

# Sparta Asset Management, LLC

## Part 2A of Form ADV

### The Brochure

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Updated: March 2011

This brochure provides information about the qualifications and business practices of Sparta Asset Management, LLC (“Advisor”). If you have any questions about the contents of this brochure, please contact us at 847-993-8100. 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 Advisor is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Sparta Asset Management LLC's ("Advisor") most recent update to Part 2 of Form ADV was made in January 2010. Advisor's business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV, which Advisor is required to implement by March 31, 2011. This brochure, which reflects those changes, is materially different from brochures used by Advisor in prior years.

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## Advisory Business

Advisor's business focuses solely on providing investment portfolio management services for small capitalization growth equity strategies (including one "SMID" strategy, which is described in more detail in the *Methods of Analysis, Investment Strategies, and Risk of Loss* section). Advisor offers investment advisory services to pension and profit sharing plans, corporations, Taft-Hartley plans, charitable organizations, foundation and endowments, trusts, other institutional investors, and high net worth individuals. Fundamental and quantitative research drives the investment process with individual security selection being the primary focus. Advisor is hired by clients to manage assets according to a specific investment strategy based on the client's investment objectives and the philosophy, process, and investment performance of the strategy. Clients may impose reasonable mandates or restrictions, such as positions limits or avoiding certain securities or types of securities. For example, at least one client requires Advisor to avoid purchasing securities included on the AFL-CIO boycott list.

Advisor has general standards of education or business experience that apply to individuals involved in providing portfolio management services to clients. Portfolio Managers are required in general to possess at least an undergraduate degree and sufficient background in the areas of

finance, asset management and investments. Attainment of the Chartered Financial Analyst (CFA) designation and/or other professional accreditations is encouraged (but not required) for Advisor's investment professionals.

Advisor was founded in 2007 and is majority owned by the employees of Sparta Asset Management LLC via a partnership (SAM Partners LLC) with Rosemont Investment Partners LLC. The principal owners of Sparta Asset Management LLC are Ryan Carr, CIO and Neal Wilkinson, CEO. The principal owner of Rosemont Investment Partners LLC is Charles Burkhardt. As of February 28, 2011, the Advisor managed \$556.6 million on a discretionary basis on behalf of approximately 33 clients.

## **Fees and Compensation**

Advisor charges fees on average assets based on the size and nature of the account and type of management strategy employed. Advisory fees are subject to negotiation. Sparta does not bill any clients in advance. The fee for separately managed accounts generally is billed quarterly in arrears based on the average of the market value of the securities (including all cash and cash equivalents) in the Account on the last working day of each of the calendar months of the calendar quarter. If Advisor shall serve for less than the whole of any calendar quarter, its compensation shall be payable on a pro rata basis for the period of the calendar quarter for which it has served as Advisor, calculated in accordance with provisions in such client's advisory agreement. Investment Advisory Agreements may be cancelled by either party by advance written notice of 30 days.

Please see the *Methods of Analysis, Investment Strategies, and Risk of Loss* section below for a description of Advisor's small capitalization growth equity strategies. The standard fee schedule for these strategies is as follows:

### U.S. Small Cap Growth Equity

Market Value	Fee
First \$25 Million	1.00%
Next \$25 Million	0.85%
Next \$50 Million	0.80%
Excess over \$100 Million	0.75%

### U.S. Focused Small Cap Growth Equity

Market Value	Fee
First \$25 Million	1.00%
Next \$25 Million	0.85%
Next \$50 Million	0.80%
Excess over \$100 Million	0.75%

### U.S. SMID Growth Equity

Market Value	Fee
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First \$25 Million	0.90%
Next \$50 Million	0.80%
Excess over \$75 Million	0.75%

### Schwab Separate Accounts Platform

There are three pricing components for the Schwab Separate Accounts Platform (“SAP”): Advisor’s fee, Bellevue Asset Management, LLC’s (“BAM”) advisory fee, and Charles Schwab & Co’s (“Schwab”) fee for brokerage and custody services. Advisor’s fee is charged at 1% of assets under management.

### Sparta Small-Cap Growth Equity Fund

Participating Plans shall pay an annual fee for the Trustee’s services based on the annual rate of 1% on such Participating Plan’s assets invested in the Trust (the “Trustee’s Fee”). Advisor is paid a portion, up to 85%, of the Trustee’s Fee as compensation as sub-advisor to the Trust. Advisor receives less revenue for the first \$25 million invested by an investor in the Trust relative to revenue received from a comparable investment in a separately managed account since SEI Trust Company retains a portion of the Trustee’s Fee for services provided to the Trust.

In addition to Advisor’s investment management fees, clients will incur trading costs and custodial fees (please refer to the *Brokerage Practices* section for more information). To the extent that clients’ accounts are invested in mutual funds or exchange-traded funds, these funds pay a separate layer of management, trading, and administrative expenses.

## **Performance Based Fees and Side-by-Side Management**

Advisor’s fees and compensation are disclosed above. Advisor maintains a performance-based fee arrangement with certain clients. Performance based fees may create an incentive for Advisor to make investment recommendations that are riskier or more speculative than would be the case in the absence of a performance fee. Further, Advisor has an inherent conflict of interest to favor performance-based fee accounts so the Company can receive compensation. Advisor has adopted and implemented written compliance policies and procedures, codified in our compliance manual, which generally address the above conflicts of interest.

## **Types of Clients**

Advisor offers investment advisory services to pension and profit sharing plans, corporations, Taft-Hartley plans, charitable organizations, foundation and endowments, trusts, other institutional investors, and high net worth individuals.

Advisor generally has a \$10 million account minimum for institutional separately managed relationships in all investment strategies. However, the minimum may be waived at the discretion of Advisor and Advisor may accept or maintain accounts below the stated minimum. Minimum account sizes for the Schwab Separate Accounts Platform and Sparta Small Cap Growth Equity Fund are described above in response to Item 1.D.

### Schwab Separate Accounts Platform

The minimum account size will generally be \$1,000,000.

### Sparta Small Cap Growth Equity Fund

The minimum initial account size within the Trust will generally be \$1,000,000.

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

Fundamental and quantitative research drives the investment process with individual security selection being the primary focus.

Advisor's annual portfolio turnover rate typically approaches 80-100%, but could be higher or lower based on market conditions, Advisor's stock selection process, and other unanticipated factors. Such portfolio turnover typically creates trading costs and also could have tax implications for entities entering into a separate account relationship with Advisor whose investment is subject to taxation; such entities are encouraged to consult legal and tax advisors as to the potential impact of portfolio turnover on their tax liability. Advisor does not manage its portfolios with any design towards tax strategies.

Below is a description of Advisor's small capitalization growth equity strategies.

### U.S. Small Cap Growth Equity

The U.S. Small Cap Growth Equity strategy seeks to achieve long-term capital appreciation by identifying securities of small capitalization growth companies with the potential for significant long-term price appreciation. Security selection factors may include, among other things, (i) strong revenue growth; (ii) improving gross and operating margins; (iii) attractive value based on enterprise value; (iv) strong competitive position; and (v) liquidity. Portfolios generally include 55 - 65 stocks and are measured against the Russell 2000 Growth Index as a benchmark.

### U.S. Focused Small Cap Growth Equity

The U.S. Focused Small Cap Growth Equity strategy seeks to achieve long-term capital appreciation by identifying securities of small capitalization growth companies with the potential for significant long-term price appreciation. Security selection factors may include, among other things, (i) strong revenue growth; (ii) improving gross and operating margins; (iii) attractive value based on enterprise value; (iv) strong competitive position; and (v) liquidity. Portfolios generally include 15 - 35 stocks and are measured against the Russell 2000 Growth Index as a benchmark.

### U.S. SMID Growth Equity

The U.S. SMID Growth Equity strategy seeks to achieve long-term capital appreciation by identifying securities of small to mid capitalization growth companies with the potential for significant long-term price appreciation. Security selection factors may include, among other things, (i) strong revenue growth; (ii) improving gross and operating margins; (iii) attractive value

based on enterprise value; (iv) strong competitive position; and (v) liquidity. Portfolios generally include 55 - 65 stocks and are measured against the Russell 2500 Growth Index as a benchmark.

#### Schwab Separate Accounts Platform

Advisor has also entered into an agreement with Schwab to participate in the SAP. The SAP is designed to help other investment advisers and their clients find an independent investment adviser to provide advisory services. As such, Advisor has entered into an agreement with BAM to act as an adviser to BAM's client accounts that utilize Schwab as a custodian. Advisor will manage these accounts according to its U.S. Small Cap Growth Equity strategy described above. BAM and Schwab are both independent and unaffiliated with Advisor. In the course of providing our services, Advisor will generally place most trades with Schwab subject to best execution.

#### Sparta Small Cap Growth Equity Fund

Advisor also acts as an adviser to the Sparta Small Cap Growth Equity Fund (the "Trust"). SEI Trust Company is the trustee to the Trust. Advisor will manage assets of the Trust in accordance with its U.S. Small Cap Growth Equity strategy, as described above. The Trust was created to provide defined contribution employee benefit plans with the ability to invest in Advisor's U.S. Small Cap Growth Equity Strategy and create efficiencies in managing separate account mandates of \$1 - \$10 million. Specifically, participation in the trust shall be limited to the assets of (i) pension and profit sharing plans qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the related Trusts of which are exempt from tax under Section 501(a) of the Code, (ii) governmental plans as defined in Section 414(d) of the Code, (iii) another collective investment trust which limits participation to assets of plans identified in (i) and (ii) above, (iv) a separate account of an insurance company which limits participation to assets of plans identified in (i) and (ii) above, and any other pension plan, trust or other investment entity whose investment in the Trust would not jeopardize the Trust's tax exemption under Section 501(a) of the Code, its treatment as a 'group trust', or its exemption from the registration requirements of the federal and state securities laws, all as determined by the Trustee in its discretion.

#### Risks

All investing involves a risk of loss that clients should be prepared to bear. Identifying undervalued securities and other assets is difficult, and there are no assurances that Advisor's strategies for clients will succeed. Advisor cannot give any guarantee that it will achieve client investment objectives or that a client will receive a return on their investment. Other material risks may include:

**Investing in small-cap companies entails unique risks** - The value of small-cap company securities may be subject to wider price fluctuations and may be difficult to sell. Low trading volume in a company's securities means that Advisor may have to sell holdings at a discount from quoted prices or make a series of small sales over an extended period of time. In addition, small-cap companies may generate less information on which to base investment decisions. Small-cap companies are often subject to risks related to the lack of management experience, a lack of

financial resources, reliance on a single product and the inability to compete with better capitalized companies with more experienced managers.

**Dependence on Ryan Carr** – The execution of Sparta’s investment strategies is dependent on the continued service and active advisory efforts of Mr. Ryan Carr. If the services provided by Mr. Carr were to discontinue or lapse for any reason, client portfolios could be adversely affected.

## **Disciplinary Information**

Advisor and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client’s evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

Advisor and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

Certain employees of Advisor may have investment advisory relationships with BAM, in which case Advisor may manage employee accounts alongside of other client accounts. Advisor reviews performance dispersion reports to monitor for any potential disparity that could arise between employee accounts and client accounts.

Advisory personnel may buy and sell securities for their own account, or for an account in which they have an interest, for which they have made purchases or sales on behalf of clients or recommended to clients. Such transactions may create a conflict of interest between the Advisor, its related persons and their clients. To this extent, Advisor has adopted a Code of Ethics, which includes a personal securities transactions policy and procedures and insider trading policy and procedures. Advisor mitigates personal trading conflicts primarily through the adoption and implementation of compliance policies, procedures, and controls included in the code. Advisor’s Code of Ethics requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Registrant above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the firm’s policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;

- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

Advisor's Code of Ethics also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest. The Code requires Advisor to monitor Employees' investment patterns, and governs the giving and/or receipt of gifts and entertainment by Advisor and its Employees. The Code also requires Advisor and its Employees to pre-clear certain political donations.

A copy of Advisor's Code of Ethics shall be provided to any client or prospective client upon request. Please contact Sue Gurney at 847-993-8100 to request a copy.

## **Brokerage Practices**

Advisor has the authority to determine, without obtaining specific client consent: the securities bought and sold, the amount of securities bought and sold, the broker-dealer used, and the commission rates paid for transactions in client accounts. Advisor is not limited in this authority except to the extent an investment management client has established specific guidelines and/or prohibitions with respect to its investment account and specific securities.

Advisor is authorized to enter orders for the purchase and sale of securities for client accounts through brokers or dealers of its choice. Advisor is further authorized to bunch trades whereby orders for multiple client accounts may be combined in order to obtain best execution. In such instances, client accounts will generally receive the average execution price and will incur their pro rata share of transaction costs, subject to minimum ticket charges.

In selecting a broker(s) through which transactions for Client accounts will be executed, Advisor's primary consideration will be the broker's ability to provide best execution of trades. In making a decision about best execution (and subject to section 28(e) of the Exchange Act), Advisor may consider a number of factors including, but not limited to, the following (in no order of importance): trade execution price and commission, opportunity for price improvement, anonymity, liquidity, speed of execution, expertise with difficult securities, trading style and strategy, the number of errors committed by each broker, access to new issues, and the quality of research services the broker may provide. Although Advisor generally seeks reasonably competitive commission rates, it does not seek formal competitive bidding and does not necessarily direct transactions to brokers that charge the lowest commission rates. The commission rates paid to any broker for execution of transactions will be determined through negotiations with the broker, taking into account industry norms for the size and type of transaction, and the nature of brokerage and research services provided. Such research services may include, but are not limited to, analysis and reports concerning economic factors and trends, industries, specific securities, and portfolio strategies. A limited number of clients at Advisor do



not pay soft dollar commissions. Research and brokerage services furnished by brokers will generally be used in connection with all client accounts (including Advisor's employees who are clients of BAM), although not all such services may be used in connection with any particular account that paid commissions to the brokers providing such services.

Consistent with the principle of seeking best execution, Advisor may place orders with brokers that provide Advisor with supplemental investment research, market and statistical information (including, but not limited to, advice as to the value of securities, the advisability of purchasing and selling securities, the availability of securities and purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends, and portfolio strategy), or with supplemental brokerage services (including special execution and block positioning capabilities, and order placement, clearance, settlement and custodial services, which may include communications services related to the execution, clearance and settlement of transactions). However, Advisor does not have any oral or written arrangements requiring that it place transactions or any specified amount of transactions with brokers who furnish these services.

Brokerage and research services received by Advisor from brokers are limited to those that qualify as brokerage or research services as defined by Section 28(e) of the Securities Exchange Act of 1934 and relevant interpretations of the SEC and its staff. Such services received from a broker executing a particular client's transactions may be used for the benefit of all of Advisor's clients and not all of these services need be used by Advisor solely in managing that particular client's account. Brokerage and research products and services received by Advisor from brokers may include, but are not limited to, the following: proprietary and third-party research, access to conferences, access to company management, electronic pricing systems and live quote feeds, stock analysis tools, quotes and research tools, trade order management system, broker allocation and notification systems, trade confirmation service bureau, indices feeds, and real time company news coverage. When Advisor uses *client* brokerage commissions (or markups or markdowns) to obtain research or other products or services, Advisor receives a benefit because it does not have to produce or pay for the research, products or services. Advisor may have an incentive to select or recommend a broker-dealer based on Advisor's interest in receiving the research or other products or services, rather than *clients'* interest in receiving most favorable execution. Advisor may receive a product or service that has research, brokerage, administrative, and/or other uses (i.e., mixed-use products). When applicable, Advisor makes an allocation of the cost of the product based on its use with the portion allocable to research and brokerage being paid with commission dollars, and the administrative portion being paid by Advisor in hard dollars. The authority to make this allocation determination exposes Advisor to a conflict of interest in that Advisor may have an incentive to allocate a higher percentage of such costs to soft dollars because this would directly reduce the amount of expenses that Advisor would otherwise have to bear.

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating Clients. Subsequent orders for the same Security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. One exception is that subsequent orders may be aggregated

with filled orders if the market price for the Security has not materially changed and the aggregation does not cause any unintended duration exposure. When orders to purchase or sell the same securities on identical terms are placed by more than one account managed by Advisor, the transactions are normally averaged as to price (to the extent they are with the same broker/dealer), pay a pro-rata portion of commissions, and allocated as to amount in accordance with the daily purchases and sales orders actually placed for each account. In cases where only part of an order is filled, securities are allocated to accounts generally on a pro rata basis based on the initial amount of shares requested. If an allocation is too small, resulting in an allocation being uneconomic, the order may be allocated to eligible accounts on a random basis. Client orders will generally not be aggregated for execution where there are specific limitations, such as a brokerage direction, that would prevent such aggregation.

Certain clients may request that Advisor help facilitate their participation in commission recapture programs. These programs allow clients to “recapture” some of the commissions and use them for other services provided by the broker. Typically, the client will have an agreement with the broker to direct a certain amount of commissions to that broker and in return the broker will use a portion of those commissions to offset other costs such as custodial fees. Advisor is not a party to such agreements, but clients may request that Advisor attempt to participate subject to best execution. Advisor retains final decision-making authority over the brokers used for client trading.

With respect to client and employee accounts that participate in the SAP platform, where Schwab is utilized for executing trades in an investment strategy, Advisor will not aggregate Schwab SAP trades with trades for the rest of Advisor’s clients. In order to help ensure the fair treatment of all clients, Advisor maintains a daily trade rotation schedule that should be followed by the individual carrying out each appropriate trade. For example, for the first transaction on any given day, Schwab SAP platform clients may have their trades placed before the rest of Advisor’s clients; for the second transaction on any given day, Schwab SAP platform clients have their trades placed after the rest of Advisor’s clients. However, the size of SAP client accounts versus the size of Advisor’s other client accounts may result in certain instances where Advisor does not always strictly adhere to the rotation schedule. Therefore, depending on various factors, such as the overall market environment and any anticipated impact on the market resulting from Advisor’s trading activity, Schwab client orders may be placed ahead of other client orders or other client orders may be placed ahead of Schwab client orders. Advisor makes these decisions based on its contemporaneous assessment of market conditions, liquidity of any particular issuer, trading volumes, trading volatility and other factors. Advisor monitors the performance dispersion of similarly managed accounts to ensure that no particular clients are disadvantaged or advantaged over time. While Advisor does not anticipate that its practices in this area have caused or will cause material performance dispersion amongst clients, executing orders at different times may result in differing performance between Schwab SAP platform accounts and non-Schwab SAP platform accounts.

With respect to client and employee accounts that participate in the SAP platform, where Schwab is utilized for executing trades in an investment strategy, such clients may not receive an allocation of initial public offerings (IPOs) available through other broker-dealers. This is due, in part, to the trade-away fees charged by Schwab for transactions executed through other broker-

dealers. Advisor's investment strategies do not depend upon and are not influenced by the availability of IPO allocations. Further, while Advisor does not expect to receive a material number of IPO opportunities (or a material amount of shares in any particular IPO) over any particular time period, clients should consider the fact that they may not participate in IPO allocations if they choose to use the Schwab separate accounts platform.

On limited occasions, Advisor may effect "cross" transactions between client accounts in which one client will purchase securities held by another client. Such transactions are effected contingent upon circumstances in a client's account, meeting various regulatory conditions to execute such a trade, and when Advisor deems the transaction to be advantageous to each participant. Cross transactions are to be effected at the current market price for the security. Neither Advisor nor any related party receives any brokerage commission, fee or other remuneration in connection with such transactions.

In the event of a trade error, it is Sparta's policy that the error be corrected at no cost to the client. Clients may retain gains resulting from a trade error. In instances where a basket trade is executed for a client's account that results in trade errors in multiple securities (both positive and negative), only the net trade error will be credited back to the client account.

Advisor may receive gifts and/or entertainment (including, but not limited to, customary business meals) from broker-dealers. This exposes Advisor to the appearance of a potential conflict of interest in that Advisor could appear to be predisposed to allocate brokerage to brokers that give gifts and entertainment compared to those that do not. Advisor has adopted a policy limiting the extent and amount of gifts or entertainment Advisor or its employees may receive. Advisor has a policy to seek best execution with respect to all client transactions and monitors client account performance dispersion to attempt to measure any deviation that could occur.

From time to time, certain broker-dealers that execute client transactions for Advisor may hold a "charity day" event in which all commissions generated on a particular day will be donated to a qualified charity of the broker-dealer's choice. Advisor may participate in such events upon approval from the CCO. While Advisor will pay a standard commission rate on charity day trades, Advisor will not generate any soft dollar credits for such trades. Soft dollar credits are generally considered to be assets of Advisor's clients; charity day donated commissions are partially subsidized by clients' soft dollar credits. Advisor will not direct transactions to any broker-dealers specifically due to a charity day event and all such charity day transactions will be consistent with Advisor's principle of seeking best execution.

## **Review of Accounts**

Advisor's Investment Team performs reviews of all accounts under their management on an ongoing basis with respect to investment policy implementation. These reviews may be accomplished through ongoing informal reviews of daily trade activity, market conditions, portfolio holdings and transactions, and account performance. Investment Team members and the Vice President of Operations periodically review Sparta's Client accounts to ensure compliance with Clients' investment objectives and any investment restrictions. This generally occurs on a bi-monthly basis and Sparta maintains a spreadsheet that summarizes client mandates/restrictions for assistance in completing such reviews.

All separately managed institutional clients of Advisor receive, at a minimum, a quarterly written portfolio report (subject to different client request) showing all securities holdings, cost basis of holdings, and market values. Clients also receive written account statements at least quarterly from their custodian(s).

## **Client Referrals and Other Compensation**

Advisor does not directly or indirectly compensate any person for client referrals.

## **Custody**

Advisor does not maintain custody of clients' assets. All clients' accounts are held in custody by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Advisor.

## **Investment Discretion**

Advisor has the authority to determine, without obtaining specific client consent: the securities bought and sold, the amount of securities bought and sold, the broker-dealer used, and the commission rates paid for transactions in client accounts. Advisor is not limited in this authority except to the extent an investment management client has established specific guidelines and/or prohibitions with respect to its investment account and specific securities.

## **Voting Client Securities**

Advisor will vote proxies for securities held in discretionary client accounts, unless the client elects to vote proxies. Advisor utilizes ISS to carry out its proxy voting obligations and generally votes in accordance with the recommendations of ISS. Advisor has adopted policies with respect to the voting of proxies for client accounts, which are summarized below:

### **General Policy**

Advisor will vote proxies in a manner intended to maximize the value of investments to its clients while avoiding material conflicts of interest. Advisor follows procedures that are designed to identify conflicts or potential conflicts that could arise between its interests and those of its clients. In the event that a particular proxy vote would involve a material conflict between the interests of Advisor and those of one or more clients of Advisor, Advisor may select one of the following procedures for voting the proxies:

- Voting in accordance with the recommendations of an independent proxy voting service
- Referring the voting decision to the client
- Obtaining a waiver of the conflict from the client to permit voting in accordance with Advisor's established voting policies

Clients may direct proxy voting for particular solicitations. A Client must contact Advisor's COO, and waive Advisor's discretionary authority for a particular proxy solicitation. Finally,

some clients have instructed Sparta (via a written agreement) to direct all proxies received to the client; and the client votes proxies, rather than Advisor. Clients may request information on how Advisor has voted proxies for their accounts and may request a free copy of Advisor's Proxy Voting Policies and Procedures by submitting a written request to: Sparta Asset Management LLC, Attn: Sue Gurney, 6250 N. River Road – Suite 1000, Rosemont, IL 60018.

#### Class Actions:

If "Class Action" documents are received by Advisor for a Client, Advisor, on a best efforts basis, will gather any requisite information it has and forward such information to the Client, to enable the Client to file any necessary "Class Action" documentation at its discretion." Advisor does not advise, settle or take action on behalf of any client in any such proceedings involving securities or issuers of securities held in, or formerly held in, client accounts, unless directed by the client in writing. Advisor assumes no responsibility for any Class Action documentation and assumes no duty to perform any Class Action services in the event a client terminates its relationship with Advisor.

### **Financial Information**

Advisor has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

# **Sparta Asset Management, LLC**

## **Privacy Notice**

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P"). Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your non-public personal information.<sup>1</sup>

### **INFORMATION WE COLLECT**

Sparta Asset Management, LLC must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

1. Information we receive from you on applications or other forms;
2. Information about your transactions with us, our affiliates, or others; and
3. Information we receive from a consumer reporting agency.

### **INFORMATION WE DISCLOSE**

We do not disclose any non-public personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with Sections 248.13 through 248.15 of Regulation S-P, we may disclose all of the information we collect, as described above, to certain non-affiliated third parties such as, but not limited to, attorneys, accountants, auditors and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

### **CONFIDENTIALITY AND SECURITY**

We restrict access to non-public personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

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<sup>1</sup> Non-public personal information means personally identifiable financial information and any list, description or other grouping of consumers that is derived using any personally identifiable financial information that is not publicly available.