



FIRM BROCHURE FORM ADV PART 2A

Ethic Inc.

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Purpose

This brochure provides information about the qualifications and business practices of Ethic Inc. If you have any questions about the contents of this brochure, please contact us at (310) 869-7232 or by email at: support@weareethic.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 Ethic Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Ethic Inc.'s CRD number is: 282827. Registration does not imply a certain level of skill or training.

Item 2: Material Changes

The purpose of this section is to discuss only material changes since the last annual update of Ethic Inc.'s Investment Advisor Brochure.

The date of the last annual update was March 28, 2019.

Summary of Material Changes:

1. Item 4(A) has been updated to list John Mair as a principal owner of the firm.
2. Item 10 has been updated to disclose material relationships with new shareholders of Ethic.
3. Item 12 has been updated to disclose that Ethic may engage in referral/solicitor relationships with third parties that may also act as the broker/dealer or custodian for client accounts. Additionally, Item 12 has been revised to clarify while Ethic may recommend broker/dealer or custodians, clients ultimately advise Ethic of the broker/dealer or custodian to be used.

Delivery:

Within 120 days of our fiscal year end we will deliver our annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

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Item 4: Advisory Business

A. Description of the Advisory Firm

Ethic Inc. (hereinafter “Ethic”) is a Corporation organized in the State of California and located in the State of New York. The firm was formed in January 2015, and the principal owners are Douglas Scott, Jordan Lipman, and John Mair.

B. Types of Advisory Services

Portfolio Management Services

Ethic offers ongoing portfolio construction and management services based on the investment objectives and risk tolerance of each client. Portfolio construction and management services include, but are not limited to, the following:

- Investment strategy
- Asset and security selection
- Regular portfolio monitoring
- Asset allocation
- Risk tolerance

Ethic will request discretionary authority from clients which allows them to select securities and execute transactions without requiring permission prior to each transaction, so long as such execution is consistent with the investment objectives and risk tolerance of the client.

Within the construct of an investment strategy statement, Ethic seeks to provide that investment management decisions are made in accordance with any fiduciary duties owed to its accounts and without consideration of Ethic’s economic, investment or other financial interests. To meet its obligations, Ethic attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Ethic’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Ethic’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Sub-adviser Services

Ethic provides technology, research, and resources to other registered investment advisory firms that are not affiliated with Ethic. These third-party registered investment advisory firms utilize Ethic’s systems and resources to assist them with portfolio research and design for their clients’ (“End-Clients”) investment needs.

Ethic’s technology-centric portfolio creation engine is underpinned by two key models:

- The Sustainability Model aggregates a number of sources of raw sustainability data points at the issuer-level (company-level) and analyzes the data within the context of the spectrum of environmental, social and governance (ESG) risks and opportunities.

- The Financial optimization model is powered by Barra as its multi-factor optimization engine to minimize tracking error (active risk) relative to the Underlying Benchmark. Barra is a major financial service provider and has strict protocols to ensure the integrity of its financial models and analyses.

Ethic also provides access to a proprietary technology platform that delivers continuous reporting access for the third-party registered investment advisory firm and their End-Clients. This is in addition to the official account statements provided directly to End-Clients by the qualified custodian(s) which directly custody the investment assets.

When a registered investment advisory firm creates and/or determines a strategy for their End-Client, the registered investment advisory firm will provide Ethic instructions regarding the implementation and management of the strategy via an Investment Strategy Statement. Ethic's management of the strategy on the registered investment advisory firm's behalf will be conducted on a discretionary sub-advisory basis. To do this, registered investment advisory firms and their End-Clients will grant Ethic access to execute trades in their accounts where the investment assets are custodied.

The discretionary sub-advisory relationship between Ethic and a third-party registered investment advisory firm will be memorialized in a Sub-Advisory Agreement between the two firms.

Educational Seminars/Workshops

Ethic provides educational seminars and workshops for Clients and prospective clients. These are general in nature and focused around various sustainability and Environmental, Social and Governance (ESG) related topics. No personalized advice is provided to attendees. These seminars and workshops are currently offered at no charge.

Services Limited to Specific Types of Investments

Ethic generally limits its investment portfolios to equities, fixed income securities, and non-U.S. securities, although Ethic primarily utilizes equities. Ethic may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

Portfolio Management Services clients and Sub-adviser Services clients provide input of their (or their End-Clients') preferences which are collated into a format used by Ethic's online portfolio construction engine (sustainability and financial preferences). Portfolios are then managed on an ongoing basis through the Ethic investment platform. Portfolios are monitored and maintained in line with such client preferences.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. Ethic does not participate in any wrap fee programs.

E. Assets Under Management

Ethic has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	As of:
\$179,854,693	\$0	June 30, 2019

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

Total Assets Under Management	Annual Fees
All Assets	0.50%

Ethic uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

These fees are generally negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of Ethic's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 7 days' written notice.

Sub-adviser Services Fees

For the discretionary Sub-adviser Services, technology, research, and resources that Ethic provides to other registered investment advisory firms, Ethic charges the following:

Total Assets Under Management	Annual Fees
All Assets	0.50%

These fees are generally negotiable, and the final fee schedule is attached as Schedule II of the Sub-Advisory Agreement. These fees are generally deducted directly from the third-party adviser's client's accounts.

Fees charged will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for sub-adviser services will depend on the specific third-party investment adviser engaging Ethic as sub-adviser. This relationship will be memorialized in the Sub-Advisory Agreement between Ethic and each respective third-party adviser.

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a monthly basis. Fees are paid in arrears. The Portfolio Management Fees shall be calculated daily by applying the annualized management fee set forth in Schedule II of the advisory agreement pro rata to the closing market value of each Client Account, as set forth on account records maintained by the applicable Custodians.

Payment of Sub-adviser Fees

Generally, Sub-adviser Services Fees are calculated daily by applying the annualized management fee set forth in Schedule II of the Sub-Advisory Agreement pro rata to the closing market value of each Client Account, as set forth on account records maintained by the applicable Custodians. Sub-adviser fees may be withdrawn from End-Clients' accounts or Clients may be invoiced for such fees, as disclosed in each contract between Ethic and the applicable third-party adviser.

Fee payments are generally assessed in arrears and due at the end of the calendar quarter. In the event the Agreement is either executed at any time other than the first day of the calendar quarter or terminated prior to the last day of the calendar quarter, the Sub-Adviser Service Fees will be pro-rated based on the number of days Client Account assets were under management.

In the event fees are billed in advance, Ethic's Sub-advisory fees will be calculated by the advisory firm Client during their normal billing process. The calculation is generally performed by applying the agreed upon annual fee rate multiplied by the aggregate fair market value of all applicable assets as measured on the last day of each previous quarter, multiplied by a fraction equal to the actual number of days during the quarter divided by the actual days of the calendar year. Once collected, advisory firm Clients are responsible for forwarding to Ethic the amount of fees owed for Sub-advisory services provided.

C. Client Responsibility For Third-Party Fees

Clients and other registered investment advisory firm End-Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Ethic. Please see Item 12 of this brochure.

D. Prepayment of Fees

Ethic generally collects its fees in arrears.

However, when advisory firm Clients of Ethic bill in advance, Ethic will also collect its fees in advance. Refunds of fees for advisory firm Clients will be calculated and processed by the advisory firm Clients in accordance with their normal billing process. Advisory firm Clients will generally net any refunds owed from future fee payments to Ethic.

E. Outside Compensation For the Sale of Securities to Clients

Neither Ethic nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Ethic does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

Ethic generally provides advisory services to the following types of clients:

- | | |
|-------------------------------------|------------------------------|
| ❖ Individuals | ❖ High-Net-Worth Individuals |
| ❖ Banks and Thrift Institutions | ❖ Investment Companies |
| ❖ Business Development | ❖ Pooled Investment Vehicles |
| ❖ Pension and Profit Sharing Plans | ❖ Charitable Organizations |
| ❖ Corporations or Business Entities | ❖ Other Investment Advisers |

There is a \$250,000 account minimum for Ethic's services, however Ethic reserves the right to waive this account minimum at its discretion.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Ethic's technology driven investment strategies are centered on quantitative analysis.

Ethic's portfolio technology utilizes third-party automated portfolio optimizers which incorporate a number of statistical methods to manage the portfolio's expected risk and return.

Investment Strategies

Ethic uses long term trading.

B. Material Risks Involved

Methods of Analysis

Quantitative analysis Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Non-U.S. securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Ethic nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Ethic nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Devonshire Investors (Delaware) LLC ("Devonshire") is a minority shareholder of Ethic. Devonshire is wholly owned by FMR, LLC which is the parent company of Fidelity Investments. While Ethic does not have discretion to select broker/dealer or custodial firms for Clients or End-Clients, Ethic may recommend broker/dealer or custodial firms to Clients (see Item 12, below).

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

Ethic does not select third-party investment advisers.

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

A. Code of Ethics

Ethic has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of

Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Ethic's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

Ethic does not recommend that clients buy or sell any security in which Ethic or a related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Ethic may buy or sell securities for themselves that are also utilized in client portfolios. This may provide an opportunity for representatives of Ethic to buy or sell the same securities before or after purchasing the same securities for clients. Such transactions may create the appearance of a conflict of interest or representatives profiting off client transactions. Ethic requires access persons to provide required personal securities holdings and transaction statements which are reviewed by the CCO (or designee) and will document any transactions that could be construed as conflicts of interest to ensure representatives are not engaging in trading that operates to the client's disadvantage

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of Ethic may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of Ethic to buy or sell securities before or after purchasing the same securities for clients. Such transactions may create the appearance of a conflict of interest or representatives profiting off client transactions. Ethic requires access persons to provide required personal securities holdings and transaction statements which are reviewed by the CCO (or designee) and will document any transactions that could be construed as conflicts of interest to ensure representatives are not engaging in trading that operates to the client's disadvantage

Ethic does not engage in Principal (buys securities for itself from or sells securities it owns to any client) or Agency Cross Transactions (acts as the broker for clients of the firm and the other party to the transaction).

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Depending on what works best for their situation, clients may utilize the following broker/dealers and custodians integrated with Ethic's platform: Charles Schwab, Fidelity Investments, Pershing, or Folio Institutional. Ultimately, clients direct Ethic as to which provider will be used their accounts.

In determining which broker/dealers or custodians to integrate, Ethic considers execution abilities, transaction costs, accuracy, responsiveness, financial stability, etc. Ethic may also consider the market expertise and research access provided by the broker/dealer or custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Ethic's research efforts.

Research and Other Soft-Dollar Benefits

While Ethic has no formal soft-dollars program in which soft dollars are used to pay for third-party services, Ethic may receive compensation from a brokerage firm in the form of research, products, or other services in connection with client securities transactions ("soft dollar benefits"). Ethic may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Ethic does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Ethic benefits by not having to produce or pay for the research, products or services, and Ethic will have an incentive to recommend a broker/dealer based on receiving research or services. Clients should be aware that Ethic's acceptance of soft dollar benefits may result in higher commissions charged to the client.

Additionally, Ethic may receive soft dollar compensation from broker/dealer or custodian it works with in the form of non-research services which include services that help us manage or administer our clients' accounts, while others help us manage and grow our business. Some of the products, services and other benefits provided benefit us (or other clients) and may not benefit you or your account. A recommendation that you place assets with one of these broker/dealers or custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided, which may create a conflict of interest.

Brokerage for Client Referrals

Ethic receives no referrals from a broker/dealer or third party conditioned upon using that service provider.

Ethic may engage in solicitor/referral arrangements (as described in Item 14(B) below) with third parties that may also provide brokerage and/or custodial services to Clients or End-Clients. This creates an economic incentive to recommend specific broker/dealer or custodians for services, so Clients are advised to conduct the necessary due diligence to determine which platform is appropriate for its or its End-Clients' needs and are free to select any of the available platforms integrated with Ethic.

Clients Directing Which Broker/Dealer/Custodian to Use

Ethic generally does not have the ability or authority to select broker/dealers to execute trades on behalf of clients. Ethic is generally only authorized to execute trades through the specified broker/dealer affiliated with the custodian selected by the client. As such, the client is responsible to negotiate terms and arrangements for the account and Ethic will not seek better execution services or prices from other broker/dealers. While we may batch orders for execution for accounts held with the same custodian, are unable to batch client transactions for execution through other broker/dealers with orders for other accounts managed by Ethic, which may result in higher commissions and less favorable prices (particularly for illiquid securities or during volatile market conditions). As noted above, Ethic may engage in solicitor/referral arrangements with third parties that also provide brokerage and/or custodial services to Clients or End-Clients. This creates a conflict of interest, so Clients are advised to conduct the necessary due diligence to determine which service provider to use and are free to select any of the available platforms integrated with Ethic.

B. Aggregating (Block) Trading for Multiple Client Accounts

If Ethic buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Ethic would place an aggregate order with a broker on behalf of applicable clients in order to ensure fairness for those clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy.

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for Ethic's advisory services provided on an ongoing basis are reviewed periodically by Jordan J Lipman, Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Ethic are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Non-periodic reviews are only performed if there is a question as to whether a client's account is being managed in line with the selected inputs.

C. Content and Frequency of Regular Reports Provided to Clients

Clients and other advisory firm End-Clients receive a quarterly statement detailing the client's account, including assets held, asset value, and calculation of fees. This written statement is prepared by their respective custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Ethic only receives compensation via its advisory arrangements directly with its clients.

B. Compensation to Non-Advisory Personnel for Client Referrals

Ethic may enter into written arrangements with third parties to act as solicitors for Ethic's investment management services. Solicitor relationships will be fully disclosed to each Client to the extent required by applicable law. Ethic will ensure each solicitor is exempt, notice filed, or properly registered in all appropriate jurisdictions. All such referral activities will be conducted in accordance with Rule 206(4)-3 under the Advisers Act, where applicable.

Item 15: Custody

When advisory fees are deducted directly from End-Client accounts at the custodian, Ethic will be deemed to have limited custody of End-Client's assets solely for this purpose and must be granted authorization by End-Client to do so. All Clients and End-Clients will receive account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

Ethic provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Ethic generally manages the client's accounts and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, Ethic's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to Ethic).

Item 17: Voting Client Securities (Proxy Voting)

Ethic may accept proxy voting authority for Client and End-Client securities. Until proxy voting is accepted by Ethic in writing, Clients and End-Clients will receive proxies directly from the issuer of the security or the custodian and all proxy questions should be directed to the issuer of the security.

When Ethic accepts proxy voting responsibilities, Ethic will utilize a sustainability focused proxy voting policy for Clients and their End-Clients. This is consistent with our sustainability driven technology platform that we provide.

While it is unlikely that we will have a material conflict when voting proxies, a conflict could arise from time to time. Resolution of conflicts are generally addressed in the following manners, including, but not limited to: 1) Documenting how votes were cast in the interest of the client; 2) Informing the client to obtain objective third-party advice; and/or 3) Obtaining client's informed consent to vote a proxy in a specific manner. When seeking a client's consent, we will provide the client with sufficient information regarding the matter and the nature of the conflict to enable the client to make an informed decision. There may be times when refraining from voting a proxy is in the client's best interest, such as when the cost of voting exceeds the expected benefit to the client.

Proxy voting policy, platform, or voting method may change at any time at Ethic's sole discretion. Clients may at any time request a copy of Ethic's current voting methods, or past voting history for adviser's accounts by emailing clients@ethicinvesting.com or their respective Ethic relationship team email.

Item 18: Financial Information

A. Balance Sheet

Ethic neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Ethic nor its management has any financial condition that is likely to reasonably impair Ethic's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Ethic has not been the subject of a bankruptcy petition in the last ten years.