

Part 2A of Form ADV: Firm Brochure

1. Cover Page



September 26, 2017

**Halyard Asset Management
Westchester Financial Center
50 Main Street, 9th Floor
White Plains, New York 10606
914-437-5600
www.halyardmgmt.com**

This brochure provides information about the qualifications and business practices of Halyard Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 914-437-5600 or by e-mail at info@halyardmgmt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Halyard Asset Management, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about the Adviser also is available on the SEC's website at www.adviserinfo.sec.gov.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

2. Material Changes

Halyard Asset Management LLC's Brochure was last filed our Part 2A of Form ADV in March 2017. On March 29, 2017, Halyard Asset Management LLC became a sub-adviser to the Arrow Reserve Capital Management ETF (ticker: ARCM).

We will further provide you with a new Brochure as necessary based on material changes or new information, at any time, without charge.

We strongly recommend that you review this Brochure in its entirety.

3. Table of contents

1. COVER PAGE	1
2. MATERIAL CHANGES.....	2
4. ADVISORY BUSINESS.....	4
5. FEES AND COMPENSATION.....	5
6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
7. TYPES OF CLIENTS.....	7
8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
9. DISCIPLINARY INFORMATION	10
10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	10
11. CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	10
12. BROKERAGE PRACTICES	13
13. REVIEW OF ACCOUNTS.....	14
14. CLIENT REFERRALS AND OTHER COMPENSATION	14
15. CUSTODY.....	15
16. INVESTMENT DISCRETION	15
17. VOTING CLIENT SECURITIES	15
18. FINANCIAL INFORMATION	16
19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS	16

4. Advisory Business

Halyard Asset Management, LLC ("*Halyard*" or "*we*") is a Delaware limited liability company that was founded in September 2010. Halyard provides investment advisory and sub-advisory services focused on fixed income and foreign exchange strategies for separately managed accounts (the "Managed Accounts"), a private investment fund (the "Fund"), an exchange traded fund (the "ETF") and an Undertaking for Collective Investment in Transferable Securities organized under European Union Directors ("UCITS" and, together with the Fund and the Managed Accounts, the "Advisory Clients").

The principal owners of Halyard are Michael Kastner, Steven Boyd, and Dunn Capital Management, LLC ("*Dunn*"), with each party owning greater than 25% each of Halyard. Dunn is a commodity trading advisor and a commodity pool operator registered with the Commodities Futures Trading Commission and manages private investment funds organized primarily to invest in futures.

Advisory Services

As investment manager or investment sub-adviser, Halyard performs the following advisory services on behalf of the Advisory Clients: (i) formulation of a continuing program for the investment of the assets of each Advisory Client in a manner consistent with such Advisory Client's investment objectives, policies and restrictions; (ii) collection and evaluation of such information relating to the economy, industries, businesses, securities markets and securities as it may deem necessary or useful in discharging its responsibilities to manage such investment programs; and (iii) determination of the securities to be purchased, sold, retained, borrowed or lent by the Advisory Clients, and the implementation of those decisions, including the selection of entities with or through which such purchases, sales or loans are to be effected.

Halyard generally has broad and flexible investment authority with respect to the Advisory Clients. The investment objectives and strategy of each Advisory Client are set forth in a confidential private offering memorandum provided to each investor (in the case of the Fund), prospectus and statement of additional information (in the case of the ETF), sub-advisory agreement, or investment management or investment advisory agreement or similar agreement (in the case of the UCITS and the Managed Accounts).

Advisory Clients' investments may include a wide range of financial instruments, including long or short positions in U.S. or non-U.S. publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate or sovereign debt, bonds, notes or other debentures or debt participations and other fixed income instruments including mortgage or asset-backed securities, partnership interests, interests in investment companies, convertible securities, foreign exchange spot and forward agreements, options (purchased or written), futures contracts and other derivative instruments.

Halyard neither tailors its advisory services to the individual needs of the Fund or investors in the Fund, nor accepts investor-imposed investment restrictions. When deemed appropriate for a Managed Account, Halyard has established, and may in the future establish, separately managed accounts, which tailor their investment objectives, guidelines, restrictions, terms and/or fees to the specific needs of the client. Such investment objectives, fee arrangements and terms have been and will be individually negotiated.

In the cases of the UCITS and the ETF, Halyard adheres to the objectives, guidelines and restrictions set forth in the respective investment management agreement, sub-advisory

agreements, prospectuses, statements of information and other governing documents.

Halyard does not participate in any wrap fee program.

As of August 31, 2017, Halyard managed approximately \$ \$910,413,058 in assets on a discretionary basis. As of August 31, 2017, Halyard did not manage any assets on a non-discretionary basis.

5. Fees and Compensation

The specific manner in which Halyard charges fees is established in the relevant confidential private offering memorandum, explanatory memorandum, prospectus, supplement to prospectus, statement of additional information, investment management agreement, investment advisory agreement, and other governing documents ("Governing Documents"). Below are the standard fee schedules for various Advisory Clients of Halyard. Existing Advisory Clients may have different fee arrangements from those stated below. It is critical that potential Advisory Clients refer to the Governing Documents for a complete understanding of how Halyard is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Management and Other Fees

Managed Accounts and UCITS

Halyard receives a management fee for providing investment advisory and sub-advisory services to Managed Accounts and the UCITS based on the amount of assets under management. The fees are charged and collected on a monthly basis in arrears, based on the market value of the account on the last day of the period. Fees for Managed Accounts are generally quoted to prospective clients in accordance with the schedules below, though Halyard may negotiate different fees with a client.

Investment Strategy	Fee Schedule
Reserve Cash Management	<ul style="list-style-type: none">• 0.35% on the first \$50 million• 0.25% over \$50 million to \$100 million• 0.19% over \$100 million
Intermediate Fixed Income	<ul style="list-style-type: none">• 0.50% on the first \$50 million• 0.35% over \$50 million to \$100 million• 0.25% over \$100 million

Fee arrangements with the UCITS are individually negotiated.

Generally, the Managed Accounts and the UCITS authorize Halyard to directly debit the management fee from their accounts on a monthly basis. The qualified custodian associated with the account performs the actual debit. A Managed Account Client will typically be able to terminate an investment advisory agreement at any time upon 30 days' prior written notice. Since fees are paid in arrears, the Managed Account client will be billed for the pro-rata portion of fees to the termination date. Accounts initiated or terminated during a calendar month will be charged a prorated fee. Although fees are generally not negotiable, Halyard reserves the right to charge a fee different than what is quoted above.

ETF

The fees for the ETF are charged by its adviser, Arrow Investment Advisors, LLC (the “ETF Advisor” and are set forth in the ETF’s prospectus. For its services, the ETF Advisor receives an annual advisory fee of 0.30% of average daily net assets. The ETF Advisor has agreed to defer its fees and/or reimburse expenses of the ETF until March 30, 2018, subject to possible recoupment in future years on a rolling three-year basis, if such recoupment can be achieved within the ETFs expense limits. The ETF Advisor is responsible for paying Halyard, not the ETF.

Halyard’s fees described above are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that shall be incurred by the Managed Account or UCITS. Clients may incur certain charges imposed by brokers, third party investment professionals and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to the management fee charged by Halyard.

Please see **Item 12 “Brokerage Practices”** as it further describes the factors that Halyard considers in selecting or recommending broker-dealers for Advisory Client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The Fund

The Fund is offered pursuant to a private offering memorandum that contains important and detailed information concerning, among other things, the fees, terms of withdrawal and redemption for an investment in the Fund. In general, no withdrawal or redemption is permitted other than according to the terms of the governing documents of the Fund, subject to the right in some cases of Halyard, in its sole discretion, to waive the requirements for investors on a case by case basis. Each investor or prospective investor should carefully review and consider the terms and conditions contained in the private offering memorandum of the Fund.

The Fund ordinarily pays to Halyard a monthly management fee, in arrears, in an amount equal to $1/12$ of 0.35% of the net asset value of the capital accounts relating to each investor in the Fund. Halyard may waive or agree to a different management fee arrangement in respect of any capital account relating to an investor in the Fund, in its sole discretion. An allocable portion of the management fee is calculated and automatically deducted from each relevant investor’s capital account at the end of each month on behalf of Halyard by Gemini Fund Services, the administrator of the Fund. Halyard is not affiliated with, or related to, Gemini Fund Services, nor does it receive any compensation from Gemini Fund Services. Investors do not have the ability to choose to be billed directly for fees incurred.

The Fund generally bears the costs and expenses associated with its ongoing operations. The Fund’s ongoing operational costs and expenses consist primarily of costs and expenses incurred by Halyard in connection with investigating investment opportunities for the Fund and reviewing the continuing suitability of the Fund’s investments in light of the Fund’s investment objectives (including related travel, lodging and entertainment expenses and costs and expenses associated with obtaining systems, research and other information designed to facilitate portfolio selection or management such as statistics, pricing or quotation services and related hardware and software); costs and expenses incurred in connection with the investment and reinvestment of the Fund’s

assets, including brokerage commissions, dealer mark-ups, mark-downs and spreads, and related clearing and settlement charges; direct operating costs and expenses, including administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses; insurance costs and expenses; bank service fees; costs and expenses associated with preparing and distributing investor communications; fees and taxes imposed by any federal, state, local or foreign government, governmental agency or regulatory body or self-regulatory organization, including licensing, filing, registration and exemption fees and withholding, transfer and franchise taxes; the Fund's indemnification obligations under the limited partnership agreement; and extraordinary costs and expenses, if any.

As part of an Advisory Client's investment strategy, Halyard may, from time to time, invest in a non-affiliated mutual fund or exchange-traded fund managed by a third party investment manager (**Sub-Manager**). In such an instance, the Advisory Client's account would incur the additional fees and expenses, if any, of such an investment including, its allocable share of the costs and expenses of such vehicles, including their organizational, offering and operating costs and expenses and the management fees and incentive compensation payable to such fund's managers. Similarly, to the extent Halyard opens a managed account with such a fund's manager, the Advisory Client would bear the expenses associated with the management of such accounts, including their administrative, custodial and transaction expenses and the management fees and incentive compensation charged by the fund's managers.

Neither Halyard nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

6. Performance-Based Fees and Side-By-Side Management

Halyard currently does not charge or accept a performance-based fee from any of its Advisory Clients.

7. Types of Clients

Advisory Clients may include, but are not limited to, high net worth individuals, pooled investment vehicles, investment companies, pension funds and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments and foreign sovereign wealth funds.

The Fund offers interests only to certain qualified investors and admission to the Fund is not open to the general public. Limited partnership interests of the Fund are sold only to qualified investors who are "accredited investors" under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and "qualified purchasers" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended.

The minimum account size to open a Managed Account is \$5 million and the minimum subscription for the Fund is \$250,000. Halyard may waive the minimum account and subscription requirements at its sole discretion.

The ETF is offered to the public and shares of the ETF are listed for trading on BATS BZX Exchange, Inc. under the symbol "ARCM". Shares of the ETF trade at market prices rather than NAV. Shares of the ETF may trade at a price that is greater than, at, or less than NAV.

8. Methods of Analysis, Investment Strategies and Risk of Loss

The investment approaches and material risks described below for each investment strategy are not comprehensive. A particular investment strategy may involve additional investment selection criteria and be subject to additional risks not described below. The descriptions set forth in this brochure of specific advisory services that Halyard offers to its Advisory Clients, and investment strategies pursued and investments made by Halyard on behalf of its Advisory Clients, should not be understood to limit in any way Halyard's investment activities. Halyard may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that Halyard considers appropriate, subject to each Advisory Client's investment objectives and guidelines. Each Advisory Client's investment strategy is set forth in its respective Governing Documents.

Halyard's investment process is research based and generally focused on investing directly or indirectly in fixed income securities. The process for constructing a portfolio involves both top-down economic analysis and bottom-up security selection. We evaluate the expected impact of our views on the various sub-categories of the fixed income investment universe including, but not limited to, high-yield, investment grade, asset-backed, mortgage-backed, and floating rate securities. This analysis forms a significant input into the allocation made to each of those fixed income sub-categories. Building upon our expectation for interest rates and the expected performance of the various fixed income sub-categories, a bottom-up analysis of various securities within the sub-categories is performed. At times Halyard may employ derivatives for hedging purposes and/or speculative purposes.

Summary of Risks

Investments in the Fund or Managed Accounts are speculative and involve a substantial degree of risk, including the risk that an Advisory Client could lose some or all of its investment. There can be no assurance that the investment objectives of any Advisory Client will be achieved. An investment in the Fund or a separately managed account should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice.

The following risk factors do not purport to be a complete list or explanation of the risks involved in investments managed by Halyard. These risk factors include only those risks that Halyard believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis currently employed by Halyard. The associated risks for the Fund are described in the private offering memorandum for the Fund. Each investor or prospective investor in the Fund should carefully review and consider the terms and conditions contained in the private offering memorandum of the Fund.

- Interest Rate Risk: refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly and directly. In general, rising interest rates will negatively impact the price of a fixed-rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes, although generally to a lesser degree, depending on the characteristics of the reset terms, including the index chosen, frequency of reset, and reset caps or floors, among other factors. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

- Default Risk: refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors

influencing default risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Default risk may change over the term of an instrument, and debt obligations that are rated by rating agencies are often reviewed and may be subject to changes in ratings.

- Credit Spread Risk: The difference between the risk free U.S. government rate and the rate offered by a credit-related debt instrument is known as the credit spread. That spread will fluctuate based on a number of factors including, but not limited to the credit quality of the issuer, the health of the economy, and the strength of the industry in which the issuer operates. The change in that spread may have a positive or negative effect on the price of a fixed income instrument.

Derivatives Risk: Halyard and the Sub-Managers may use derivative instruments, including without limitation, option contracts, futures, swap agreements and forward contracts, and derivative techniques, including without limitation, synthetic short sales, for various hedging and/or speculative purposes. The use of such instruments and techniques may result in leveraging the assets of a particular Sub-Fund or separate account, thereby exposing such Sub-Fund or separate account to increased risks.

- Asset-Backed Securities Risk: An investment in asset-backed securities and mortgage-backed securities is subject to the risk that, if the underlying borrowers fail to pay interest or repay principal, the assets backing these securities may not be sufficient to support payments on the securities.

- Redemption Risk: The Sub-Managers may fail to anticipate the amount of redemptions requested by investors for a given redemption period, particularly during abnormal market conditions, and, with respect to investments in the Fund, withdrawal restrictions may be imposed by Halyard and/or the managers of third party mutual funds as a result.

- Risk Associated with Investments in Third Party Fund: The governing documents of the funds managed by the Sub-Managers in which an Advisory Client account may invest typically will not impose significant restrictions on the manner in which the Sub-Managers of such funds may invest and trade for such funds, and often will permit the Sub-Managers to invest and trade in a broad range of securities and other financial instruments. As a result, the Sub-Managers used by the Fund may from time to time modify their investment strategies in response to changing market conditions, in some cases without notice to Halyard. Any such modification could involve changes in the types of securities and other instruments a Sub-Manager uses to implement its strategy, as well as changes in the markets in which such securities and other instruments trade. There can be no assurance that any such modification would be successful or not result in losses to the Advisory Client account.

- Risks Associated with Active Management: The success of an Advisory Client's account that is actively managed depends upon the investment skills and analytical abilities of Halyard to develop and effectively implement strategies that achieve the Advisory Client's investment objective. Subjective decisions made by Halyard may cause an Advisory Client's portfolio to incur losses or to miss profit opportunities on which it may otherwise have capitalized.

- Key Man Risk: Key individuals responsible for investment decisions at Halyard or the Sub-Managers may become incapacitated or unable to perform their duties.

- No Public Market: There is no public market for the interests in the Fund, and are therefore less liquid than publicly traded securities.

Halyard does not recommend primarily any single type of security. We encourage our

Advisory Clients and investors in the Fund to consider all of the risk factors we have described above. Any investment can be risky, and Advisory Clients and investors in the Fund must be prepared to assume risk of loss of their investment.

9. Disciplinary Information

Halyard does not have any material legal or disciplinary events to disclose with respect to itself or its employees.

10. Other Financial Industry Activities and Affiliations

Neither Halyard, nor any of its employees is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Halyard serves as the general partner to the Fund. Halyard, its employees or their related persons may also invest directly in the Fund.

Dunn Capital Management LLC (**Dunn**), a commodity trading advisor registered with the Commodities Futures Trading Commission, has a 49% ownership interest in Halyard. In addition, Halyard also manages certain Managed Accounts for Dunn on a discretionary basis pursuant to an investment management agreement between Halyard and Dunn. From time to time, Dunn and Halyard may refer clients to each other. Neither Dunn nor Halyard will receive any compensation for such client referrals. The Chief Executive Officer of Dunn also serves as the Chief Financial Officer of Halyard. It is Halyard's written policy to not disclose any non-public information regarding purchase and sales of securities for client accounts with personnel of Dunn. Halyard has established procedures to ensure that Dunn personnel are not in a position to have same-day information about other client securities transactions or holdings that can be exploited for their advantage. In addition, Dunn personnel are not involved in making securities recommendations to clients, and do not have access to such non-public recommendations.

Certain entities affiliated with Dunn are investors in the Fund on the same terms as all other investors in the Fund. Certain entities affiliated with Dunn are Managed Account clients of Halyard.

Each of the above Advisory Clients has entered into Investment Advisory Agreements with Halyard or completed a Subscription Agreement to purchase interest in the Fund. We do not believe that the relationships with these entities cause a conflict of interest with other Advisory Clients.

Halyard does, from time to time, recommend or select other third-party investment advisers for our Advisory Clients. We do not receive direct or indirect compensation from such advisers, nor do we believe the investment in such funds creates a conflict of interest.

11. Code of Ethics Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Halyard has adopted a Code of Ethics (the "Code") designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"). The Code applies to Halyard's access persons (which term includes all Halyard employees) and sets forth a standard of business conduct that takes into account Halyard's status as a fiduciary and requires access persons to place the interests of Advisory Clients and investors above their own interests. The Code requires

access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code to the attention of Halyard's Chief Compliance Officer. All access persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. Halyard's access persons must provide the Chief Compliance Officer with a list of their personal account and an initial holdings report within 10 days of becoming an access person. In addition, Halyard's access persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Fund. The Code also addresses the fiduciary duties expected of the persons subject to the Code, including confidentiality obligations, gift policy, and restrictions on outside business activities.

Advisory Clients or prospective clients or investors may obtain a copy of Halyard's Code by contacting Halyard at the address or telephone number listed on the first page of this Brochure.

Securities in which Halyard or a Related Person Has a Material Financial Interest

As explained in Item 10 above, Halyard serves as the general partner to the Fund. Halyard and related persons may also invest directly in the Fund. Any significant ownership interest by Halyard, its affiliates, and their related persons in the Fund could motivate Halyard to make different investment decisions from those which would have been made in the absence of such possible conflict of interest. Nevertheless, consistent with its fiduciary duties, Halyard and its affiliates will only invest the assets of a Fund after forming a reasonable belief that such an investment is in the best interest of the Fund.

Halyard (or an affiliate) charges its Advisory Clients management fees. The management fee is payable without regard to the overall success or income earned by the Advisory Client and therefore may create an incentive on the part of Halyard to raise or otherwise increase assets under management to a higher level than would be the case if Halyard were receiving a lower or no management fee.

Investing in Securities Recommended to Clients

In order to reduce certain conflicts of interest that may arise between our Advisory Clients and the personal trading activity of our employees, we have adopted a personal trading policy in accordance with Rule 204A-1 under the Advisers Act. The personal trading policy imposes certain restrictions on the personal trading of our employees and establishes certain reporting obligations. Our employees may buy or sell securities and other financial instruments for their personal accounts that are also held by the Fund, subject to the policies and procedures set forth in the Code.

Conflicts of Interest Created by Contemporaneous Trading

Allocation of Trades and Investment Opportunities

Halyard seeks to allocate investment opportunities among Advisory Clients in the fairest possible way taking into account an Advisory Client's best interests, investment objectives, and restrictions. Certain Advisory Clients share similar investment strategies and objectives while others differ. To this end, at times, a particular investment may be deemed suitable for one Advisory Client,

but not another.

When making a determination as to whether to allocate a particular investment opportunity to a particular Advisory Client, Halyard will consider a number of factors. Those factors include, but are not limited to, investment exposures, risk tolerances, investment objectives and policies, investment guidelines, cash availability, liquidity requirements, investor contributions and redemptions, legal or regulatory restrictions, tax considerations, and the nature and size of the aggregated order. Accordingly, not all Advisory Clients, even Advisory Clients that have the same or similar investment strategies will participate in the allocations of investment opportunities of all other Advisory Clients.

At times, Halyard may deviate from the allocation basis because (a) a pro rata allocation would result in a *de minimis* allocation to certain accounts, or an amount less than the minimum denomination available for a particular security; (b) the allocation would result in unbalancing the diversification of the portfolio (based on factors including, but not limited to, industry, geography, issuer, and credit quality); (c) it is necessary to avoid "odd-lots" or "minimum trading lots"; or (d) other factors in the Halyard's professional judgment.

Order Aggregation

Halyard may, in its discretion, aggregate orders for different Advisory Clients for execution together as a batch or block trade where Halyard deems this to be appropriate, in the best interests of Advisory Clients and consistent with applicable regulatory requirements.

When an aggregated order is filled in its entirety, each participating Advisory Client participates at the same price for the aggregated order on the same business day, and transaction costs are shared *pro rata* based on each Advisory Client's participation in the aggregated order.

On occasion, Halyard will not be able to purchase or sell all of the securities ordered as part of an aggregated order. If the order is partially filled, the securities purchased are allocated on a pro rata basis to each Advisory Client participating in the aggregated order based upon the initial amount requested for the Advisory Client, subject to certain exceptions, and each participating Advisory Client participates at the same price for the aggregated order on the same business day.

From time to time certain affiliated accounts may trade in the same securities with Advisory Client on an aggregated basis where Halyard deems this to be appropriate, in the best interests of Advisory Client and consistent with applicable regulatory requirements. Halyard will retain records of the trade execution (specifying each participating account) and its allocation.

Cross Trades

From time to time and to the extent permitted by law, Halyard may determine that it is in the best interest of its Advisory Clients to cross trade securities between Advisory Client accounts. Halyard may cross trade between Advisory Clients by locating an independent broker-dealer to execute such a cross trade. Neither Halyard nor any of its affiliates will receive any compensation in connection with "cross" trades.

Principal Transactions

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any Advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between the Fund and another Advisory Client. To the extent that "cross" trades may be viewed as principal transactions due to the ownership interest in the Fund by Halyard and

its personnel, Halyard will either not effect that transaction or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that Halyard will notify the Fund and the other Advisory Client in writing of the transaction and obtain the consent of the Fund and such other Advisory Client. It is Halyard's general policy to avoid engaging in any principal transactions for Advisory Clients.

12. Brokerage Practices

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Halyard recognizes its duty to obtain "best execution" on behalf of its Advisory Clients. Accordingly, Halyard is solely responsible for selecting the broker-dealer used in each transaction instituted by Halyard for the Advisory Clients. Although the primary consideration in allocating portfolio transactions to broker-dealers will be to obtain favorable prices and efficient executions, Halyard does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. These qualitative considerations may include, but are not be limited to:

- Overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of Halyard's knowledge of negotiated commission rates currently available and other current transaction costs
- Trading expertise and quality of execution -accurate and timely execution, clearance and error/dispute resolution
- Reputation, financial strength and stability
- Integrity and ability to maintain confidentiality of client's trading program
- Block trading and block positioning capabilities
- Willingness to execute difficult transactions
- Willingness and ability to commit capital
- Access to underwritten offerings and secondary markets
- Ongoing reliability
- Nature of the security and the available market makers
- Desired timing of the transaction and size of trade
- Market intelligence regarding trading activity
- The receipt of brokerage or research services

Halyard does not currently utilize any soft dollar arrangements. Furthermore, Halyard does not intend to direct trades in direct recognition of research provided by a broker-dealer. Halyard will not pay a higher dealer "spread" or otherwise utilize Advisory Client funds to compensate dealers for the provision of research or trading advice.

By virtue of conducting business with broker-dealers, Halyard may receive certain economic benefits from such broker-dealers, which would not be received if it did not transact through such broker-dealers. These benefits may include, but are not limited to: access to an electronic communication network for order entry and account information; receipt of proprietary research; and participation in broker-dealer sponsored research and capital introduction conferences. Broker-dealers generally provide these services at no additional cost. Halyard understands that the benefits received through its relationship with the broker-dealers generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the broker-dealers. It is the understanding of Halyard that broker-dealers do not set discrete prices for such products and services. Accordingly, Halyard does not separately compensate these broker-dealers for the provision of these services.

Brokerage for Client Referrals

Neither Halyard nor any related person receives client referrals from any broker-dealer or third party in consideration for brokerage services.

Directed Brokerage

Halyard does not recommend, request or require that an Advisory Client direct Halyard to execute transactions through a specified broker-dealer.

Order Aggregation & Allocation Policy

Please see Item 11 for a description of Halyard's order aggregation procedures.

13. Review of Accounts

The Advisory Client portfolios are under continuous review by Messrs. Kastner and Boyd (the "Portfolio Managers"). Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. The Portfolio Managers consider, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return. Further, Halyard's Chief Compliance Officer periodically reviews trading to ensure consistency with applicable law and regulations. Additionally, a review of an Advisory Client account may be triggered by any unusual activity or special circumstances.

Generally, Managed Accounts and the UCITS will receive monthly or quarterly account statements directly from the qualified custodian, as the case may be.

The ETF has an administrator, Gemini Fund Services, LLC, which provides administrative, accounting and transfer agent services to the ETF. Investors in the ETF will receive statements regarding the ETF investment directly from the broker holding the accounts with the ETF shares.

Investors in the Fund receive monthly capital account statements for their investment in the Fund directly from Gemini Fund Services, the administrator of the Fund. Investors also receive annual financial statements audited by the auditors to the Fund and, if applicable, the information necessary for the investor to complete its annual federal income tax returns. Additionally, Halyard may provide other information as Halyard may, from time to time, deem advisable and desirable.

14. Client Referrals and Other Compensation

Halyard does not receive economic benefits from non-clients for providing investment advice or other advisory services.

Neither Halyard nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. In the future, Halyard may enter into compensation arrangements with placement agents for introducing potential clients or investors to the Fund. In such instances, Halyard will comply with the requirements of Section 206(4)-3 of the U.S Investment Advisers Act of 1940 in the event that cash compensation is made for client solicitations.

15. Custody

Managed Accounts and the UCITS

Halyard may be deemed to have custody of Advisory Client assets to the extent Advisory Clients have authorized Halyard to directly debit fees from their accounts. Halyard does not have actual custody of funds or securities held by Advisory Clients. Clients will receive monthly or quarterly reports from their respective qualified custodians. Halyard does not distribute monthly account statements to Advisory Clients. We urge our Advisory Clients to carefully review the account statements provided by their respective qualified custodian regularly to ensure accuracy.

Fund

Halyard is deemed to have custody by virtue of its status as general partner of the Fund. Account statements related to the Fund are sent by qualified custodians to Halyard.

Halyard is subject to Rule 206(4)-2 under the Advisers Act, the custody rule. Accordingly, to meet the requirements of the custody rule, the Fund is subject to an audit at least annually in accordance with generally accepted accounting principles conducted by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to investors in the Fund within 120 days of the end of the Fund's fiscal year.

ETF

As a sub-adviser to the ETF, Halyard is not deemed to have custody of ETF assets.

16. Investment Discretion

Halyard provides its investment advisory and sub-advisory services on a discretionary basis. The authority is established through the Governing Documents at the outset of the advisory relationship. When selecting securities and determining amounts, Halyard observes the investment policies, limitations and restrictions of the Advisory Clients for which it advises. Investment guidelines and restrictions must be provided to Halyard in writing.

Halyard's investment decisions and advice with respect to the Fund is subject to the Fund's investment objectives and guidelines, as set forth in its offering documents.

Each Advisory Client agrees to inform Halyard promptly in writing of any change in their financial circumstances and investment objectives and to provide such other information as may be needed to manage the account.

17. Voting Client Securities

In accordance with SEC requirements, Halyard has adopted Proxy Voting Policies and Procedures (the "Proxy Policies") to address how Halyard shall vote proxies for investments held by its Advisory Clients. The Proxy Policies seek to ensure that Halyard votes proxies (or similar instruments) in the best interest of its Advisory Clients, including when there may be conflicts of interest in voting proxies.

The Portfolio Managers review the issues and vote in accordance with the best interests of

the Advisory Client accounts. With respect to issues that are subject to a vote by proxy, it is the policy of Halyard to discuss each of these issues to determine its position on a case-by-case basis. Halyard may, from time to time, determine that it is in the best interests of its Advisory Clients to depart from specific policies described herein. The rationale for any such departure will be documented by the Portfolio Managers and reviewed by the chief compliance officer.

At times, conflicts may arise between the interests of the Advisory Clients, on the one hand, and the interests of Halyard or its affiliates, on the other hand. If Halyard determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Halyard will address matters involving such conflicts of interest as follows:

- A. If a proposal is addressed by the proxy policy herein, Halyard will vote in accordance with such policy;
- B. If Halyard believes it is in the best interest of the Advisory Clients to depart from the proxy policy provided for herein, Halyard will be subject to the requirements of C or D below, as applicable;
- C. If the proxy proposal is (1) not addressed by the proxy policy or (2) requires a case-by-case determination by Halyard, then it may vote such proxy as it determines to be in the best interest of the Advisory Clients, without taking any action described in D below, provided that such vote would be against Halyard's own interest in the matter (*i.e.*, against the perceived or actual conflict). Halyard will document the rationale of such vote; and
- D. If the proxy proposal is (1) not addressed by the proxy policy or (2) requires a case-by-case determination by Halyard, and Halyard believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Halyard must take one of the following actions in voting such proxy: (a) delegate the voting decision for such proxy proposal to an independent third party; (b) delegate the voting decision to an independent committee of partners, members, directors or other representatives of the Advisory Clients, as applicable; (c) inform the Advisory Clients of the conflict of interest and obtain consent to (majority consent in the case of the Fund) vote the proxy as recommended by Halyard; or (d) obtain approval of the decision from Halyard's external legal counsel.

Advisory Clients may obtain a copy of the Proxy Policies and/or information regarding how Halyard voted proxies for particular portfolio companies by contacting Halyard at the address or telephone number listed on the first page of this Brochure.

18. Financial Information

Not applicable.

19. Requirements for State-Registered Advisers

Not applicable.