

Form ADV Part 2A: Firm Brochure

Prodigy Asset Management, LLC

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Boys Town, NE 68010

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March 17, 2017

Item 1. Cover Page

This brochure provides information about the qualifications and business practices of Prodigy Asset Management, LLC (or “we”). If you have questions about the contents of this brochure, please contact Melissa Reiner, Chief Compliance Officer, at 402-493-9875 or melissa.reiner@prodigyllc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Prodigy 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 Prodigy Asset Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives of us.

Item 2. Material Changes

This section describes specific material changes that have been made to this brochure since its last update, filed March 23, 2016. A summary of the significant changes that were made follows:

- Item 5. Fees and Compensation was revised to describe our new procedures for calculating fees related to private fund investments.
- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss was updated to identify risks associated with investing in private funds.
- Item 10. Other Financial Industry Activities and Affiliations was updated to clarify our policy with respect to the allocation of private fund investment opportunities.

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Item 4. Advisory Business

Prodigy Asset Management, LLC (Prodigy) was founded in 1993 by Philip J. Ruden and Michael J. Eglseider (Principals) who are Prodigy's principal owners. Before founding Prodigy, the principals were and continue to be employees of Father Flanagan's Boys' Home (Boys Town), responsible for making investment decisions regarding the investment of Boys Town's capital. Based on their experience at Boys Town, the principals wanted to offer their investment advisory services to others. After discussion with Boys Town as to how that might be accomplished while still making the principals' responsibilities at Boys Town a priority, Prodigy was founded.

Our business model is designed to provide our clients with an Investment Office structure, similar to the investment office model employed by larger endowments and foundations. We will work with every client to develop an investment portfolio, with a view towards increasing the breadth of asset classes in which clients invest.

In our role as an out-sourced Investment Office, we believe we are a cost effective alternative to retaining an in-house staff for our clients. We work with every client to develop an investment policy statement to establish investment goals, return objectives, risk tolerances and identify investment constraints relative to a client's specific needs. This leads to a customized asset allocation for our clients. Based on the Investment Policy Statement, we invest the client's assets in various asset classes, make tactical asset allocation decisions and rebalance the portfolio as necessary. In our discretionary role, we find investment firms that manage assets in the various sectors of our multi-asset strategy. Typically, the most effective way to obtain access into these firms is by using low cost mutual funds and exchange traded funds (ETFs) that represent the various segments of the global financial markets. In addition, if a higher net worth client or institution is eligible to invest in privately-offered funds (including so called "hedge funds" and "private funds" that invest in private interests) and private funds that invest in other private funds, or funds of funds (any of these funds are referred to below as "private funds"), we will also give advice concerning these interests.

On December 31, 2011, Prodigy began managing a private fund of funds.

As of December 31, 2016, we had approximately \$1,750,000,000 in assets under management on a discretionary basis and \$37,800,000 in assets under management on a non-discretionary basis. We do not participate in a wrap fee program.

Item 5. Fees and Compensation

The specific manner in which fees are charged is established in the client's written agreement with us. Fees are billed on a quarterly basis in arrears and are debited directly from the client's account. Our fees are calculated on the market value of all assets placed in a client's account. The market values of the assets are determined by the custodians and the market values of the assets of private funds are based on valuations received from the private fund (or the administrator of the private fund). Although fees are generally negotiable, they are normally charged on the following schedule:

- .750% on the first \$5 million of assets under management;
- .500% on assets greater than \$5 million up to \$10 million;
- .400% on assets greater than \$10 million up to \$25 million;
- .300% on assets greater than \$25 million up to \$50 million;
- .200% on assets greater than \$50 million up to \$200 million;
- .175% on assets greater than \$200 million up to \$400 million;
- .150% on assets greater than \$400 million.

The above fee schedule applies to all new clients unless negotiated otherwise. With respect to changes in fee schedules, clients at the time of a fee schedule change either remain on their pre-existing fee schedule or are moved to the new fee schedule based on the fee schedule that results in the client being billed the lowest fee.

For some private funds, a final valuation by the private fund (or the administrator of the private fund) is not available at the time quarterly fees are calculated. Consequently, Prodigy will utilize an estimated value provided by the private fund (or the administrator of the private fund) or the last available valuation, adjusted for any cash flows or performance estimates, if applicable. During the twelve months following the quarterly fee calculation ("Twelve Month Monitoring Period"), Prodigy will track and update the valuation used for the quarter. In the event the net valuation of the private fund for the quarter changes due to these updates during the Twelve Month Monitoring Period, we will recalculate the corresponding quarterly fee and correspondingly credit or debit the client's fees for the difference at least annually.

Our fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, 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. See further discussion at Item 12, Brokerage Practices. Mutual funds, ETFs and private funds also charge internal management and other fees, which are disclosed in a fund's prospectus or partnership agreements and are indirectly borne by fund shareholders, including our advisory clients whose assets we invest in fund shares. We do not reduce our advisory fees to offset any of the fees, costs or expenses described in this paragraph, unless we are required

to do so by law. Further, clients can purchase fund shares and other securities directly, without our services.

If a client terminates our advisory agreement within 5 days of signing the investment management agreement, no fee will be charged. Thereafter, advisory services may be terminated on 30 days' notice and the advisory fee due and payable through the date of termination will be prorated accordingly.

Each investor in the private fund of funds, other than those investors who have separately managed accounts with Prodigy, is charged a management fee, payable on a quarterly basis in arrears, with respect to each capital account of each investor, at the rate of $\frac{1}{4}$ of 1%. The management fee is calculated on the first business day of each calendar quarter and, with respect to each capital account, is based on the net asset value of such capital account as of the last business day of the prior calendar quarter. This fee is debited directly from the investor's account.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). The descriptions of the fees charged by us are provided in Item 5, Fees and Compensation.

Item 7. Types of Clients

We generally provide investment advisory services to high net worth individuals, pension and profit-sharing plans, trusts, charitable organizations, private fund of funds and endowments and foundations.

We will only accept clients who stand to benefit from the advice and management we render. Generally speaking, this results in an initial minimum requirement of \$5 million of investable assets. Under certain situations this minimum may be waived.

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

As described in Item 4, Advisory Business, we serve as the Investment Office for our clients. We work with each client to develop an Investment Policy Statement that results in a customized asset allocation for each client. Once the client agrees to an asset allocation, we implement the investment strategies using a diversified, multi-asset approach. This approach

will incorporate some or all of the various strategies within the domestic equity, international equity, fixed income, alternative equity and cash segments of the financial markets. By maintaining market exposure to many segments of the financial markets, we expect to capture the long-term returns of each asset sector. This diversified approach is also expected to reduce the risks in a client's overall portfolio.

Our investment strategy involves a review of the markets and various asset classes using a combination of fundamental research and our due diligence reviews of and ongoing relationships with some institutional investment management firms. Prodigy will attempt to filter the "universe" of portfolio managers in an effort to identify those that it believes are "best in class." Prodigy performs due diligence on each prospective investment vehicle and portfolio manager using certain quantitative and qualitative measures as outlined below:

- Quantitative Analysis – Prodigy's quantitative approach generally includes an analysis of several factors, including historical performance, portfolio exposures, volatility, leverage, diversification and correlation with various market and portfolio factors. Prodigy generally seeks to determine the incremental return and risk to the overall portfolio that will result from the addition of a particular investment vehicle or portfolio manager to the portfolio or substitution for another investment vehicle or portfolio manager.
- Qualitative Analysis – Prodigy's qualitative approach generally focuses on factors that will enable it to better understand a portfolio manager's investment strategy, team and approach. Prodigy will generally seek to analyze, among other things, a portfolio manager's incentive structure to produce outsized returns; the quality, reputation and consistency of its management team; its investment skills, risk management expertise, operational capabilities and stability; its decision-making processes, level of transparency and openness and articulation of its investment strategy; the consistency of past returns, assets under management and personal investments of senior investment professionals.

The underlying approach we use is to compare current valuations across asset classes and versus historical valuations for that asset class. In addition to analysis of valuation by asset class, we also discuss opportunities in the global financial markets with investment managers that represent many sectors of the markets to get their perspective on opportunities they are finding within their asset class. This information leads to overweighting and underweighting decisions for each asset class. The ranges are generally 80% to 120% of the policy weighting for each asset class as defined in the client's investment policy statement. Part of our risk control is to not take extreme positions with an asset class or a manager. We prefer to implement many smaller allocation decisions versus one or two big macro positions.

Investing in securities involves risk of loss that clients need to understand and should be prepared to bear. Clients need to consider the following risk factors:

- **Diversification Risk** – We use a diversified, multi-asset approach in an effort to minimize overall portfolio risk. This strategy is based on our view that different asset classes typically perform differently based upon market conditions. Thus, they all have different correlations to the financial markets, which serve to reduce overall portfolio risks. However, there are periods where correlations of all asset classes move together. This may happen, for example, due to a temporary global, economic or political event that impacts the financial markets. During these periods, the risk limiting benefits of a diversified portfolio will be reduced.
- **Style Risk** – In implementing a diversified portfolio, we use many different strategies that use a unique investment style. There are times where an investment strategy/style may be out of favor and underperform both their passive benchmarks and peers.
- **Active Manager Risk** – We use a variety of mutual funds and ETFs that employ both passive and active investment approaches. Active managers might underperform their passive benchmarks and peers in certain periods of time.
- **Private Fund Risk** – Interests in private funds are usually illiquid. Private funds generally charge higher investment fees, have less liquidity and the values of private interests often move very differently from the public financial markets. Private fund investments are often considered to be speculative.
- **General Fund Risk** – Collectively, funds (mutual funds, ETFs and private funds) may invest in virtually any type of security or instrument, engage in a variety of trading practices and employ various investment strategies. Based on a fund's particular investment objectives, investment strategies, portfolio holdings and trading practices, the fund (and indirectly fund investors) will be exposed to various types of risks in varying degrees.

Risk management is an important aspect to managing investment portfolios and there are many tools we use to try to mitigate risk. First, client assets are invested with a view towards diversification. To that end, we typically incorporate the following market sectors into a client's portfolio (through fund investments): domestic equities, international equities, fixed income and alternative equities. Next, understanding that each of these sectors of the financial markets incorporate many subsectors, we will under or over weight certain sectors of the markets within a client's portfolio, based upon our review of historical valuations and our prospective outlook on those sectors. If circumstances warrant, we may hold cash or cash equivalents in a client's portfolio.

The risks associated with our private fund of funds are as follows:

- Limited Operating History – The Fund was formed in December 2011. Prior to this time, the Fund did not have any operating history of its own for prospective investors to evaluate prior to making an investment in the fund of funds. The past performance of investment funds or accounts managed or advised by us cannot be relied upon as an indicator of the fund of fund's future performance or success. No assurances can be made that profits will be achieved or that substantial losses will not be incurred.
- Reliance on Prodigy - The Fund's investment activities depend upon the experience, diligence and skills of Messrs. Ruden, Eglsteder and Trautman and other officers and employees of Prodigy for the identification of investment opportunities. Prodigy and its employees are not required to devote their full time to the activities of the Fund and will devote only such time to the Fund as they, in their sole discretion, deem appropriate. The loss of the services of Mr. Ruden, Mr. Eglsteder or Mr. Trautman could have a material adverse effect on the Fund's business and prospects. There can be no assurance that Messrs. Ruden, Eglsteder or Trautman will continue to be employed by Prodigy or be responsible for the fund of fund's investment activities.
- Lack of Management Control by the Investors; Changes in Strategy – Prodigy has sole discretion, without the consent of the investors, to determine the investment strategies used and the selection and allocation of investment opportunities for and on behalf of the Fund. Investors will have no right or power to take part in the management or control of the business of the Fund. If Prodigy decides to implement a new strategy or modify its then current investment strategy or processes, the securities and strategies selected for the Fund may differ, and in some cases, materially so, under such new strategy or investment process and Fund capital may be exposed to risks that are substantial and different from those risks described in this document. The Fund may also incur higher transaction costs, higher portfolio turnover, purchase different types of securities and/or have a different and potentially higher risk profile than under its currently anticipated investment strategy. Volatility and other performance characteristics would also likely differ under any such different investment approach.
- Concentration of Investments - Prodigy has broad discretion over the Fund's investment program and may choose to allocate substantial portions of the Fund's assets to only one or several underlying strategies, investment vehicles or portfolio managers. In general, Prodigy intends to allocate capital in a manner that will enhance diversification opportunities among strategies, managers and securities, but there can be no assurance that reasonable diversification will be achieved. Further, portfolio managers (through investment vehicles or separate accounts) may take positions in the same securities at the same time. Such an occurrence may tend to result in more rapid changes in the fund of fund's portfolio than would be the case with greater diversification, with the result that a loss in any such position could have a material adverse impact on the fund of fund's

capital. Portfolio managers may also make similar market timing decisions and asset allocation decisions between equities, fixed income and/or other securities.

- Limited Availability of Information - Some investment vehicles and portfolio managers may provide Prodigy with very limited information with respect to their operations, holdings and performance, thereby severely limiting Prodigy's ability to verify initially or on a continuing basis the representations made by or on behalf of investment vehicles or portfolio managers regarding their operations, holdings and investment strategies being employed, among other things.
- Portfolio Valuation - Valuations of the Fund's investments affect the management fee and may involve uncertainties and judgmental determinations. Third-party pricing information may at times be unavailable regarding certain of the Fund's investments. A disruption in the secondary markets for the Fund's portfolio investments (and those of investment vehicles) may limit the ability of the Fund (and investment vehicles) to obtain accurate market quotations for purposes of valuing its portfolio investments and calculating the Fund's net asset value. In addition, material events occurring after the close of a principal market upon which the securities or other assets of the Fund (or an investment vehicle) are traded may require Prodigy (or an investment vehicle's portfolio manager) to make a determination of the effect of a material event on the value of the securities or other assets traded on the market for purposes of determining the net asset value on a valuation date. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Fund (or an investment vehicle) from time to time, the liquidation values of the Fund's securities (or an investment vehicle's securities) and other investments may differ significantly from the interim valuations of these investments. If the Fund's (or investment vehicle's) valuations should prove to be incorrect, the Fund's net asset value could be adversely affected. Absent bad faith or manifest error, valuation determinations in accordance with the Fund's valuation policy will be conclusive and binding.
- Absence of Regulation Concerning Investment Vehicles - Investment vehicles and portfolio managers will be subject to varying levels of regulation. Hedge funds and private equity funds typically are not registered as investment companies under the Investment Company Act, with the consequence that many of the protections afforded to investors by those laws will not be applicable. Similarly, certain investments in funds and accounts formed and operated outside the United States may not be subject to comprehensive government regulation. The managers of such investment vehicles and separate accounts may not be covered by insurance or by fidelity bonding. Moreover, the Fund generally will have no control over the selection of the custodians of the assets of investment vehicles, which also may be subject to a lesser degree of government supervision or regulation than commercial banks, trust companies or securities dealers

conducting business within the United States.

- **Possibility of Fraud and Other Misconduct** - When the Fund invests in an investment vehicle, the Fund does not have custody of the assets or control over the investments by the investment vehicle. An investment vehicle and/or its portfolio manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations, or engage in other misconduct, resulting in losses to the Fund. Such misconduct is very difficult or impossible to detect and may not come to light until substantial losses have already been incurred.
- **Lack of Regulation Concerning the Fund** - The Fund is not registered under the Investment Company Act and relies on the exception from the definition of “investment company” provided by Section 3(c)(1) of the Investment Company Act. Accordingly, the Fund is not subject to the provisions of the 1940 Act which, among other things, require that an investment company’s board of directors, including a majority of disinterested directors, approve certain of the company’s activities and contractual relationships, prohibit certain trading and investment activities, and prohibit the company from engaging in certain transactions with its affiliates. Should private investment company exclusions cease to be available to the Fund, the Fund and Prodigy could be subject to legal action by the Securities and Exchange Commission and others, possibly resulting in financial losses to the Fund and the termination of the Fund’s business. The Fund offers interests on a continuing basis without registration under the Securities Act of 1933, as amended, and without registration or qualification of the Interests under state laws. It will rely on an exemption for “transactions by an issuer not involving any public offering.” While Prodigy believes reliance on such exemptions is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other funds, the scope of disclosure provided, failures to make notice filings, or changes in applicable laws, regulations, or interpretations will not cause the Fund to fail to qualify for such exemptions under federal or one or more states’ laws. Failure to qualify could result in the rescission of sales of Interests at prices higher than the current value of those Interests, potentially materially and adversely affecting the Fund’s performance and business. Further, even non-meritorious claims that offers and sales of Interests were not made in compliance with applicable securities laws could materially and adversely affect Prodigy’s ability to conduct the Fund’s business.
- **Operating Deficits** - The expenses of operating the Fund (including management fees) could exceed its income. This would require that the difference be paid out of the Fund’s capital, reducing the Fund’s investments and potential for profitability.
- **Mandatory Redemption** - The Fund has the right to effect a mandatory redemption of interests at net asset value on five days’ notice.

- **Effect of Substantial Redemptions** - Substantial redemptions by investors within a short period of time could require Prodigy to arrange for the Fund's assets to be liquidated more rapidly than would otherwise be desirable, which could (a) adversely affect the value of the remaining Interests, (b) cause the Fund to utilize leverage in order to satisfy redemption requests, which could cause the remaining investors to bear the costs of such leverage, or (c) result in Prodigy choosing to terminate the Fund. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.
- **Long-Term Investments** - Investment in certain investment vehicles may require a long-term commitment with limited or no liquidity for a number of years after the initial investment and no certainty of return. Factors such as overall economic conditions and the competitive environment may shorten or lengthen the intended holding period for any investment or group of investments.
- **Limited Liquidity; Restrictions on Transfer** - Investors should be fully aware of the restrictions on transfer of interests in the Fund. The interests have not been registered under the securities laws of any jurisdiction and there will be no ready market for the Interests. The interests are not readily transferable. No transfer of interests may be made without the prior approval of Prodigy in compliance with the transfer provisions of the LLC Agreement. An investment in the Fund therefore provides limited liquidity since the interests are not freely transferable and redemptions may be subject to other restrictions. As a result, an investment in the Fund is suitable only for sophisticated investors.
- **In-Kind Distributions** - The Fund generally expects to distribute cash to an investor upon a withdrawal from a capital account. However, there can be no assurance that the Fund will have sufficient cash or be able to liquidate securities to satisfy withdrawal requests at favorable prices to satisfy such request. Accordingly, Prodigy may cause the Fund to satisfy an investor's withdrawal request by distributing securities in-kind. The investor would incur brokerage commissions in connection with its disposition of such in-kind securities.

The risks associated with investing in private fund investments are as follows:

- Most private investment funds limit the extent to which investors can redeem their interests. These "lock ups" may last for long periods of time. Accordingly, our clients should inform us of the maximum amount of investible assets they are willing to treat as completely illiquid for an indefinite period of time.

- Upon redemptions, funds may redeem a client's interest in cash or in kind (*i.e.*, investments owned by the fund) and may withhold a portion of your interest to the extent that portion reflects the client's proportionate interest in the fund's illiquid securities. Funds also may withhold portions of a client's redemption proceeds for contingent liabilities. Amounts not redeemed, or withheld, may not be paid for long periods after a client's interest in a fund has been redeemed.
- Managers of private investment funds typically charge annual management and performance fees (generally 1% of assets under management and 20% of the realized gains or higher). These fees are typically paid even when investors lose money and when a fund underperforms an index or benchmark.
- Investment funds may engage in trading strategies that are generally considered to be highly speculative and risky. Some of these strategies involve the use of leverage in that borrowed money is used for investment purposes. While leverage can enhance gains, it can also magnify loss.
- Each fund pursues one or more investment objective(s). Achieving that objective is not a certainty and no manager guarantees success. Some of these objectives are very narrow causing the fund to make investments that are concentrated in one industry or limited to only a few companies (called non-diversified). A non-diversified fund is typically considered more risky than a diversified one.
- Similarly, while managers may have achieved success in prior years or by managing successful funds in the past, past performance, while one of many factors we consider in evaluating potential fund investments for clients, is not indicative of future results. The fact that a manager has been successful in the past, or historically with a fund we invest a client's assets in, does not mean a client's investment will be profitable.
- Most managers, administrators, directors and officers of funds are indemnified from the assets of the fund against all expenses or costs arising from mistakes or actions/inaction that the person thought was in the best interest of the fund. As such, a client's investment in a fund may be used to support this indemnification.
- A client may lose their entire investment in a private fund.

Item 9. Disciplinary Information

Form ADV Part 2 requires us to disclose legal or disciplinary events involving us or our personnel that would be material to your evaluation of us or the integrity of our management. At this time, we have no information to report that is applicable to this item.

Item 10. Other Financial Industry Activities and Affiliations

As discussed in Item 4, Advisory Business, Mr. Ruden, Mr. Eglseider and Mr. Trautman are employees of Boys Town and provide internal advisory and other financial services to Boys Town and its related entities in addition to providing advisory services to Prodigy Asset Management, LLC clients. Our relationship with Boys Town provides us with access to investment opportunities which would otherwise not be available to us. Mr. Ruden, Mr. Eglseider and Mr. Trautman spend approximately 20% of their time on uniquely Boys Town functions, 20% on uniquely Prodigy Asset Management, LLC functions and 60% of their time on functions applicable to both entities. Pursuant to the terms and conditions of an agreement between Boys Town and us, we pay Boys Town its proportionate share of overhead expenses, including office space which we share with Boys Town. The amount of this payment is determined by the Boys Town Chief Financial Officer.

Our relationship with Boys Town may impact a client's ability to invest in private funds. If a client is qualified to invest in and it is appropriate to invest in interests of private funds, the following procedures and client understanding apply regarding our efforts to invest the client's account assets in such fund interests:

- A number of factors impact the availability of obtaining such interests for the client's account. Investors in these funds must meet suitability and accreditation requirements to be eligible investors, must indicate they wish to invest in these private funds (which are typically illiquid and non-transferable) and must be able to meet the fund's required stated minimum (or lesser amount if the fund or its authorized person waives the minimum). To the extent that eligible clients cannot meet these minimum investments (or lesser amount if the general partner of a particular fund waives the minimum) or it would not be prudent for the client to meet the minimum investment from an overall suitability perspective, we will generally not indicate interest in a private fund offering for the client.
- In their capacity as employees for Boys Town, Messrs. Ruden, Eglseider and Trautman have a duty to obtain private fund interests for the Boys Town account where appropriate. As part of their agreement with Boys Town to establish Prodigy while remaining employees of Boys Town, the Principals agreed that Boys Town will have the opportunity to invest first in any private fund investment opportunities. To the extent that an investment opportunity is limited (which is often the case for private equity funds, but may also be true for other investment opportunities), any remaining investment capacity in the opportunity after Boys Town's investment will be allocated among Prodigy's other clients (subject to meeting eligibility requirements and other investment criteria) either on a pro rata basis or using a rotational methodology. This is intended to result in clients receiving a fair and equitable allocation of investment opportunities over time, subject to Boys Town's right of first investment. Because the Boys Town account invests prior to

Prodigy's other clients, some private fund managers may be less inclined to allow investments from Prodigy's clients. Accordingly, opportunities to invest in such funds may not be available after interests in those funds have been allocated to the Boys Town account.

If private fund investment capacity is available, we evaluate the risk tolerance and suitability of investing in these higher risk, more speculative investments for those clients (including our private fund of funds) meeting the investor accreditation or investment criteria and evaluate the extent to which the account(s) can meet the minimum capital commitment (or lesser amount if the fund or its authorized person waives the minimum). If there is sufficient investment capacity available and based on our understanding of the client's ability to assume the risk associated with these more speculative investments, a private fund investment will be made at the client's direction.

We do not have the discretion to invest Prodigy clients in the private funds of funds. However, if appropriate, we will recommend that Prodigy clients invest in the private funds of funds. As the manager of the private fund of funds we would have a conflict of interest if we were to charge the client both a management fee and fee within the private fund of funds. To overcome this conflict of interest, if Prodigy clients invest in the private funds of funds, the clients make their own decision to do so. In addition, these clients are not charged the private funds of funds fee in order to avoid charging double fees on the clients' investments in the private funds of funds.

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

We have adopted a Code of Ethics (included in our Compliance Manual) for all supervised persons of the firm describing our standard of business conduct and fiduciary duty we owe to our advisory clients. The Code of Ethics (as well as the Compliance Manual) includes provisions relating to the confidentiality of client information, insider trading, political and charitable donation policies, restrictions on outside business activities, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and personal securities trading procedures, among other things. There are also restrictions on the acquisition by persons subject to our Code of Ethics in private placements (private funds are offered through private placements) and initial public offerings. Copies of the Code of Ethics are available to clients and prospective clients upon request. All supervised persons at Prodigy Asset Management, LLC must acknowledge the terms of the Compliance Manual annually.

We anticipate that, in appropriate circumstances, consistent with clients' investment objectives, we will cause clients to purchase or sell securities in which we, our employees and/or other

advisory clients, directly or indirectly, have a position or financial or other interest. Our employees are required to follow our Code of Ethics. Subject to satisfying this policy and applicable laws, all employees of Prodigy Asset Management, LLC may trade for their own accounts in securities which are purchased or sold for our clients.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Prodigy Asset Management, LLC will not interfere with (i) making decisions in the best interest of our advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code of Ethics requires prior written approval of certain transactions, and restricts personal trading in a security in close proximity to client trading activity in the same or a similar security. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics in an effort to identify such benefits and otherwise reasonably prevent conflicts of interest between us and our clients.

Boys Town is not an advisory client of our firm, nor is it considered a personal account of any of our personnel.

From time to time, we may receive confidential information about a security or issuer. We may be prohibited by law from transacting in that security or issuer on behalf of our clients while that information remains confidential.

Item 12. Brokerage Practices

We have been granted authority by substantially all of our clients to determine without specific consent, the securities to be bought and sold, the amounts of those securities and the brokers or dealers utilized to place those trades. Any limitations which might be placed are client imposed and specific and, to the extent they exist, are defined in documents, which may be appended to or referenced in the investment management agreement between us and the particular client.

All client liquid assets and accounts are maintained with, and transactions effected through accounts established at, qualified custodians and broker-dealers that can execute transactions and perform the clearance and settlement functions associated with account transactions and custody of assets. Each client selects his or her own custodian/broker-dealer and we will accept accounts maintained by custodians/broker-dealers as long as all of the services can be provided. The cost charged by another custodian/broker-dealer may or may not be higher and another custodian/broker-dealer may or may not have availability to certain mutual funds. If a client has private investments, they are held by the administrator of each individual fund/private

investment.

We seek to recommend a custodian/broker-dealer who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- The combination of transaction execution services and asset custody services. The capability to execute, clear and settle trades (buy and sell securities for your account).
- The capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.).
- Breadth of available investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees).
- Reputation and financial strength.
- Prior service to us and our clients.
- Availability of other products and services that benefit us (see below).

Currently, we recommend that clients establish brokerage accounts with Schwab Advisor Services (formerly Schwab Institutional), a division of Charles Schwab & Co., Inc. (Schwab) a FINRA-registered broker-dealer, member of SIPC, to maintain custody of clients' assets and to transact trades for their accounts. We have negotiated with Schwab the commission rate and fees that it charges our clients, which makes Schwab an attractive choice. Further, we believe that Schwab has a wider array of the types of funds we seek for our clients, as compared to Schwab's primary competitors.

Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Prodigy Asset Management, LLC is independently owned and operated and not affiliated with Schwab.

Schwab provides our advisory clients with access to its institutional trading and custody services, which are typically not available to retail customers. These services generally are available to independent investment advisers (such as Prodigy Asset Management, LLC) on an unsolicited basis, at no charge to them as long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab. These services are not contingent on committing to Schwab any specific amount of business (assets in custody or trading

commissions). Schwab's brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available other products and services that benefit us but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts not maintained at Schwab.

Products and services provided by Schwab to assist us in managing and administering client's accounts include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution and allocation of aggregated trade orders for multiple client accounts; provide research, pricing and other market data; facilitate payment of fees from our client accounts and assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help manage and further develop our business enterprise. These services may include compliance; legal and business consulting; publications and conferences on practice management and business succession; information technology and marketing and access to employee benefit consultants, human capital consultants and insurance providers. In addition, Schwab may make available, arrange and/or pay third-party vendors for the types of service rendered to us. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. Schwab may also provide other benefits such as educational events or occasional business entertainment for us and our supervised persons. While as a fiduciary, we endeavor to act in our clients' best interest in evaluating whether to recommend that clients custody their assets at Schwab, we may take into the account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a conflict of interest.

As previously stated, the availability of the foregoing products and services is not contingent upon us committing to Schwab any specific amount of business (assets in custody or trading) and we do not make any such commitment; Schwab typically provides these services to advisers who have considerable client assets maintained on the Schwab platform. Except in the case of transaction fee funds, our clients do not pay Schwab directly for most of the brokerage and custody services provided. Schwab does receive revenue from funds in whose shares

clients may invest (no-transaction-fee-funds), and other funds that charge loads, Rule 12b-1 distribution fees and other fees to their shareholders, and typically these funds (or their service providers) pay a portion of this revenue to Schwab. As such, Schwab's provision to us of these services and products, while not directly paid for by clients, is indirectly paid for by clients since it is fund fees and charges they incur as shareholders that are paid to Schwab and results in Schwab providing us with these services and products.

Although we are generally aware of charges imposed by, or mutual fund revenue received on client investments by other custodians/broker-dealers, we believe that the Schwab trading platform provides better access in terms of mutual fund availability and variety, efficiency and customer relations.

Each client is required to select a financial institution to serve as a custodian and broker-dealer for the client's account. As mentioned above, we currently recommend Schwab, but clients are free to establish accounts with other broker-dealers and custodians, and are responsible to evaluate the custodian/broker-dealer to be used for these purposes.

In accordance with the foregoing, should a client direct us to use a custodian/broker-dealer other than Schwab, the client should understand our ability to seek the best execution may be partially or wholly impacted by these directed brokerage arrangements due to the fact the trades may not be executed with the quality, speed or price we could achieve through Schwab, we may not be able to negotiate or renegotiate commission rates with a directed broker or impact or improve the price or quality of trade execution services, the client may not be able to participate in volume discount commission rates that we can negotiate with Schwab, we may not have access to a particular fund (or share class) or investment and the client may forgo other benefits or savings. Like all mutual fund marketplace providers, Schwab offers certain classes of shares (frequently adviser or institutional classes) which impose lower cost than other shares made available elsewhere. In a situation where a client is directing us to use another mutual fund marketplace or institution avenue for the purchase of mutual fund shares, we may not be able to buy shares in comparable lower cost classes on behalf of the client. Accordingly, the client will ultimately pay more fund expenses as a result of their direction to us that we buy shares on a different platform than Schwab.

We endeavor to seek the best overall execution for each client in each trade, although in terms of placing orders for client mutual fund share transactions, all executions are effected through Schwab (or another broker-dealer/custodian of the client's choosing) at Net Asset Value as next determined by the fund. In addition, all interests acquired or sold in private funds are achieved in private transactions with each private fund directly. Accordingly, our duty to seek the best execution relates to the purchase and sale of individual securities in client accounts. In that regard, we will purchase and sell individual securities positions in all effected accounts at the same time and through each client's designated broker-dealer/custodian at commissions agreed

to between the client and broker-dealer.

To the extent we are purchasing and selling the same individual security for multiple accounts, we will attempt to purchase and sell all holdings at the same time. However, transaction prices may change in this process and if we determine to discontinue a selling program, we will allocate the purchase and sale of the individual security among effected accounts on a pro rata basis relative to each client account's position size. The primary vehicle used to invest clients' assets are open-end mutual funds, which do not require trade aggregation, as all trades in mutual fund shares are effected at Net Asset Value. Clients that have directed us to use a particular custodian/broker-dealer (other than Schwab) may not be able to participate in aggregated trades and thus may experience higher execution and similar trading costs.

Client account transactions may be effected on occasion in a manner that differs from what was intended for the account. We review any trade errors that we discover, on a case-by-case basis, and decide what corrective steps to take, if any. We endeavor to resolve trade errors in a timely and equitable manner.

As a matter of policy, Prodigy does not participate in soft dollar arrangements.

Item 13. Review of Accounts

The principals continuously monitor client accounts in an effort to ensure they are being managed in a manner consistent with established objectives for the account and the client's investment guidelines or restrictions, if any. Factors reviewed for each account include asset allocation, individual securities, cash flow and client communications. A significant change in the fundamental characteristics of a security might trigger a more frequent review. Additionally, changes in the goals and/or objectives of the client likely will cause an account to be reviewed. The Chief Compliance Officer (or designee) also regularly conducts compliance reviews and tests on the trading and investment activity in client accounts which provides additional oversight.

Clients receive written statements directly from their designated custodian listing all account activity in securities held by that custodian (primarily, liquid, individual securities). Clients also receive, if applicable, written statements (usually at least quarterly) from the administrators of the private fund investments. We provide written quarterly (unless the client directs and we agree to a more frequent reporting cycle) updates to clients, which consist of asset statements showing total market value of the account and each security held in the account, performance reports and a written analysis of recent market and account activity.

Item 14. Client Referrals and Other Compensation

We do not directly or indirectly compensate any third parties for client referrals. However, as described in Item 12, we receive services and products of value from Schwab as a result of clients maintaining their accounts with Schwab.

Item 15. Custody

We may be deemed to have constructive custody of certain client assets as a result of our ability to directly debit advisory fees from client accounts. Actual custody of client assets, however, is maintained and monitored by the client's designated broker-dealer/custodian, bank or trust company, not us.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

We are deemed to have custody of the assets of our private fund of funds due to (i) Prodigy's ability to withdraw the Fund's cash and/or securities held with a custodian upon our instruction to the custodian, and (ii) Prodigy serving as the Fund's managing member. The Fund contracts with a third-party custodian that serves as the custodian for cash owned by the Fund. The Fund will distribute to its investors annual financial statements that are audited by an independent accounting firm that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, within 180 days of the Fund's fiscal year-end. Prodigy urges investors to carefully review the audited financial statements of the Fund.

Item 16. Investment Discretion

We usually receive discretionary authority from the client at the onset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. This authority is established through the management agreement signed by each client.

When selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which we advise. Investment guidelines and restrictions must be provided to us in writing.

Item 17. Voting Client Securities

We have adopted proxy voting policies and procedures to guide our exercise of this responsibility on behalf of our clients. Clients may direct us in writing as to how to vote their proxies or a particular proxy. Under normal circumstances, we vote proxies for clients but do not advise clients or take action for clients on legal proceedings (such as class actions) and other legal matters (mergers, acquisitions or bankruptcies). When we accept proxy voting responsibility, our proxy voting policy is to vote all client proxies in the client's best interests. We seek to achieve this result by voting in the manner that, in our judgment, is most likely to maximize total return to the client as an investor in the securities being voted. We have in place procedures to identify conflicts that we may have in voting proxies.

Clients may obtain a copy of our complete proxy voting policies and procedures upon request. Clients may also obtain information from us about how we voted any on behalf of their account(s) upon request.

Item 18. Financial Information

We believe that our financial condition is not likely to impair our ability to meet contractual commitments to clients.