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This brochure provides information about the qualification and business practices of Zevenbergen Capital Investments LLC (“Zevenbergen”, “Zevenbergen Capital” and/or “ZCI”). Should you have questions about the contents of this brochure, please contact us at (206) 682-8469, or by email at [zeven@zci.com](mailto:zeven@zci.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. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Zevenbergen Capital Investments LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

### **Material Changes Since the Last Update**

This Brochure, dated September 29, 2017, differs from the firm's previous Brochure, dated June 30, 2017

Zevenbergen Capital Investments LLC does not consider changes since the previous Brochure to be of material nature to its advisory business.

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## Advisory Business

### Firm Description

Zevenbergen Capital Investments LLC is a SEC-registered investment adviser whose primary business is providing investment advisory services through individually-managed, aggressive growth equity portfolios. ZCI also serves as an adviser to two open-end mutual funds: the Zevenbergen Growth Fund and the Zevenbergen Genea Fund (collectively, the “Zevenbergen Funds”). The Zevenbergen Funds are Registered Investment Companies (RIC) organized as a series under a Multiple Series Trust provided and maintained/administered by U.S. Bancorp Fund Services LLC and distributed by Quasar Distributors, LLC.

Zevenbergen Capital Investments LLC is the successor organization to Zevenbergen Capital, Inc. which was established in March 1987.

### Principal Owners

ZCI is a Limited Liability Company structured as follows:

<u>Entity</u>	<u>Ownership of Units of ZCI</u>	<u>Relationship</u>
evenstar3 inc. ("evenstar3")	80%	LLC Member, wholly-owned by Nancy Zevenbergen, ZCI's President, CIO and sole Board member
Virtus Fund Advisers, LLC ("Virtus")	20%	LLC Member

### Types of Advisory Services

ZCI provides discretionary investment advisory and portfolio management services, based on client objectives, to individuals, high net worth individuals, public funds, state or municipal government entities, corporations, endowments, investment companies and banking and thrift institutions.

ZCI primarily offers three aggressive growth equity products as described below:

- **Zevenbergen Growth Equity Portfolio:** established in 1987, this portfolio invests in growth companies with varied capitalization ranges. The Zevenbergen Growth Fund is managed to this strategy.
- **ZTech Growth Equity Portfolio:** established in 1994, this portfolio exhibits sector concentration, investing in growth companies with primary emphasis in the technology, internet and telecommunications industries. The Zevenbergen Genea Fund is managed to this strategy.
- **NVM Portfolio:** established in 2012, this portfolio solely targets long-term capital appreciation through investment in non-diversified, highly concentrated positions in growth companies.

ZCI also advises on fixed-income securities and dividend-yielding equities as part of a client's overall investment objective, including as structured in the following product:

- **Zevenbergen Income Growth:** Established in 2011, this portfolio is intended to produce income through investments in companies with a history of, and expected future dividend growth.

### **Tailored Relationships**

ZCI may elect to provide investment advisory services to fulfill specific client investment objectives that differ from the above-described products. ZCI accepts reasonable limitations or restriction to such authority from the client. All limitations and restrictions placed on accounts must be presented to ZCI in writing, typically within the investment advisory agreement or similar document.

### **Investment Advisory Agreement**

ZCI enters into an investment advisory agreement with all new clients. At a minimum, the standard agreement provides the following:

- Prohibits assignment of the agreement without client consent.
- Identifies the rate and frequency of investment advisory fees.
- Notes the account and/or beneficial party name and the party from whom ZCI can accept direction regarding the account.
- Describes the services to be rendered, the extent of the firm's discretionary authority over the account and its ability to direct the custodian to that end.
- Discloses that ZCI will not serve as custodian of client assets.
- Makes necessary representations applicable to ERISA accounts.
- Identifies whether client or ZCI is responsible for voting proxies.
- Allows for client to authorize ZCI to directly debit advisory fees from the account or choose to pay fees themselves.

### **Asset Under Management**

ZCI manages client assets on a discretionary basis. As of June 30, 2017, ZCI managed a total of:

Discretionary	\$	2,334,600,000
Non-Discretionary	\$	<u>0</u>
Total	\$	2,334,600,000

## Fees and Compensation

### Fee Description

#### Product: Zevenbergen Growth Equity

Minimum Funding: \$5 million

		Annual Rate
First	\$40 million	1.00%
Next	\$40 million	0.80%
Remaining Assets Over	\$80 million	0.70%

#### Product: ZTech Growth Equity

Minimum Funding: \$5 million

		Annual Rate
First	\$40 million	1.10%
Next	\$40 million	1.00%
Remaining Assets Over	\$80 million	0.90%

#### Product: NVM

Minimum Funding: \$1 million

	Annual Rate
All Assets	1.25%

#### Product: Zevenbergen Income Growth

Minimum Funding: \$500,000

		Annual Rate
First	\$500,000	1.50%
Remaining Assets Over	\$500,000	1.00%

#### Fixed Income

Minimum Funding: none

	Annual Rate
All Assets	1.00%

ZCI reserves the right to manage accounts that are less than the stated minimum (for example, an individual related to an existing client). Accounts below the minimum will likely pay higher fees than those stated in the above schedule. ZCI also reserves the right to negotiate fees depending on client circumstances (eleemosynary, most favored nations, etc.) and to charge a minimum fee.

Each asset class (and/or specific security) held in a client portfolio will typically have a specific advisory fee rate defined in the investment advisory agreement, or similar document. If a rate is not identified for a specific security or asset class, ZCI, in its discretion, may determine the rate(s) applied based on the client's situation.

ZCI may also enter into agreements where the annual amount of its compensation for investment advisory services is predetermined ("fixed fees").

ZCI may provide holdings and transaction information for model portfolio(s) to other financial institutions for use in their portfolio management platforms. ZCI receives a fee for providing such advice based upon the assets under management modeled to the strategy at the respective financial institutions. ZCI does not include these assets in its calculation of *Assets Under Management* section herein.

Should ZCI elect to provide advisory services other than those described above, advisory fees are negotiated on a case-by-case basis.

ZCI reserves the right to aggregate client trades among clients with different fee schedules provided each client receives the same per share price on a given trade. Please refer to *Order Aggregation* within the *Brokerage Practices* section herein for related policies.

Additionally, should ZCI be selected as sub-adviser to a third-party adviser (including Virtus), ZCI will share its investment advisory fee to cover costs incurred by the adviser in the ongoing servicing of such client relationships.

ZCI will not charge a separate investment advisory fee on proprietary mutual funds (those advised or sub-advised by ZCI, including the Zevenbergen Funds) other than the management fees already paid directly to ZCI by said funds.

## **Fee Billing**

If so directed in the investment advisory agreement or similar document, ZCI has the ability to debit fees directly from the client's account. Please refer to *Direct Debit of Fees* within the *Custody* section herein for stated policies.

The manner in which fees are charged by ZCI is established in the investment advisory agreement. Unless directed otherwise in the investment advisory agreement or similar document, ZCI's investment advisory fee is based on the value of a client's assets under management on the last day of the accounting quarter. The value of such assets is determined by independent, third-party pricing services or based on prices provided by the custodian for securities where prices are not available from the pricing services. Advisory fees are charged in arrears on a quarterly basis. The quarterly fee is pro-rated for accounts opened or closed during the calendar quarter. Unless directed otherwise in the investment advisory agreement or similar document, ZCI shall have sole discretion to determine whether fees are prorated to reflect contributions or withdrawals (including but not limited to addition, liquidation or transfer of securities, cash withdrawals or deposits) within the accounting quarter.

## **Other Fees**

ZCI only receives compensation through advisory fees, but clients may incur fees in addition to the management fee paid ZCI. These fees can include brokerage commissions, custodian fees or other fees. Please refer to the *Brokerage Practices* section herein for additional information on the brokers selected by ZCI.

In addition to the investment advisory fees outlined above, inclusion of mutual funds or similar securities within a client portfolio (i.e. exchange traded funds, money market mutual funds, ADRs, etc.) may result in additional fees.

## **Performance-Based Fees**

In addition to the fee schedule described in *Fee Description* within the *Fees and Compensation* section herein, ZCI may choose to enter into agreements where it is compensated for investment advisory services based on ZCI's investment performance for a client's portfolio ("performance fee"). The terms of any performance fee will be based upon a negotiated arrangement with the respective client. ZCI anticipates that any such arrangement will also pay "base fees" calculated on the market value of assets managed. ZCI will only enter into performance fee arrangements that comply with the requirements of Rule 205-3 of the Investment Advisers Act of 1940 or other governing bodies' requirements.

Managing accounts that are charged a performance fee and accounts that are charged another type of fee, presents certain potential conflicts of interest in managing these accounts at the same time; that being an incentive to favor accounts from which a performance fee is received. ZCI has developed policies and procedures designed to ensure all clients are treated fairly without any influence from performance fees. Performance fee accounts are traded with similar client accounts and are reviewed by the Chief Compliance Officer, on a regular basis, to ensure they are not being favored. Please refer to *Order Aggregation* within the *Brokerage Practices* section herein.

## **Types of Clients**

### **Description**

ZCI primarily manages accounts for individuals, high net worth individuals, public funds, state or municipal government entities, corporations, endowments, investment companies and banking and thrift institutions.

### **Minimum Account Size**

ZCI, as outlined in *Fee Description* within the *Fees and Compensation* section herein, has stated minimum account sizes for each product. ZCI reserves the right to accept accounts below the stated minimum.



## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Methods of Analysis**

ZCI's growth equity investment philosophy and stock selection process is predicated on revenue, cash flow and earnings growth being the essential catalysts of stock price appreciation, combined with a company's financial flexibility and experienced management offering competitive advantages during market downturns.

ZCI uses fundamental, bottom-up analysis when making investment decisions. Sources of information may include Wall Street research, financial newspapers and magazines, various research materials, company press releases, prospectuses, annual reports and other filings with the SEC, and review of corporate activities. In addition to these sources, ZCI makes use of conferences and other instances to meet with company management, listens to quarterly company conference calls and attends trade and/or industry gatherings to gain further information about portfolio and prospective portfolio companies. ZCI also uses the internet as a source of information, as well as other commercially available services that aggregate information regarding companies and various market statistics.

### **Investment Strategies**

As described in *Types of Advisory Service* within the *Advisory Business* section herein, ZCI offers three primary aggressive growth equity products. Each product's investment strategy is capital appreciation characterized by concentrated portfolios with limited income generation and each is generally fully-invested at all times. ZTech Growth Equity and NVM are highly concentrated strategies, present increased risk and volatility and may have greater cash balances on a short-term basis as securities are sold and/or rebalanced. Additionally, ZCI offers the Zevenbergen Income Growth portfolio, designed to provide moderate capital appreciation and income growth and lower volatility than the above described products.

### **Risks of Loss and Other Significant Risks**

Investments in equities, fixed income securities and any of Zevenbergen Capital's strategies involve the risk of loss of capital that each client should be prepared to bear. Several of the firm's products contain securities issued by high-growth companies which at times can exhibit substantially greater volatility than the stock market as a whole.

### **Frequency of Trading**

ZCI's equity investment strategies involve active investment decisions that may result in frequent trading activity, transaction costs and/or tax consequences. While ZCI makes every effort to manage portfolios in a tax-efficient manner, fundamental investment decisions and performance are the firm's primary focus. Consequently, ZCI may not always manage portfolios in a manner that results in the most favorable tax outcome.

### **Disciplinary Information**

#### **Legal and Disciplinary**

There have been no disciplinary or legal actions against Zevenbergen Capital, its employees, or affiliates.

## Other Financial Industry Activities and Affiliations

### Financial Industry Activities

ZCI is not involved in other financial industry activities.

### Affiliations

Please refer to *Principal Owners* within the *Advisory Business* section herein for a description of ZCI's ownership structure.

evenstar3 inc., a holding company for Nancy Zevenbergen's ownership interest in ZCI, has agreed to provide funding support to ZCI under various circumstances.

ZCI has the following arrangements with Virtus that are considered material to its investment advisory business. With the exception of the following arrangements, ZCI is unaware of any other undisclosed conflicts of interest between the two firms:

- Virtus, is a SEC-registered investment adviser specializing in institutional and mutual fund investment management services.
- ZCI serves as sub-adviser to an open-end mutual fund to which Virtus serves as adviser. When appropriate, Virtus may recommend investment(s) in this fund. Additionally, ZCI receives a portion of the investment advisory fees paid to Virtus for its role as sub-adviser for services associated therewith.
- ZCI may also serve as sub-adviser to other client accounts where Virtus serves as adviser. ZCI would receive a portion of the investment advisory fees paid to Virtus for its role as sub-adviser.
- ZCI, solely by virtue of its affiliation with Virtus, has additional related entities, including other investment advisers or entities that create or package limited partnerships. However, ZCI has no arrangements with these organizations.

## Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics

ZCI has adopted a Code of Ethics and Personal Trading Policy which applies to all Access Persons and their Associated Persons (which include an Access Person's spouse, household member(s), minor child(ren), domestic partner or other individuals where the Access Person manages the account or has beneficial interest in the account).

An Access Person is defined as any employee of ZCI (exceptions may include those working on a part-time, temporary or independent contractor basis, unless the positions held are responsible for portfolio management, research or trading) or non-employee director of ZCI's Board.

The Policy is intended to ensure that the firm's fiduciary responsibility to clients serves as the guiding principle in all its activities. The Policy helps to clearly set out:

- that ZCI will at all times place the interests of clients first,
- procedures for personal securities transactions,
- to deter the misuse of material, nonpublic information in securities transactions,
- to establish a commitment by ZCI's entire team to comply with all securities laws and the firm's overarching fiduciary responsibility to clients.

While not comprehensive, the following Policy inclusions establish a foundation to ensure compliance with the Policy's purpose and guiding principles:

- Access Persons must disclose potential conflicts of interest with any private or public entity, shall refrain from making charitable or political contributions for the express purpose of gaining or retaining business and shall limit giving or receiving of gifts, entertainment or favors to only those of nominal value.
- Access and Associated Persons are prohibited from investing in IPOs, from profiting on short-term trading, from investing in private placements without prior written approval, from buying or selling securities for their own account ahead of a client, from purchasing securities for a client to protect or improve the security's value already held in their own account, from taking an investment opportunity from a client for their own account or using advance knowledge of securities being considered for client accounts for their personal benefit.
- Purchase and sale of certain securities by Access Persons employed at ZCI and their Associated Persons require pre-clearance and have specified parameters for time of execution so as to avoid conflicts with client security trades.
- Access Persons are required to disclose all securities holdings and brokerage accounts (both for themselves and Associated Persons), as well as provide quarterly disclosure of all reportable security transactions and an annual list of reportable security holdings for review.
- ZCI has set out sanctions for personal trading violations under the firm's Policy and a procedure for disgorgement of profits associated with non-compliant trades.
- ZCI's Access and Associated Persons are prohibited from trading a security while in possession of material nonpublic information related to that security.
- The Policy sets out a procedure for reporting Policy violations to the firm's Chief Compliance Officer or President.
- To ensure active adherence to the Policy, all Access Persons are required to provide an annual acknowledgement of receipt and understanding of the Policy, as well as quarterly certifications as to their compliance with ZCI's Code of Ethics and Personal Trading Policy.

A complete copy of ZCI's Code of Ethics and Personal Trading Policy is available upon request.

## Participation or Interest in Client Transactions

ZCI, Access Persons and/or their Associated Persons may purchase securities or other investments which are held, or could be held in the future by clients.

ZCI and its Access Persons may invest in private placements that may or may not produce public companies in the future. ZCI may purchase shares of these companies for client accounts if these private companies become public and the investment deemed appropriate for client investment objectives. Should ZCI decide to invest in the public company for client accounts, the fact that ZCI and/or its Access Persons holds an interest in the public company will be fully disclosed to clients prior to any transactions.

ZCI manages accounts of, or related to, employees and/or their family members. These specific accounts are managed in similar strategies to other ZCI client accounts. To mitigate a potential conflict of interest, these accounts are traded with similar client accounts and are reviewed by the Chief Compliance Officer, on a regular basis, to ensure they are not being favored.

ZCI serves as adviser to the Zevenbergen Funds (Funds) and receives advisory fees paid by the Funds (please refer to the *Firm Description* section herein for a description of the Funds). Total fees for the Funds may be higher than ZCI's typical advisory fees for separately managed client accounts as described in the *Fees and Compensation* section herein. A complete description of fees and expenses of each Fund is contained in their prospectuses. Should ZCI purchase shares of the Funds for clients, the firm will not charge additional advisory fees on assets held in the Funds (please see *Fees and Compensation* section herein). The decision to purchase the Fund(s) for a client is based on certain client circumstances, including but not limited to: level of client assets, tax status, investment objectives, liquidity needs and the potential fees and expenses (other than advisory fees) related to managing the client's account(s) (please see *Other Fees* section contained herein). Based on these circumstances, ZCI will make every effort to provide the client the most cost effective investment approach (*i.e.* exclusively separately managed account, exclusively Funds, or a combination thereof).

## Personal Trading

At all times the following principles shall govern an Access Person's investments (as described in ZCI's Code of Ethics and Personal Trading Policy) . Every ZCI Access Person shall:

- adhere to the highest ethical standards
- place client interests above personal interests
- ensure that all personal securities transactions are conducted consistent with this Policy and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility
- avoid certain types of personal securities transactions deemed to create a conflict of interest
- not use knowledge of open, executed or pending client portfolio transactions to profit by the market effect of such transactions
- not take advantage of any investment opportunity belonging to clients
- conduct all personal securities transactions in a manner consistent with this Policy and with the CFA Institute's Code of Ethics and Standards of Professional Conduct
- embrace the firm's fiduciary responsibility to clients by treating information regarding clients' security holdings and financial circumstances as confidential
- comply with all Federal securities laws and any laws governing ZCI's actions on behalf of clients

## **Brokerage Practices**

### **Selecting Brokerage Firms**

The client has the right to specify a broker/dealer through which ZCI will execute securities transactions (as may be allowed by law, e.g. ERISA). In the absence of such direction, ZCI will select brokerage firms that are viewed to be the most competitive in the areas of trade execution, commissions and value of research and services. ZCI believes that broker/dealers should earn fair and reasonable compensation for their services, but where appropriate, ZCI will try to negotiate lower commissions on its clients' behalf.

ZCI endeavors to select those broker/dealers that provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker/dealer's ability to provide professional services, competitive commission rates, research and other services that assist ZCI in providing investment management services to clients. Zevenbergen Capital may, therefore recommend (or use) a broker/dealer who provides useful research and securities transaction services even though a lower commission may be charged by a broker/dealer who offers no research services and minimal securities transaction assistance.

ZCI will refrain from placing any client trades through broker/dealers known to be affiliated with Virtus. This restriction extends to participation in IPOs or secondary offerings where these affiliated broker/dealers serve as part of the underwriting syndicate.

Additionally, in conjunction with ZCI's advisory role for investment companies (mutual funds), the firm will refrain from placing trades with broker/dealers as compensation for their selling of fund shares.

### **Brokerage and Custodian Recommendations**

ZCI, in its work with clients, may be asked to offer recommendations of a broker/dealer that also serves as a custodian, or a bank custodian. ZCI makes every effort to offer such recommendations based on the firm's professional experience with various entities. Such recommendations are typically based on the firm's combined evaluation of best execution, custodial services, client reporting, service orientation and cost (commission) structure.

One of ZCI's recommended broker/dealer custodians is Charles Schwab & Co. (Schwab). Such recommendation is based upon the criteria described above: Schwab's ability to provide quality overall services to clients at a competitive cost structure. ZCI has a formal agreement in place with Schwab Advisor Services which identifies the services provided to our mutual clients, the terms and conditions of such services and their pricing (commissions). These services are offered to ZCI's mutual clients at reduced costs as a result of the firm's ability to refer or recommend certain amount(s) of clients' assets to Schwab. Our mutual clients benefit from access to additional "institutional" services at rates lower than those offered by Schwab to the general public. Such services that benefit our mutual clients may include: access to certain investment products, execution of securities transactions and custody services that might otherwise require higher account minimums.

It is important to note that ZCI may inure certain additional benefits from Schwab as a result of our mutual relationship. Such benefits may include: access to educational conferences and events, technology support, compliance and/or legal consulting and publications and conferences related to practice management and succession.

### **Directed Brokerage**

If a client directs ZCI to use a particular broker/dealer for all, or a certain percentage of transactions, ZCI may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, a disparity in commission charges

may exist between clients who direct ZCI to use a particular broker/dealer, clients who do not direct ZCI to use a particular broker/dealer and clients who direct ZCI to use a particular representative within a broker/dealer organization with varied commission structures. Additionally, certain broker/dealers also serving as custodians may apply different commission schedules based on a client's level of assets (tiered commissions) or other unique circumstances. If a client selects a custodian who is also a broker/dealer, ZCI will typically place trades solely with that broker/dealer, unless otherwise directed in writing by the client. Choosing such a custodian may affect best execution.

### **Best Execution**

ZCI has established a Best Execution Committee that meets quarterly to review broker/dealer relationships and their execution of securities transactions. The Best Execution Committee uses a numerical scoring system to assist in an objective evaluation of broker/dealers.

Based on the type of broker/dealer relationship (i.e research, execution, electronic communications network-ECN, fixed income, traditional soft dollar, client-directed or custodian) ZCI may consider, among other issues, the following criteria in determining the broker/dealer's score: qualitative executions of transactions, commission rate, timeliness of execution, responsiveness, acceptance of trading strategy, value-added research, trade settlement capabilities, access to research analysts, research conferences and company management teams, order-flow, inventory, access to the new-issues market, financial soundness and security-specific market-making capabilities. A minimum numeric score must be achieved on a quarterly basis for ZCI to maintain its trading relationship with research, execution and traditional soft dollar brokers. Should a broker/dealer's score fall below the established minimum, the relationship will be suspended (termination of trading through the broker/dealer). The Committee may elect to reactivate a suspended broker relationship provided the broker shows adequate evidence it has remedied the problem which originally resulted in the sub-standard score.

While a numeric benchmark for client-directed brokerage and custodial brokerage arrangements has been established, ZCI may not have the option of suspending trading with such broker/dealers. Where suspending trading is not an option, ZCI will work with the client to determine an appropriate course of action. Employee Retirement Income Security Act (ERISA) clients may be required to provide written documentation supporting any decisions to continue a client-directed trading relationship if best execution is not being achieved. ZCI's fiduciary duty is to the Plan participants, not the Plan sponsor (client); it is the client's responsibility to demonstrate that directed brokerage benefits the Plan participants.

ZCI has established an internal benchmark in evaluating the financial soundness of broker/dealers with which the firm maintains active trading relationships. Generally, for broker/dealers that are privately-held companies, ZCI uses a net capital minimum of \$1 million and evaluates the number on a quarterly basis. If a privately-held broker's net capital falls below \$1 million, a thorough review of the broker's financial and operational soundness is conducted and the broker/dealer is either placed on watch status or the trading relationship is suspended. In either instance, further monitoring may include additional evaluations of net capital and the circumstances surrounding the decline in net capital. For those broker/dealers that are publicly traded or a subsidiary of a publicly-traded company, the company or the parent company's annual equity level will be reviewed. If a client-directed broker's capital level is in question, ZCI will notify the client of any concerns and continue or suspend the broker/dealer relationship at the client's direction.

### **Soft Dollars**

ZCI does not have traditional soft dollar arrangements (the practice of using client commissions as payment for third-party products and services under oral or written arrangements). ZCI uses client commission dollars as payment, in part, for proprietary

research provided directly by the broker/dealers through which the firm places client trades. The use of client commissions as payment for proprietary research provides a benefit to ZCI, because the firm does not have to produce or pay for the research provided. The selection of such broker/dealers, the value of their research and services, and the reasonableness of their commissions is reviewed and monitored by ZCI's Best Execution Committee.

ZCI may, therefore recommend (or use) a broker/dealer who provides useful research and securities transaction services even though a lower commission may be charged by a broker/dealer who offers no research services and minimal securities transaction assistance.

While the products and services ZCI receives directly benefit clients through the enhancement of the firm's investment process, specific research and services received by ZCI may not always benefit all ZCI's clients or benefit the clients involved in any specific trade.

### **Order Aggregation**

To assist the Portfolio Managers in creating similar client portfolios and consistent account management, client portfolios are combined into functional trading groups in ZCI's portfolio accounting system and trade order management system. These groups are based on several criteria, including but not limited to:

- ZCI Product
- Portfolio Size
- Client's Tax Status
- Client Broker Direction (where applicable)

ZCI may, but is not obligated to, block trades where possible and when advantageous to clients. Blocked trades facilitate trading of the same security for multiple clients' accounts so long as the execution price is the same for all accounts included in any such block. Block trading allows Zevenbergen Capital to execute equity trades in a more effective manner and may reduce overall trading costs to clients. As described, trade orders are generated for either an individual portfolio or for a group of portfolios (blocked trades). Generally, trades are worked in the order received by ZCI's Trading Associate. When trades are generated for a group of portfolios, it is possible that multiple brokers must be involved for execution of the entire trade. In this instance, ZCI works the trade in the manner expected to have the least impact on the price of the security.

### **Initial Public Offerings (IPOs)**

As part of ZCI's investment process, the firm researches Initial Public Offering (IPO) issues for investment opportunities and occasionally ZCI purchases shares of IPOs for client accounts. Certain IPOs present the opportunity for considerable gain, therefore their allocation, should ZCI be able to obtain them on clients' behalf, can present a conflict of interest among clients. ZCI has written policies and procedures in place to ensure that all clients are treated fairly in the allocation of IPOs. ZCI is limited to allocating IPOs only to those clients eligible under FINRA Rules 5130 and 5131 (and certification to ZCI as required) or are exempt from its provisions.

### **Cross Transactions**

ZCI does not conduct either agency or principal cross transactions in client accounts. Under certain circumstances it may be necessary for ZCI to place trades on opposite sides for the same security on the same day for two or more client accounts. In these instances, ZCI will make every effort to place these trades with different brokers to avoid the impression that they were conducted as an agency cross transaction.

### **Trade Errors**

ZCI defines a trading error as a monetary loss to a client due to an employee's actions or system errors. At the time the error is discovered, ZCI will determine the course of action that

maximizes the financial gain (minimizes loss) to the client(s) for which the trade was intended. If necessary, the client may be contacted for further direction. ZCI will then direct the broker/dealer to the corrective action. If the corrective action results in a monetary loss to a client(s), ZCI will reimburse the client directly. Additionally, material losses absorbed by a broker/dealer on a client's behalf will be reimbursed by ZCI to the broker dealer with a hard-dollar check.

### **Other Brokerage Related Disclosures**

ZCI utilizes a personal trading and compliance management software provided by a third-party organization wholly-owned by a broker/custodian with whom ZCI's clients have accounts. ZCI receives a discounted price to the software solely as a result of ZCI's employees' election to have their personal brokerage accounts at this broker/custodian. The price discount is in no way related to ZCI's client accounts at this broker/custodian and neither ZCI, nor its employees, receives any other benefit from the relationship.

### **Review of Accounts**

#### **Periodic Reviews**

Personal, formal reviews are offered at least annually for all accounts. Accounts are reviewed within the context of client objectives and constraints, at least quarterly. Further reviews may be conducted at the request of the client precipitated by certain conditions including, but not limited to, change in investment objectives. Accounts are monitored on a daily basis by ZCI's Portfolio Managers, with the exception of portfolios that may be too small for continuous management or portfolios consisting of securities not requiring constant monitoring. These accounts are reviewed by a Portfolio Manager on a quarterly basis.

Reviews are conducted by:

- Nancy A. Zevenbergen, CFA, CIC, President, Chief Investment Officer
- Leslie C. Tubbs, CFA, CIC, Managing Director, Portfolio Manager
- D. Brooke de Boutray, CFA, CIC, Managing Director, Portfolio Manager
- Herbert W. Albin, Managing Director, Investment Officer
- Elise C. Foley, Managing Director, Investment Officer
- James L. Fasano, Managing Director, Investment Officer
- Joseph E. Dennison, CFA, Associate Portfolio Manager
- Anthony R. Zackery, CFA, Associate Portfolio Manager

#### **Regular Reports**

Reports stating market value, assets held and a transaction summary are provided to the client at least quarterly by the client-directed custodian bank or broker/dealer. In addition, ZCI provides quarterly reports for each account to every client. The reports may include a statement of assets, account performance and a newsletter. An invoice (or invoice copy) for investment management fees may be mailed separately or posted on its client reporting web-site. ZCI reserves the right to provide quarterly client reporting on-line, with client consent.

### **Client Referrals and Other Compensation**

#### **Referrals**

ZCI does not currently have agreements in place whereby the firm compensates any parties or receives compensation for client referrals.



## **Custody**

### **Custody by Related Parties**

Neither ZCI nor its affiliates or related parties serve as custodian for any ZCI client account.

### **Account Statements**

ZCI is not a broker-dealer or custodian and does not take possession of client assets. All client assets are held with a qualified custodian independent of ZCI. Each custodian issues statements to the client at least quarterly (generally monthly). Account statements provided by the qualified custodian should be carefully reviewed and compared to information received by the client quarterly from ZCI.

### **Direct Debit of Fees**

ZCI is deemed to have custody of its clients' assets as defined by the Custody Rule (Rule 206(4)-2 of The Investment Advisers Act of 1940) only in the respect that the firm has permission from some clients to direct their custodian to automatically debit investment advisory fees from their accounts for payment to ZCI. All of ZCI's investment advisory accounts (including those for which ZCI directly debits fees) are at qualified custodians. Although ZCI is deemed to have custody under the Custody Rule (as described above), the firm does not serve as custodian nor does the firm take physical possession of client assets. ZCI has policies and procedures in place to ensure fees are calculated in accordance with the investment advisory agreement. Please refer to *Fee Billing* within the *Fees and Compensation* section herein for additional information regarding direct debit of fees.

### **Third-Party Asset Transfers**

ZCI will facilitate transfers to client's same name accounts at other qualified financial institutions (such as a checking account), however ZCI cannot facilitate transfers directly from client accounts to third-party accounts (an account in a name other than the client's name for the account ZCI manages). Should a client anticipate the need to transfer assets to a third-party, please notify ZCI as soon as possible as extra time may be required for the additional transfer.

## **Investment Discretion**

### **Discretionary Authority**

ZCI manages assets on a fully-discretionary basis, determining appropriate securities and amounts of securities to be purchased and sold for client accounts without specific client consent, but always with consideration of client investment objectives. However, there may be certain instances where ZCI will place trades at the request of a client on a non-discretionary basis.

Security holdings, security weights within a portfolio and/or portfolio composition may vary among client accounts as a result of several factors, including: 1) the client's selection for their portfolio to be managed in a specific ZCI investment product, 2) account size, 3) tax considerations, 4) liquidity needs, 5) trading costs, 6) investment time horizon, 7) specifically designated investment constraints, 8) degree of risk tolerance and 9) the Portfolio Managers' purchase of specific securities held in other ZCI investment products on opportunistic security price changes. Additionally, ZCI requests notification in writing of any specific client investment restrictions.

### **Attorney-In-Fact**

ZCI is appointed as client's agent and attorney-in-fact for the purpose of placing trades on the client's behalf.

## **Voting Client Securities**

### **Proxy Votes**

In keeping with its investment advisory services and to uphold its fiduciary obligation, ZCI will vote proxy material on behalf of those clients that direct the firm to do so. ZCI maintains written Proxy Voting Policy and Proxy Voting Guidelines, which are used to determine how to vote. The following are key guiding principles of ZCI's Proxy Voting Policy:

- Consider only the best interests of the fiduciary accounts' beneficiaries
- Consider economic and ethical implications in determining the best interests of the beneficiaries
- Base the decision on how to vote using reasonable skill and care in determining the issues involved
- Vote proxies at the written request of a client (as may be allowed), should their specific choice of votes differ from the manner in which ZCI would vote under its own Proxy Voting Guidelines
- Resolve material conflicts of interest in the best interest of clients
- Vote on every proxy issue, whether or not the vote supports management
- Make every effort to vote proxies for all shares unless voting responsibility has been retained by the client or securities are on loan
- Vote proxies of ERISA accounts with duty of loyalty, prudence, compliance with the plan, as well as a duty to avoid prohibited transactions

The policy also outlines procedures on how ZCI identifies and deals with conflicts of interest to include following an independent third-party's advice on voting proxy issues, as well as required recordkeeping of proxy voting history for clients.

Any client may elect to retain proxy voting authority. Should they choose to do so, they will receive proxy material directly from the transfer agent and/or custodian and will be responsible for the respective votes.

A copy of ZCI's Proxy Voting Policy and Proxy Voting Guidelines is available upon request. Additionally, ZCI maintains a record of votes cast on the client's behalf which is available upon the client's request.

### **Class Action Litigation**

While Zevenbergen Capital takes its fiduciary obligation seriously, the firm does not believe the contractual authority it is granted by clients extends to representing them in legal actions such as class action litigation. As a result, ZCI does not file class action litigation claims on behalf of clients.

In ZCI's role as investment adviser, the firm often receives class action information intended for clients (both current and former). ZCI has established procedures regarding the receipt, processing and forwarding of various notifications related to class action litigation (*i.e.* requests to be named as plaintiff, notices of pendency and proof of claim and release forms) for both current and former clients.

Generally, ZCI works directly with each litigation claims administrator to provide the information necessary for the claims administrator to contact current and/or past clients that may be a member of the class.

A copy of ZCI's Class Action Litigation Policy and Procedures is available upon request.

## **Financial Information**

ZCI does not require or solicit prepayment of fees of any amount.

ZCI is not currently nor has it been in, a financially precarious situation, or subject to a bankruptcy petition.

## **Additional Information**

### **Client Investment Profile**

ZCI utilizes an Investment Profile Questionnaire (Profile) designed to capture client information necessary for ZCI to provide advisory services. In the absence of an Investment Policy Statement and/or other similar written direction from the client, the information in the Profile is integrated in formatting ZCI's investment decisions and recommendations. ZCI asks the client to complete the Profile prior to beginning advisory services and the client should promptly notify ZCI of any material change to the information in the Profile.

### **Business Continuity**

Zevenbergen Capital has developed a written Business Continuity Policy with the goal of providing continuous fiduciary investment advisory services throughout any potential disruption to the firm's business. The Policy incorporates specifics regarding Disaster Recovery Planning, Information Systems Security/Redundancy and Succession Planning.

### **Education and Business Standards**

In general, those individuals who are involved in determining or giving investment advice to clients ("supervised personnel"), will have a college degree, three years of related business experience, and are encouraged to participate in the Chartered Financial Analyst® (CFA®) program to completion.

Chartered Financial Analyst® and CFA® are trademarks owned by the CFA Institute. For more information on the CFA® designation, please visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **ERISA Related Disclosures**

ZCI serves as adviser to clients covered by the Employee Retirement Income Security ACT (ERISA) and therefore also serves as a fiduciary as defined by the Act.

Other than advisory fees received for the firm's services, ZCI receives no direct compensation from any clients (including ERISA accounts). ZCI may receive indirect compensation (as defined by ERISA) from third-parties (including, but not limited to broker/dealers, consultants, vendors/service providers) as a result of advisory services provided. In addition to research received by broker/dealers with whom the firm places client trades (please refer to *Soft Dollar* within the *Brokerage Practices* section herein), indirect compensation may also come in the form of gifts and entertainment received by the firm or its employees. ZCI's Code of Ethics and Personal Trading Policy only allows the firm and its employees to accept gifts and entertainment of nominal value and has procedures in place for monitoring all such activity.