



Eagle Capital Management

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Eagle Capital Management, LLC

This brochure provides information about the qualifications and business practices of Eagle Capital Management, LLC. If you have any questions about the contents of this brochure, please call us at 212-293-4040. 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.

Eagle Capital Management, LLC is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training.

Additional information about Eagle Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 Material Changes

In this Item, we are required to discuss only items that are material changes since the last annual update of our brochure on March 18, 2016. While this update to our brochure contains changes and updates to certain information, we do not feel they constitute material changes since the last annual update of our brochure.

Item 4 Advisory Business

Eagle Capital Management, LLC (“Eagle”) was formed in 1988. Eagle’s goal was to create an environment in which equity investment decisions would be made through original, thoughtful research and rigorous valuation techniques. The firm offers one strategy, the Eagle Equity portfolio, which it has been managing since its inception. In 1995 the organizational structure of the firm was changed to a limited liability company.

Eagle has no affiliation with any outside entities. All Eagle partners are full-time professionals at the firm; the Eagle Employee Ownership plan is a legal entity that acts as an additional partner. Ravenel Boykin Curry, III, in his capacity as a managing director of Eagle and the executor of Elizabeth Rivers Curry’s estate, controls over 25% of Eagle.

The Eagle Equity strategy invests in U.S. traded public equities. From time to time we identify companies trading in the form of American Depositary Receipts (“ADRs”) of non-U.S. corporations that fit our investment criteria. Each Eagle Equity portfolio typically holds 25-35 positions. Client portfolios generally are managed as separate accounts that reflect Eagle’s model portfolio at the time of investment. Eagle is opportunistic when investing and liquidating funds. Client portfolios generally adhere to the same investment philosophy and process. Eagle will accept client restrictions to the extent that they do not significantly alter Eagle’s investment philosophy. Two proprietary portfolios have the ability to reflect an expanded focus.

Eagle does not provide financial planning services. Our clients and their consultants determine that the Eagle Equity portfolio is appropriate for their circumstances.

Wrap Fee Programs. Eagle provides investment management for client portfolios participating in wrap fee programs. In some cases, Eagle’s fee is included in the wrap fee. There is no difference between Eagle’s services and fee schedules provided to wrap fee clients and the services and fee schedules provided to other clients, although aggregation policies differ among wrap fee programs.

Assets Under Management. As of December 31, 2016, Eagle had an AUM of approximately \$25,065 million.

Item 5 Fees and Compensation

Eagle receives a management fee for its investment advisory services determined on the basis of the market value of the account assets. While Eagle’s management fee is negotiated and varies by client, Eagle’s basic fee schedule in July 2004 was set as follows: 1% annual rate on the first \$5 million and .75% on the assets above \$5 million, charged quarterly. Certain clients’ fees are calculated using a performance fee, which is negotiated and varies by client, as described in Item 6 below. Accounts are billed in arrears and generally based on the asset valuation at calendar quarter-end, 3/31; 6/30; 9/30; and 12/31. Some clients have requested that their bill be based on the average of the three month-end values or the average of the balance at the beginning of the quarter and at the end of the quarter. In most cases management fee invoices are generated from Advent Revenue Center, our billing software, based on the valuation of the account per Eagle’s records in Advent Portfolio Exchange (APX), our portfolio accounting software. Clients may request that we base the invoice on the valuation of the account shown on the custodian statement. Related accounts may be aggregated to benefit from the billing breakpoints. Generally, fees are adjusted for contributions and withdrawals which have occurred during the quarter that are in excess of \$10 million or 5% of the value of the account. Clients may terminate Eagle at any time. A pro rata portion of the fee will be calculated upon termination.

Eagle investment advisory fees are, in most cases, remitted to Eagle by the custodian and charged against the account. A copy of the invoice is sent to the client. Some clients prefer to pay our fee from another source after receipt of an original invoice.

Eagle receives no compensation outside of its management fee or performance-based fee (as applicable). See Item 8 for a description of Eagle's use of "soft dollar" arrangements.

Clients incur costs other than Eagle's management fee or performance-based fee (as applicable), including custodian fees, transaction commissions and ADR conversion fees. Ticket charges and other additional fees may also be assessed on certain transactions based upon agreements that a client has with one or more of its service providers. When clients have uninvested cash swept into a money market fund, maximizing the return on that cash, the custodian charges a fee and a proportionate share of other expenses of the money market fund. Eagle does not benefit from any such additional charges. Clients invested in a mutual fund will bear, along with other shareholders in any such fund, a pro rata portion of the mutual fund's management, trading, and administrative fees and expenses.

Further detail regarding brokerage commissions can be found in Item 12.

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

Certain clients have negotiated performance-based fees. Additionally, current and former employees of Eagle may have SEP IRA or other assets managed in an Eagle client account on a management fee-free basis. These clients' accounts follow Eagle's investment model. These different fee structures could create a conflict of interest for our firm. In instances where a performance-based fee is charged, there could be an incentive to favor these clients when making trading decisions. To protect our clients' interests, we treat these accounts no differently from any other discretionary account when making trading allocations when Eagle has full trading discretion.

Eagle Growth Limited Partnership (the "Eagle Growth LP") is a single portfolio generally managed to the same investment model as other Eagle portfolios but with the additional flexibility to invest in options and make "short" sales. It was established in 1990 and is an investment vehicle for Eagle personnel, former employees and their respective family members who collectively own approximately two-thirds of the partnership. The remainder is owned by four individuals who were early clients. As of December 31, 2016, the market value of the Eagle Growth Limited Partnership was approximately \$70.22 million.

Certain outside holders of the Eagle Growth LP may be charged a performance-based fee. Eagle Capital Management, LLC is the general partner of Eagle Growth LP. In lieu of the fee charged to clients described in Section 5, the Eagle Growth LP's compensation is an incentive fee which may be more or less than Eagle's normal fee depending upon performance.

The Eagle Growth LP is primarily invested in the same securities in which all our clients' accounts are invested. The different fee structure for the Eagle Growth LP could create a conflict of interest for our firm. Because a performance-based fee is charged and some funds belong to related parties, there could be an incentive to favor the Eagle Growth LP when making trading decisions. To protect our clients' interests, we treat the Eagle Growth LP as a "directed brokerage" relationship when buying and selling stocks. Trades for those accounts with directed brokerage trading are generally executed after accounts where Eagle has full trading discretion.

Item 7 Types of Clients

The Eagle Equity strategy is suitable for a wide range of *long-term* investors who wish to invest in a portfolio of direct equity securities. Eagle clients include public funds, corporate clients, endowments and foundations, union plans, pension funds, and high-net-worth individuals, among others.

The majority of individual clients are introduced by consultants and advisers who have deemed Eagle's equity focus appropriate for their clients.

Generally, the minimum account size is \$5 million. Certain legacy client accounts have lower account sizes. Further, business considerations may, in certain cases, lead to exceptions to this policy.

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

Philosophy. The investment philosophy has not changed since the inception of the firm:

We believe that most successful equity investments are made when a longer-term perspective is taken. The vast majority of Eagle's commitments are made with a three-to-five year holding period in mind. Eagle sees its role as that of an accumulator of shares of businesses which offer above-average returns over that period as opposed to focusing on short-term strategies. From time to time, however, sharp short-term price fluctuations may dictate sales and purchases in order to realize profits or reduce losses.

To achieve investment returns superior to broad equity market indices in both up and down markets, Eagle uses fundamental analysis: a bottom-up, research-driven approach to find undervalued companies that will experience long-term secular change. By identifying change early, ahead of the general market, we believe that we minimize risk and maximize the upside potential.

A stock is generally added to the portfolio when the investment team agrees that 1) the investment thesis is valid and compelling, 2) the valuation is attractive, and 3) on a relative basis, the opportunity is more attractive than others that the investment team is following. Full positions are scaled in over time except in cases where we believe that the opportunity to purchase at value will be fleeting. Although all of our investment professionals work as a team, Ravenel B. Curry, III, Eagle's Chief Investment Officer, makes the final buy and sell decisions for the portfolio.

Positions are generally scaled out over time. A stock is generally sold when it meets Eagle's investment criteria for doing so, which may include one or more of the following considerations: 1) the thesis has played out; 2) a new idea offers better relative risk / reward; 3) the growth opportunities are not materializing; 4) the position approaches our maximum investment guideline; and/or 5) the price is appreciating at a faster pace than the stock's intrinsic value. Portfolio dispersion among portfolios may occur for a number of reasons, including investment restrictions placed on a specific account, initial funding date, and frequency of withdrawals and/or deposits.

The investment process has not changed since the inception of the firm. We believe that consistency of investment philosophy and process is necessary for long-term success.

Eagle's portfolio generally consists of the firm's 25-35 best investment opportunities at any time. We generally limit portfolio holdings to 10% portfolio weights at market value. Eagle primarily

invests in the securities of larger capitalization companies. From time to time, we may also consider lower-cap companies.

Eagle's portfolios generally are fully invested with a residual cash position of 2% to 5% and a general maximum cash position limit of 10%. At times, when changing positions within a portfolio and for other reasons, there may be periods where cash levels are higher. Cash residuals are swept daily into money market funds depending on custodian and client direction. The firm does not use cash as an investment vehicle.

Risk Management. Investing in securities involves risk of loss that clients should be prepared to bear. Eagle considers risk to include the likelihood that events occur which lead to a permanent loss of client capital.

A basic tenet of our approach is "Risk is greatest when agreement is greatest." We avoid high expectation stocks where the perceived future opportunity has been discounted. Rather, we seek stocks that are fairly valued based on their current franchise and where there is limited market recognition of their long-term potential for growth.

Our primary focus is on "fundamental" risk versus "price" risk. We monitor our portfolio companies on an ongoing basis to maintain a high degree of confidence in their fundamental strength. Therefore, we are willing to be patient through periods of stock price volatility if we continue to maintain confidence in the fundamental characteristics and long-term investment opportunity of a particular company.

If we are disciplined in our stock selection and consistently adhere to our investment philosophy, we should be managing risk at the single stock level. Our valuation discipline and our requirement for sound, strong, competitive, and durable businesses with extraordinary management provide the lion's share of what we consider to be our fundamental risk protection.

Risk Factors. The following list of risk factors cannot be and is not intended to be exhaustive. These risk factors include only those risks that we believe to be material and relate to our management, operations, investment strategy, methods of analysis, investments and to market conditions impacting our business generally.

Risks Relating to Management

Investment and Research Process. Before making investments, we will conduct research that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting research, we may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting research and making an assessment regarding an investment, we will rely on the resources reasonably available to us, which in some circumstances, whether or not known to us at the time, may not be sufficient, accurate, complete or reliable. Research may not reveal or highlight matters that could have a material adverse effect on the value of a client portfolio.

Retention and Motivation of Employees. Our success is dependent upon the talents and efforts of highly skilled individuals we employ and our ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that our investment professionals will continue to be associated with us, and the failure to attract or retain such investment professionals could have a material adverse effect on a client portfolio. Competition in the financial services industry for

qualified employees is intense and there is no guarantee that, if lost, the talents of our investment professionals could be replaced.

Key Personnel Risk. The effectiveness of our investment strategy is largely dependent upon the continued services of individuals, including Ravenel B. Curry, III, who serves as our Chief Investment Officer. Mr. Curry is ultimately responsible for the final buy and sell decisions for the Eagle Equity portfolio, and the loss of the services of Mr. Curry could have a material adverse effect on our ability to implement our investment strategy.

Risks Relating to Operations

Systems and Operational Risks Generally. On a daily basis, we rely on accounting, order management and other systems that are critical to our business activities. In addition, our activities will be dependent upon systems operated by third parties, including market counterparties and other service providers. We may not be in a position to verify the risks or reliability of such third-party systems. Failures in our systems or in systems employed by third parties on which we rely could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Such failures may also result in the disruption of our business, which in turn, may lead to financial loss, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a client portfolio.

Cybersecurity Risk. As part of our business, we process, store and transmit large amounts of electronic information, including information relating to client transactions and personally identifiable information of our clients. Similarly, our service providers may process, store and transmit such information. Our information systems, facilities and business operations may be susceptible to compromise. While we have procedures and systems in place that we believe are reasonably designed to protect such information and prevent data loss and security breaches, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to us may be susceptible to compromise, leading to a breach of our network. Our systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of our information systems may cause information relating to clients, including client transactions and personally identifiable information of such clients, to be lost or improperly accessed, used or disclosed.

Our service providers face the same electronic information security threats. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to clients, including client transactions and personally identifiable information of such clients, may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of our proprietary information may cause us to suffer, among other things, financial loss, the disruption of our business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on a client portfolio.

Legal and Regulatory Environment. Changes in the regulation of investment advisers and their trading and investing activities may have a material adverse effect on our ability to pursue our

investment strategy, impose additional costs on a client portfolio, and limit the anticipated return on certain investments.

Risks Relating to Investment Strategy and Specific Investments

General Investment Risks. An investment made by any client involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that a client's investment will be successful. Clients must be prepared to bear the loss of their entire investment.

Undervalued Securities. The task of identifying, evaluating and purchasing securities that are undervalued is difficult. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Investing in undervalued securities presents the risk that the market does not recognize what we believe to be the true value of the security, and such securities fail to appreciate in value, or decline in value.

Volatility. A client portfolio may include relatively volatile securities and/or be impacted by periods of market volatility. Prolonged volatility or changes in the volatility of such securities and/or markets can adversely affect the value of a client portfolio.

Accuracy of Public Information Risk. We select investments, in part, on the basis of information and data filed by issuers with various government regulators or made publicly available by the issuers. Although we evaluate this information and data, we are not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Material, Nonpublic Information. From time to time, we may come into possession of material, nonpublic information with respect to an issuer of publicly traded securities. In such circumstances, we would be prohibited from transacting in the securities of such issuer on behalf of clients. As a result, clients may experience losses if we are unable to sell an investment that they hold because we have obtained material, nonpublic information about such investment.

Equity Securities Generally. A client portfolio is mainly comprised of equity securities, the price of which generally varies with the performance of the issuer of such securities, investor perception, movements in the equity markets and general economic conditions. As a result, a client portfolio may suffer losses if it invests in equity securities whose prices diverge from Eagle's expectations. An investment in equity securities involves the risk that the entire amount invested may be lost.

American Depositary Receipts. American Depositary Receipts are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Investments in ADRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform

as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Risks Relating to Methods of Analysis

Fundamental Analysis. Our trading decisions may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data is inaccurate or that other market participants have developed, based on such data, trading strategies similar to our trading strategy, we may not be able to achieve our anticipated expected returns. In addition, fundamental market information is subject to interpretation. To the extent that we misinterpret the meaning of certain data, a client portfolio may incur losses.

Risks Relating to Market Conditions Generally

General Economic and Market Conditions. The success of our investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international events (including wars, terrorist acts or security operations). These conditions may impact the prices of the securities in which we invest, as well as the volatility of such securities.

Governmental Interventions. Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on our investment strategy.

Item 9 Disciplinary Information

To the best of our knowledge, there are no legal or disciplinary events or facts that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management, nor have there ever been.

Item 10 Other Financial Industry Activities and Affiliations

Other than staff attendance at conferences, the firm and its management do not participate in other financial industry activities.

As mentioned above, Eagle is the general partner of Eagle Growth LP. Neither Eagle nor any of Eagle’s management persons have relationships or arrangements with financial industry participants that may be material to Eagle’s advisory business or clients, including financial industry participants that are broker-dealers, investment advisers, pooled investment vehicles, futures commission merchants, commodity pool operators, commodity trading advisors, banking institutions, accounting firms, law firms, insurance companies, pension consultants, and real estate brokers.

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

Code of Ethics

Eagle has adopted a Code of Ethics (“Code of Ethics”), pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, and will provide a copy to any client or prospective client upon request.

The major areas that are covered in the Code of Ethics are summarized below.

Reportable Accounts and Transactions. All “access persons” must, on an ongoing basis, report any newly opened employee and employee related brokerage accounts to the Chief Compliance Officer (“CCO”). In addition, access persons must report, no later than 10 days after becoming an access person and annually thereafter, their “Reportable” securities holdings and, on a quarterly basis, report their “Reportable” securities transactions during the quarter.

Personal Trading. All transactions in “Reportable” securities in all personnel accounts managed outside the firm, including all initial public offerings, must be precleared by the trading department, the compliance department and the Chief Investment Officer, in accordance with the firm’s written policies and procedures.

Insider Trading Policy. The Code of Ethics includes a policy statement on insider trading, which describes policies and procedures relating to the prevention of misuse of material, non-public information. All “access persons” and other employees must abide by this policy.

Administration of the Code of Ethics. “Supervised Persons” are required to report any violation of the Code of Ethics to the CCO and must cooperate in any investigation relating to possible breaches of the Code of Ethics. Supervised Persons are encouraged to seek advice from the CCO and all relevant “principal officers” with respect to any action or transaction which may violate the Code of Ethics. Violations of the Code of Ethics or of applicable securities laws may result in sanctions imposed by the principal officers in consultation with the CCO and/or outside counsel, including but not limited to a warning, fines, disgorgement, suspension, demotion or dismissal. In addition to sanctions, violations may result in referral to civil or criminal authorities where appropriate.

All personnel have acknowledged and have agreed in writing to adhere to the Code of Ethics and to have read and understood the Eagle Policies and Procedures Manual. All personnel are required to make such acknowledgments and agreements on annual basis. A signed attestation is retained.

Personnel pension (SEP-IRA) accounts, a family charitable foundation account associated with the Chief Investment Officer and a family trust account associated with the Chief Investment Officer are managed at the firm. There could be an incentive to favor such accounts when making trading decisions. To avoid conflicts of interest, purchases and sales in personnel pension accounts, and the family trust account are executed at the end of the trading day or after all other transactions in the specific securities are completed. Transactions in the foundation account are executed with other accounts or at the end of the day after all other transactions in the specific securities for clients are completed. Employee pre-clearance requests involving securities in Eagle’s client accounts will not be approved if trading in such security is, at the time of such request, contemplated for that trading day. Investments in private placements are required to be pre-cleared by Compliance.

Item 12 Brokerage Practices

Eagle, as a matter of policy and practice, seeks to obtain best execution for client transactions, i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.

Eagle considers factors including the overall quality of research received, the responsiveness of the broker to requests for information, the assistance of the sell-side trader in securing the best price execution, and the promptness and accuracy of the brokers' back office operations when selecting broker-dealers for client transactions. With regard to the reasonableness of compensation (e.g., commissions), the trader uses market expertise and published materials to judge the current rates being paid. The trader estimates the cost of the transaction and considers the incremental services that the broker provides. The low turnover in the Eagle accounts and the total commissions generated are also considered. In a few instances, the low price of a stock may also affect the commission rate.

Additionally, applicable regulatory thresholds may limit client holdings in certain securities. Applicable regulatory thresholds or constraints may also result in additional trading activity and fees incurred in the management of a client account.

As it relates to trade errors, it is the policy of Eagle to seek to correct all trade errors promptly upon discovery and to ensure that all trade errors are dealt with in such a manner so as to prevent any loss or harm to any advisory client, in all cases subject to the terms of the client's agreement with Eagle. Subject to the foregoing, Eagle's trade error correction policy seeks to put advisory clients in a position similar to the one that they would have been in had the trade error not occurred.

Research and Other Soft-Dollar Benefits. Eagle maintains soft-dollar arrangements with pre-selected brokers for research products and services (including brokerage services) that assist Eagle in its investment decision-making process. Because the research, products and services (including brokerage services) obtained through soft-dollars are obtained using client brokerage commissions, Eagle does not pay for them directly. These products include critical stock and trading information, research, brokerage services, quotes and on-line computer services. Eagle considers commissions generated from trades executed with brokers as assets of the client. Research services furnished by brokers through which Eagle effects securities transactions may be used in servicing all of Eagle's accounts, and not all such services may be used by Eagle in connection with the accounts which paid commissions to the broker providing such services. Likewise, Eagle does not seek to allocate soft-dollar benefits to clients' accounts proportionately to the soft-dollar credits the accounts generate. Because they provide this service, there may be an additional incentive to utilize these brokers beyond most favorable execution, and the commission charged by these brokers may be higher than other brokers. Eagle directs brokerage trades to these pre-selected firms when they are expected to be of equal execution.

Eagle's soft-dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid.

Eagle splits the cost of certain research products which are paid for in soft-dollars with one other registered investment adviser. Trading commissions from both of the investment advisers are used to pay for the research products.

In the event Eagle obtains any mixed-use products or services on a soft-dollar basis, Eagle will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions. The portion not eligible

under Section 28(e) of the Securities Exchange Act of 1934 safe harbor, e.g., computer hardware, accounting systems, etc., will be paid for with Eagle's own funds. For any mixed-use products or services, Eagle will maintain appropriate records of its reviews and good faith determinations of its reasonable allocations.

The Eagle Trading Committee periodically reviews the firm's soft-dollar arrangements, budget, and allocations and monitors the firm's brokerage policy. From time to time, Eagle uses the industry expertise of BNY Convergenx-Westminster Research and The Interstate Group (a division of Sterne, Agee & Leach, Inc.) as resources to keep abreast of soft-dollar regulations. As part of Eagle's policy and soft-dollar practices, appropriate disclosures are periodically reviewed and updated to accurately disclose the firm's policies and practices.

If a client or prospective client of Eagle has no established relationship with a broker or brokerage firm, the Eagle trader will make the decision about which trading firm to use to execute a particular trade. The trader works from a pre-approved and pre-ranked list of brokers. Broad allocations for the ensuing period are determined.

This list of brokers is compiled after receiving input from the trader, the portfolio manager and analysts, and the operations department. These rankings measure, among other factors, the quality of the research and the responsiveness of the broker to requests for information, the assistance of the sell-side trader in securing the best price execution, and the promptness and accuracy of the broker's back office operations. Annual assessments of utilized brokers are retained by Eagle.

Drawing from the approved list of brokers at time of trade, Eagle's trader selects a broker based, in part, upon a stock's liquidity and a given broker's relevant area(s) of expertise. Eagle's trader gains additional insight into who might be currently or potentially involved with a given traded stock (i.e., where he or she might find a natural buyer or seller) by consulting the firm's supporting subscription services.

Client trades are generally grouped with one another to effect better execution on transactions. All participating clients receive the same price and pay the same commission on each block trade. Client accounts featuring client-defined investment restrictions may have their orders entered at different times than unconstrained client accounts; clients' account restrictions may affect account performance. Partially completed trades are randomly allocated after considering the size of completion and efficiency of distribution while maintaining fairness over time. Eagle may also use pro rata allocation to allocate partially filled orders (in addition to random allocation). The trader deploys features of the Moxy order management system to seek to ensure fairness over time.

When appropriate opportunities occur, Eagle will cross trades of non-ERISA accounts, consistent with Eagle's cross-trading policy as set forth in its Compliance Manual. Crossing trades may reduce execution and commission costs, enable cash withdrawals and contributions to be effected with less market impact and at the same time facilitate portfolio rebalancing to achieve diversification. For ERISA and select wrap accounts that are not cross-trade eligible, absence of cross-trading may affect execution quality or transaction costs associated with their trading experience.

Upon written instructions from a client, Eagle will allocate a dollar amount into a specified money market fund or fixed income instrument identifying it in the portfolio as an unsupervised (vs. reserved) asset. No Eagle management fee will be charged on that unsupervised investment. Additions to or deletions from those investments must be made in dollar terms and in writing.

Initial public offerings (IPOs) are offerings of securities which frequently are of limited size and limited availability. IPOs may also become “hot issues” which are offerings that trade a premium above the initial offering price.

In the event Eagle participates in any IPOs, Eagle’s policy and practice is to allocate IPO shares fairly and equitably among our advisory clients who have been deemed non-restricted persons. In allocating these IPOs, we generally put first priority on clients that have given us complete trading discretion; Eagle must be able to sell the stock easily, if necessary. A second priority will be clients who have not received an IPO in the current cycle. A third priority will be that our allocation generally be of sufficient size within the portfolio to render it consequential. At all times, however, Eagle will act in accordance with what it believes to be in the best interests of its clients.

Wrap and directed brokerage accounts may, but typically do not, participate in IPOs.

Directed Brokerage. Eagle does not recommend, request or require that clients direct Eagle to execute transactions through a specified broker-dealer.

Some of Eagle’s clients have relationships with particular brokers or brokerage firms. In such cases, the establishment of brokerage fees and commissions is generally a matter of negotiation between the client and broker. The brokers generally act as custodian of the client’s assets as well. Any client-directed brokerage instructions are required to be in writing.

When clients require the use of a particular brokerage house as a custodian and broker, specific transaction prices and commission costs could be more or less attractive for the client. Certain clients have arrangements with their broker-dealers whereby clients pay a separate fee to their broker-dealer and are not charged commissions on trades. Eagle does not assume responsibility for judging the fairness of these fees as they may or may not encompass services beyond stock trading and custody. Discretionary trading accounts are generally traded ahead of accounts where the client has requested that Eagle trade with a specific broker (also known as directed trading accounts). Trading ahead may or may not benefit accounts, depending upon market conditions.

Item 13 Review of Accounts

Client investment accounts are managed as separate accounts. The portfolio manager reviews all trades made in the accounts. Many factors trigger account review by the portfolio manager, including (among other possible factors) the decision to add or eliminate a particular investment, to balance gains and losses at the direction of the client or adviser, to raise cash for distribution to clients at their request, to invest new cash contributions in a portfolio, and to alter the asset mix as market conditions dictate.

The firm employs Advent’s Rules Manager system to ensure adherence to client-specific restrictions on a pre- and post-trade basis. In addition, Eagle’s Chief Compliance Officer and the compliance team monitor portfolio holdings, portfolio administration operations and trading operations on a periodic basis to ensure adherence to style and process. Finally, the firm’s client service team serves as an additional point of oversight of client portfolios. Each investment account is assigned to a client service manager responsible for ensuring investment decisions concerning the account are made in a manner consistent with the Eagle Equity strategy and account-specific directions or restrictions.

Quarterly statements including specific holdings, current performance, and investment commentary are provided. More frequent information will be provided if requested. Custodians of clients' funds and securities provide their own separate reports to clients.

Item 14 Client Referrals and Other Compensation

Eagle currently compensates an individual who is not a supervised person as a function of a prior client referral by such person. Under this arrangement, the individual receives quarterly compensation in an amount equal to a percentage of the quarterly fees generated by the client referred to Eagle.

Item 15 Custody

Eagle does maintain custody, as defined by the SEC, of certain advisory client funds, securities or assets. The custody rule under the Investment Advisers Act of 1940 defines custody as "holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them." The custody definition now includes three examples to clarify what constitutes custody for advisers as follows:

- Possession of client funds or securities, unless an adviser receives them inadvertently. If the adviser returns them within three business days of receipt, custody can be avoided (inadvertent custody).
- Any arrangement which authorizes or permits an adviser to withdraw client funds or securities, e.g., a general power of attorney or direct debiting of advisory fees.
- Any capacity that gives an adviser or supervised person legal ownership or access to client funds or securities.

The custody rule requires that client funds and securities be maintained with "qualified custodians", which include banks and registered broker-dealers. Clients will receive account statements at least quarterly from these custodians. These statements should be carefully reviewed and compared to quarterly statements delivered by Eagle.

As the general partner and investment adviser to the Eagle Growth LP, Eagle ensures that Eagle Growth LP is audited annually by an independent accounting firm in accordance with generally accepted accounting principles (GAAP) by an independent public accountant registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). The audited financial statements are distributed to each investor in the investment pool (or their respective independent representative) within 120 days of the fiscal year-end of the investment pool.

Item 16 Investment Discretion

Eagle has discretionary authority to manage securities accounts on behalf of clients, as granted pursuant to Eagle's Investment Management Agreements. Eagle will accept limitations on this authority in the form of specific stock restriction requests from clients. Eagle will abide by restrictions to the extent that they do not significantly alter Eagle's fundamental investment philosophy.

Item 17 Voting Client Securities

Eagle, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies, unless otherwise instructed by or on behalf of a client, for portfolio securities. Our policies and practices include the responsibilities to: monitor and evaluate the proposals for the companies we are invested in; assess any conflicts of interest in accordance with the Investment Advisers Act of 1940; vote clients' proxies where Eagle has been given authority to do so; retain information regarding the voting of proxies; and maintain relevant and required records.

All voting decisions are conducted on a case-by-case basis in accordance with Eagle's best judgment. Conflicts of interest with individual clients may arise; with adequate prior written notification, clients may direct a vote in a particular solicitation.

Eagle ensures that proxies are voted in an accurate and timely manner and that voting records are maintained. Eagle has hired the proxy service company, Broadridge Financial Solutions, Inc., to electronically compile and maintain voting records of clients' proxies for a majority of Eagle's clients. Broadridge Financial Solutions, Inc. provides access to client ballots and records via a password protected website, ProxyEdge. Eagle executes its voting privilege via this website. Broadridge Financial Solutions, Inc. notifies Eagle of new meeting ballots. Eagle's analysts determine how Eagle will vote the associated proxies, in accordance with applicable voting guidelines. The analysts make their recommendations to Ravenel B. Curry, III, Chief Investment Officer, who gives final approval. Once approved, Eagle votes the electronic ballots via the ProxyEdge platform. Unsupervised assets and money market vehicles will be voted in accordance with management suggestions by designated staff without CIO review. For the avoidance of doubt, Eagle considers "trade away" securities—i.e., those securities held on Eagle's books for only a short period when, for example, a client makes an in-kind contribution to their account—to be unsupervised assets for purposes of this proxy voting policy. Clients may call Eagle to discuss proxies pertaining to their accounts, obtain a copy of Eagle's voting policies and procedures, and obtain their voting records upon request.

Item 18 Financial Information

In certain circumstances, none of which are applicable to Eagle, registered investment advisers are required to provide financial information or disclosures about their financial condition in this Item. Eagle is a privately held, 100% employee-owned firm. The firm's sole source of revenue is the investment management fee paid by its clients. Eagle has no financial commitment that impairs its ability to meet contractual and fiduciary obligations to clients. Eagle has never been the subject of a bankruptcy hearing.