reciprocal arrangements with any Andbank Affiliates.

From time to time, we may recommend structured products issued by Andbank for our clients if we determine that such products are suitable for their risk profiles and investment guidelines. To mitigate conflicts of interest associated with such recommendations, KCPS Clarity: (i) is not compensated for these introductions, (ii) notifies its clients in writing about the fact that it is controlled by Andbank and certain conflicts associated with such control relationship, and (iii) requires its clients to acknowledge in writing that they are aware of such relationship and conflicts prior to making investments in the relevant structured products.

Entities Owned by Sigma Investment House, LTD

Sigma Investment House, LTD, an entity that is wholly-owned by Sigma-Clarity, is the sole owner of various entities that provide advisory and other services solely to non-U.S. clients (the "Sigma Affiliates").

From time to time, we may have business dealings with such entities (or entities with which they do business), as described in more detail below.

Investments Managed or Distributed by Sigma Affiliates

From time to time, KCPS Clarity may introduce or recommend mutual funds managed by a Sigma Affiliate to its non-U.S. clients if it determines that such mutual funds are suitable for their risk profiles and investment guidelines. To mitigate conflicts of interest associated with such introductions/recommendations, KCPS Clarity: (i) is not compensated for these introductions, (ii) notifies its clients in writing about its ultimate common ownership with the relevant Sigma Affiliate and certain conflicts associated with such relationship, and (iii) requires them to acknowledge in writing that they are aware of such relationship and conflicts prior to making investments in the relevant mutual funds. In addition, management fees and performance compensation (if applicable) are waived for KCPS Clarity clients that invest through such an introduction.

Further, a Sigma Affiliate distributes structured products not issued by Andbank (in exchange for a distribution fee) that we may, on occasion, recommend to our non-U.S. clients if we determine that such products are suitable for their risk profiles and investment guidelines. In such a case, KCPS Clarity will recommend such products to a client only upon providing full disclosure to the client and obtaining written consent regarding the potential conflict of interest relating to the distribution of such products by the relevant Sigma Affiliate.

Business Dealings with Certain Institutional Entities

We have business dealing with institutional entities that have separate business dealings with, and pay fees to, one or more Sigma Affiliates. As a result of our business dealings with such entities, they may be incentivized to do more business with, or pay higher fees to, Sigma Affiliates. Notwithstanding the foregoing, we do not take Sigma Affiliates' relationships or business dealings into account when making our own business decisions and we would not direct business to any person or entity as a result of its relationship with a Sigma Affiliate.

Management of Multiple Accounts

The management by KCPS Affiliates of multiple client accounts may result in conflicts of interests when we and the KCPS Affiliates allocate time and investment opportunities among our respective clients.

A cross-trade occurs when an investment adviser effects a trade between two or more of its advisory clients. If KCPS Clarity were to cause a cross-trade between two clients, it may result in a conflict of interest because the transaction may result in benefits to one client that may be greater than the benefits to the other client. Subject to applicable law and KCPS Clarity's clients' investment advisory agreements, we may effect cross-trades among client accounts (including accounts in which we or our related persons may have a significant interest). In the event that we determine to make a cross-trade, we will only do so if we determine that it is in the best interests of, and is fair and equitable to, the participating clients. Cross-trades, if any, would generally be made at the closing price for the applicable security on such day or, if no closing price is available, at a price for the relevant security that is determined in accordance with our documented valuation policies. No brokerage commission, transfer fee or other commission will be paid to us or our affiliates in connection with any such transaction.

Principal Transactions

We generally do not engage in principal transactions. If KCPS Clarity were to engage in a principal transaction in the future, it would only do so in compliance with the Investment Advisers Act of 1940, as amended.

Affiliation with Broker Dealer

One member of KCPS Clarity's investment committee, who also serves as an officer and employee for other KCPS Affiliates, is a registered representative of an unaffiliated broker-dealer.

Item 11 – Code of Ethics, Participations of Interest in Client Transactions and Personal Trading

Code of Ethics Overview

We have adopted a Code of Ethics and Employee Investment Policy (the "Code of Ethics"), which is designed to ensure that KCPS Clarity conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all of KCPS Clarity's employees and the employees of the KCPS Affiliates. In addition, KCPS Clarity recognizes that it has a

fiduciary duty to its clients, and that all of its employees must conduct their business on KCPS Clarity's behalf in a manner that enables it to fulfill this fiduciary duty.

Among other things, the Code of Ethics governs all personal securities transactions by KCPS Clarity's employees (as further described below) and addresses certain other conflicts of interest. Employees are provided with a copy of the Code of Ethics and are required to periodically sign and acknowledge that they will comply with its provisions.

KCPS Clarity will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

Our related persons and our respective employees have personal investments in certain funds managed by other KCPS Affiliates and the funds managed by the Third-Party Manager. As a result, we and the KCPS Affiliates may have a conflict of interest in allocating time and investment opportunities among our respective client accounts. We feel that this conflict is mitigated because: (i) the KCPS Affiliates waive their management fees with respect to our clients that invest in their Affiliated Funds through our introduction and (ii) the KCPS Affiliates and our respective employees have a responsibility to determine the appropriate investments based for each client account based on the client's needs (*See Item 6* above for information about KCPS Clarity's allocation processes).

Personal Trading

Employees may not engage in personal securities transactions, except for certain permitted securities, as described in the Code of Ethics. Employee trading in certain permitted securities requires the written consent of KCPS Clarity's Chief Compliance Officer (the "CCO") (and, in the case of the CCO, the prior written consent of KCPS Clarity's Chief Executive Officer). In addition, transactions in securities on KCPS Clarity's Restricted List are prohibited.

Additionally, employees are required to provide the CCO with periodic reporting relating to their trading activity and personal accounts.

Item 12 – Brokerage Practices

KCPS Clarity does not maintain custody of client accounts. Client portfolios are held at various qualified custodians. Generally, trades are executed by the custodian in which the client's account is managed or by such custodian's affiliated broker/dealer. KCPS Clarity may make recommendations to clients as to

broker/dealers and/or custodians, however, each client ultimately selects the most appropriate service provider(s).

In making broker/dealer recommendations to clients, KCPS Clarity reviews each relevant service provider's ability to obtain best execution (through custodians' affiliated broker) for its clients, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices; (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker/dealer; (iv) the reputation of the broker/dealer; (v) the broker/dealer's risk in positioning a block of securities; (vi) efficiency of execution and error resolution; (vii) the quality, comprehensiveness and frequency of available research services considered to be of value; (viii) the competitiveness of commission rates in comparison with other broker/dealers satisfying KCPS Clarity's other selection criteria; and (ix) other circumstances as may apply to a specific client, such as jurisdiction.

KCPS Clarity does not recommend broker/dealers for non-discretionary clients.

KCPS Clarity does not take into account client referrals when recommending broker/dealers to clients.

Sub-advisers and managers of underlying funds KCPS Clarity recommends will select the broker-dealers, and other financial intermediaries for their trading and other accounts. These managers may benefit from various "soft dollar" arrangements between such managers and financial intermediaries.

On a regular basis, KCPS Clarity's back-office employees review the commissions paid to brokers.

During our last fiscal year, we did not acquire any products or services with client brokerage commissions (or markups or markdowns).

Research and Other Soft Dollar Benefits

We do not currently have any formal soft dollar arrangements. If KCPS Clarity determines to engage in soft dollar transactions, it intends to comply with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Notwithstanding the foregoing, in connection with client transactions, broker-dealers occasionally, as part of their bundled services, provide us with research and research-related services. These products and services would be made available to us on an unsolicited basis and without regard to transaction costs paid by our clients or the volume of business that we direct to counterparties. To our knowledge, these services

are generally made available to all institutional investors doing business with such broker-dealers. We believe that the receipt of such bundled services complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Trade Errors

As a fiduciary, KCPS Clarity has the responsibility to effect orders correctly, promptly, and in the best interests of its clients. In the event any error occurs in the handling of any client transactions, due to KCPS Clarity's actions, or inaction, or actions of others, KCPS Clarity will assess each trade error on a case-by-case basis.

Allocation of Trades

KCPS Clarity may at times determine that certain securities and investment opportunities, which may be suitable for one client, may also be suitable for other clients whose accounts are managed by KCPS Clarity. If that occurs, KCPS Clarity will allocate such opportunities among participating accounts on a fair and equitable basis (which is typically *pro rata*) based on a variety of factors, including but not limited to allocations based on relative account sizes, funds available for investment, diversification considerations, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved. In case KCPS Clarity is not able to acquire the desired aggregate amount of such securities on terms and conditions which KCPS Clarity deems investable, KCPS Clarity will endeavor to allocate in good faith the limited amount of such securities acquired among the various accounts for which KCPS Clarity considers them to be suitable taking into account the factors above. KCPS Clarity may make such allocations among the accounts in a manner which it considers to be fair under the circumstances, including but not limited to the factors described earlier in this paragraph.

Aggregation of Orders

KCPS Clarity may aggregate purchase and sale orders of securities held by its clients with similar orders being made simultaneously for other accounts or entities if, in KCPS Clarity's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to such clients based on an evaluation that such clients will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. Generally, the purchase or sale of securities for KCPS Clarity clients will be effected simultaneously within the same custodian with the purchase or sale of like securities for other accounts or entities. Due to the fact that transactions take place in different custodians/brokers, different prices between different clients may apply.

Clients who have directed KCPS Capital to use a particular broker sometimes realize a different price for the same security.

Item 13 – Review of Accounts

KCPS Clarity reviews underlying security positions in client accounts on a regular basis. KCPS Clarity's middle office team reviews client accounts on a daily basis. Additionally, portfolio managers review accounts for which they are responsible on a regular basis.

During monthly portfolio review meetings, KCPS Clarity's management team reviews each portfolio from a compliance perspective to make sure client accounts follow portfolio and client guidelines. Other factors that may cause a portfolio review include client contributions or distributions, revised client objectives, or changes in law.

Daily and/or monthly statements and confirmations of transactions are provided by the client's broker or custodian with the information made available to KCPS Clarity. In addition, KCPS Clarity provides monthly and quarterly reports to its clients relating to each account managed by KCPS Clarity.

KCPS Clarity may provide certain additional information to any client who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other clients who do not request such information. Each client is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by KCPS Clarity is sufficient for its needs.

Item 14 – Client Referrals and Other Compensation

KCPS Clarity has entered into written arrangements with third party marketers for the referral of managed clients to KCPS Clarity. Pursuant to the terms of such arrangements, third party marketers engaged by KCPS Clarity are typically entitled to a percentage of management fees earned by KCPS Clarity or its related persons on referred assets.

See *Item 10* above for additional information regarding potential conflicts of interest associated with clients' investments with the Third-Party Manager.

Item 15 – Custody

KCPS Clarity does not have custody of its clients' assets. The assets of KCPS Clarity clients are held by one or more qualified custodians, which provide periodic account statements to KCPS Clarity and/or directly to the client. In turn, KCPS Clarity provides monthly or quarterly reports to its clients relating to each client. Clients should carefully review these statements and reports.

Item 16 – Investment Discretion

A client may engage KCPS Clarity to provide discretionary asset management services, in which case KCPS Clarity places trades in the client's account without contacting the client prior to each trade to obtain the client's permission. KCPS Clarity also provides non-discretionary investment services to clients.

KCPS Clarity's authority with respect to its discretionary clients includes the ability to do the following without contacting the client:

- Tactical Tilts - determine portfolio asset class overweight/underweight relative to the client's agreed strategic asset allocation.
- Determine securities (including funds, mutual funds and other investment funds) to buy or sell; and/or
- Determine the amount of such securities to buy or sell.

Clients give KCPS Clarity discretionary authority when they sign a discretionary investment advisory agreement with KCPS Clarity, and may limit this authority by giving KCPS Clarity written instructions. Clients may also change/amend such limitations at any time by providing KCPS Clarity with subsequent written instructions.

Item 17 – Voting Client Securities

KCPS Clarity does not vote proxies on behalf of its account clients. Therefore, although KCPS Clarity provides investment advisory services relative to client investment assets, it is the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. KCPS Clarity and/or the client shall correspondingly instruct each custodian of the assets to forward

to the client copies of all proxies and shareholder communications relating to the client's investment assets. KCPS Clarity will, however, make tender offer elections for the client.

On rare occasions, if an issue is deemed critical, KCPS Clarity may contact clients and suggest a particular vote.

Clients may obtain a copy of our proxy voting policy and information on how we voted by contacting the CCO.

Item 18 – Financial Information

KCPS Clarity has no additional financial circumstances to report. A balance sheet is not required to be provided because KCPS Clarity does not require or solicit prepayment of more than \$1,200 in fees per client more than six months in advance of services rendered.

Item 19- Requirements for State-Registered Advisers

KCPS Clarity is not a state-registered adviser.