

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Zebra Advisors, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at (203) 701-5900 or by email at john.holmgren@zebracapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Any references to Zebra Advisors, LLC as a “registered investment adviser” or being “registered” with the SEC or any state does not imply a certain level of training or skill.

Additional information about Zebra Advisors, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Zebra Advisors, LLC is 126286.

Item 2. Material Changes

This is our Firm Brochure and disclosure document prepared according to the United States Securities and Exchange Commission's current requirements and rules.

This Item will discuss specific material changes that are made to the Firm Brochure and provide clients with a summary of such changes.

Pursuant to current SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Firm Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

As of the date of this Firm Brochure, there are no material changes to disclose since our last filing in May 2019.

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Item 4. Advisory Business

Introduction

Zebra Advisors, LLC (hereafter “Zebra Advisors,” “Firm” or “we”) is a Delaware limited liability company and investment management firm with its principal place of business in Stamford, Connecticut. The Firm has been in business since 2001 and is a registered adviser with the U.S. Securities and Exchange Commission (the “SEC”). Registration with the SEC does not imply any level of skill or training. Zebra Advisors is owned and managed by Professor Roger Ibbotson, Managing Member and Chief Investment Officer, and Mr. John J. Holmgren, Jr., Managing Member and President.

Zebra Advisors provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client based on the individual needs of the client. Zebra Advisors provides these services primarily to pooled investment vehicles. Zebra Advisors manages the client portfolios on a discretionary basis in accordance with the terms and conditions of each client's offering, organizational documents or client agreements and objectives.

Zebra Advisors’ mission and objective is to apply the substantial investment experience and expertise of Professor Ibbotson and Mr. Holmgren.

Zebra Advisors is affiliated through common ownership and control with Zebra Capital Management, LLC (“Zebra Capital”), a Connecticut limited liability company and registered investment adviser with the SEC. Zebra Capital provides Investment Supervisory Services primarily to pooled investment vehicles and separate accounts. Zebra Capital manages the client portfolios on a discretionary basis in accordance with the terms and conditions of each client's offering, organizational documents or client agreements and objectives. Zebra Capital also acts as sub-adviser to American Beacon Advisors for one of its open-end registered investment companies. Zebra Capital also provides investment management services to pension and profit-sharing plans and high net worth individuals and may provide investment management services to other clients as well, in each case on a separate account basis. Zebra Capital also licenses its intellectual property to third parties on a case-by-case basis.

As of December 31, 2019, Zebra Advisors managed approximately \$35,300,000 in regulatory assets under management and its affiliate, Zebra Capital, managed approximately \$252,600,000 in regulatory assets under management. Zebra Advisors has delegated its trading authority with respect to the On-Shore Fund (as such term is hereinafter defined), however, to Zebra Capital, subject to the oversight and control of Professor Ibbotson and Mr. Holmgren.

Investment Management Services

ZEBRA FUNDS

The following summary provides information about the pooled investment vehicles managed by Zebra Capital and Zebra Advisors.

Zebra Advisors employs investment strategies through pooled investment vehicles that are suitable to sophisticated investors with substantial net worth and who are able to bear the risks of the strategies employed.

Investors should be aware of additional risks associated with investing in the pooled investment vehicles, many of which are described in the offering documents of the respective pooled investment vehicles.

Zebra Capital provides Investment Supervisory Services to the following on-shore master and off-shore feeder investment funds (hereinafter, the “Zebra Funds”):

- * Zebra Global Equity Fund, LP (the “On-Shore Fund”) is an on-shore master fund formed as a Delaware limited partnership. Zebra Advisors has full discretionary authority and responsibility to manage and invest the assets of the On-Shore Fund. Zebra Advisors has designated Professor Ibbotson and Mr. Holmgren to act as Investment Managers (the “Investment Managers”) with respect to such fund and the Investment Managers have delegated their trading authority with respect to such fund to Zebra Capital, subject to the oversight and control of the Investment Managers.

- * Zebra Global Equity Fund, Ltd. (the “Off-Shore Fund”) is an off-shore feeder fund formed in Bermuda as an exempted mutual fund company. Zebra Capital serves as the investment manager for the Off-Shore Fund.

The Zebra Funds are managed and seek to take advantage of the complementary skills and experience of Professor Ibbotson and Mr. Holmgren. Equity interests in the Zebra Funds are offered solely to a limited number of qualified institutional and individual investors.

Prior to any investment in either Zebra Fund, investors receive a confidential private placement offering memorandum which contains a detailed description of the types of investments Zebra Capital and/or Zebra Advisors may cause the Zebra Funds to invest in and the corresponding risks associated with those investments, fees, service providers, conflicts, tax considerations, trading and other information.

The investment objective of the Zebra Funds is to offer attractive returns with relatively lower volatility than and relatively low correlations to the major market indices. The Zebra Funds are designed to be funds employing a long-short equity strategy, which seeks to exploit the liquidity premium among public equities by taking long positions in

relatively less liquid stocks with relatively strong fundamentals, and short positions in relatively highly liquid stocks with relatively weak fundamentals.

INVESTMENT COMPANIES

Zebra Capital provides sub-advisory services to American Beacon Advisors, Inc., an independent and unaffiliated registered investment adviser, for the following open-end registered investment company:

- American Beacon Zebra Small Cap Equity Fund

The fund's investment objectives are long term capital appreciation through investing primarily in equity securities, including small capitalization securities, and to capture a liquidity premium among fundamentally strong, publicly-traded equities.

MANAGED ACCOUNTS

General

Zebra Capital provides professional advisory and sub-advisory services to pension and profit-sharing plans and high net worth individuals and may provide professional advisory and sub-advisory services to other clients as well, in each case offering long-only and long-short strategies or other strategies based on a client's particular circumstances. A client investment policy is developed, and Zebra Capital creates and manages each client's portfolio consistent with the client's individual investment policy. Zebra Capital provides advisory services for managed accounts on a discretionary basis.

The Zebra Funds, Investment Companies and Managed Accounts are collectively referred to in this Firm Brochure as the "Zebra Clients."

LICENSING

Zebra Capital licenses its intellectual property to third parties pursuant to third-party licensing arrangements. The terms, fees and services provided under such arrangements are negotiated on a case-by-case basis.

Item 5. Fees and Compensation

ADVISORY FEES – ZEBRA FUNDS

Incentive Allocations

For the Zebra Funds, and under the relevant partnership or advisory agreement for each fund, the general partner is entitled to receive an incentive allocation from each limited partner's capital account (including that of each fund) for the fiscal year, typically 10% of the new profits allocated to each limited partner for the year. All incentive allocations are

subject to a “high water mark” provision, i.e., any prior losses allocated to a limited partner must be recouped before the general partner may receive an incentive allocation from each partner. In order to assure that each limited partner receives the benefit of its own high-water mark, the limited partner interests of the fund in the partnership will be appropriately issued or allocated as to each limited partner. Prospective investors in each fund should review the terms of the partnership agreement and offering documents for a complete statement of the terms of each fund’s incentive allocation.

Management Fees

Under the relevant partnership or advisory agreement for each fund, the general partner or adviser is entitled to receive a monthly management fee from the capital account of each limited partner (including that of the fund itself) at a rate of 1.00% of the net assets per annum. The management fees is payable monthly in advance at the beginning of each month and is calculated on the basis of the amount of net assets in each capital account as of the beginning of the month (giving effect to capital additions and withdrawals). Prospective investors in each fund should review the terms of the partnership agreement and offering documents for a complete statement of the terms of a fund’s management fee.

ADVISORY FEES - INVESTMENT COMPANIES

Zebra Capital, as sub-adviser to the American Beacon Zebra Small Cap Equity Fund, is entitled to an annual sub-advisory fee based upon the assets under management of the fund calculated and accrued on a daily basis. Detailed information about the fund's fees, fee waivers and expenses is included and available in the fund's Prospectus, Summary Prospectus or Statement of Additional Information.

ADVISORY FEES - MANAGED ACCOUNTS

The annual fee for Zebra Capital’s management services for Managed Accounts will be charged on a periodic basis as a percentage of assets under management based upon a number of factors, including investment strategy (e.g., long-short, long only, or others), amount of assets, client circumstances and nature of services, among others. A specific fee schedule will be determined and agreed upon with each managed account client and documented in the client investment management agreement. Advisory fees may be negotiable under certain circumstances depending on the services provided, amount of assets, nature of services provided and particular client circumstances, among other reasons as noted above.

Zebra Capital recommends a minimum of \$50 million of assets under management for a managed account relationship.

The annual fee and minimum required amount of assets under management for managed account clients who are affiliates or “knowledgeable employees” of Zebra Capital, members of the immediate families of such persons, significant investors or other entities

may be waived, reduced, or calculated differently than the annual fee payable by, and minimum amount of assets under management for, other managed account clients.

LICENSING FEES

In general, licensing fees payable to Zebra Capital under its licensing arrangements are payable based upon a percentage of the average daily asset value of applicable assets. In other cases, such licensing fees may be based upon a portion of the fee(s) collected by the licensee and/or sub-licensee(s) from its and/or their client(s). Each licensing arrangement, including fee compensation structure, is negotiated on a case-by-case basis.

Additional Information

Zebra Funds

Offering Documents: Investors and prospective investors of the Zebra Funds are advised to review the offering documents for the Zebra Funds for detailed information about the investment fund, investments and investment strategies, management and incentive fees, risks, professionals, and fees, among other information, for the particular fund.

Management Fees: Management fees are payable in advance as of the beginning of each period. If an investor invests on any date that does not fall on the first business day of a month, the management fee will be prorated and charged at the time of such purchase, based upon the actual number of days remaining in such partial month. If investor interests are redeemed on any date that does not fall on the last business day of a month, the management fee will be prorated and reduced at the time of such redemption, based on the actual number of days remaining in such partial month.

Incentive Fees: As described in detail in each fund's offering document, under certain circumstances, the general partner receives annual incentive fees in an amount and calculated according to the offering documents. Incentive fees are payable in arrears with respect to an investor's interest. Investors and prospective investors should review the offering documents for complete information regarding any incentive fees.

Incentive fees create an incentive for Zebra Advisors to cause the funds to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. The Investment Advisers Act of 1940 (the "Advisers Act") and certain state laws restrict the payment of performance-based fees. However, Section 205 of the Advisers Act and Rule 205-3 thereunder permit the payment of performance-based compensation to registered investment advisers under certain conditions. The offerings of the Zebra Funds are structured to comply with the Advisers Act and this rule, and accordingly, Zebra Advisors will not accept subscriptions from prospective investors whose subscription

would cause the Zebra Funds to not qualify for incentive fees. In addition, any incentive fees received will conform to the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Modification of Fees for Certain Investors: The management fees and the incentive fees payable for investors who are affiliates or “knowledgeable employees” of Zebra Advisors, members of the immediate families of such persons, significant investors or other entities may be waived, reduced, or calculated differently than the management fee or incentive fee payable by other investors.

Side Letters: Zebra Advisors reserves the right to waive or impose different fees or otherwise modify the fee arrangements of an existing limited partner with the consent of such limited partner.

As noted above, Zebra Advisors’ fees may be negotiable in certain circumstances. More specifically, Zebra Advisors may enter into "side letters" with investors that lower or waive a fund's management and/or incentive fees. Such side letters may also provide certain investors with more favorable liquidity, liability, indemnification and other terms, as well as more frequent and detailed reporting of the securities and other financial investments held by a fund.

Custodian and Direct Debiting of Fees: Assets of the Zebra Funds will be maintained by one or more qualified custodians, in accounts in the name of the Zebra Funds. The custodian is authorized to pay the management fees and incentive fees immediately upon receipt of Zebra Advisors' invoice, with consent of investors. All account assets, transactions, and fees will be shown on the monthly or quarterly account statements provided by the custodian.

Withdrawals from a Fund: Investors in each Zebra Fund are referred to the applicable offering documents for detailed information about withdrawals of assets from a fund. Typically, Zebra Advisors requires prior written notice for withdrawal of all or a portion of an investor's investment. Withdrawals are permitted only on or after a specific date. In addition, any withdrawal of capital within twelve months following the date such capital was contributed to a Zebra Fund will be subject to an early withdrawal fee, payable to such fund, equal to 2% of the amount withdrawn, unless waived by Zebra Capital’s affiliate, Zebra Advisors (with respect to the On-Shore Fund) or the Off-Shore Fund, as the case may be. The Zebra Funds may also have lock-up provisions which may delay the first redemption date for a lock-up period.

Expenses: In consideration for the management fee, Zebra Capital provides the Zebra Funds with office space, utilities, administrative services and support, including computer equipment and services, and secretarial, clerical and other personnel. Each Zebra Fund bears its own expenses, as described in each fund's offering documents.

Valuation of Fund Holdings: The market value of investments held by the Zebra Funds is determined as provided in each fund's offering documents. The Zebra Funds have adopted detailed procedures relating to the valuation of their investments, and investors and prospective investors should review the relevant offering documents for additional information.

Generally, equity securities (including preferred stocks) that are listed on a securities exchange (including such securities when traded in the after-hours market) will be valued at their last sales prices on the date of determination on the primary securities exchange on which such securities will have traded on such date, or if trading in such securities on the primary securities exchange on which such securities shall have traded on such date was reported on the consolidated tape, their last sales prices on the consolidated tape (or, in the event that the date of determination is not a date upon which a securities exchange was open for trading, on the last prior date on which such securities exchange was so open not more than ten days prior to the date of determination).

Managed Accounts

As appropriate, Managed Account clients of Zebra Capital may be solicited to invest in one or more of the Zebra Funds. Under these circumstances, the portion of the client's account invested in the fund(s) is excluded from the Managed Account advisory fee calculation. With respect to the investment in any fund, however, the client will incur a pro rata share of fees and expenses, including a performance-based fee, as set forth in the applicable fund offering documents. Managed Account clients are under no obligation to invest in any of the Zebra Funds. Any investment in a fund will be made only after the client has received the proper offering and subscription documentation and has had ample opportunity to review such documentation and to ask questions, if necessary.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. While Zebra Advisors endeavors at all times to put the interests of its clients first as part of Zebra Advisors' fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of the individuals making recommendations.

GENERAL INFORMATION

Termination of Advisory Relationship: Investment management agreements for Zebra Clients may be terminable upon the terms and as disclosed in the offering documents for each fund, investment company or client agreement. Upon termination of an investment management agreement, any prepaid, unearned fees will be promptly refunded.

Mutual Fund Fees and Expenses: Although Zebra Capital may invest in shares of mutual funds, exchange-traded funds (“ETFs”) and/or undertakings for the collective investment in transferable securities (UCITS), it is not anticipated that mutual funds ETFs or UCITS will be typically included as Zebra Advisors investment strategies. However, it is expected that money market mutual funds may be used to 'sweep' unused cash balances until they can be appropriately invested, and from time to time.

Investors should recognize that all fees paid to Zebra Advisors for investment management services are separate and distinct from the fees and expenses charged by mutual funds ETFs, and UCITS to their shareholders. These fees and expenses are described in each mutual fund's ETF's or UCITS' prospectus or summary disclosure. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. Additionally, mutual funds may impose a contingent deferred sales charge ("CDSC") or redemption fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase.

Advisory Fees Generally: Similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

Personal Investments: Certain executive officers and/or other employees of Zebra Capital and/or Zebra Advisors (i) hold and/or may hold certain equity interests therein, such as unit appreciation rights, and (ii) have invested or may invest a portion of their personal net worth in one or more of the Zebra Funds. In addition, certain employees of Zebra Capital receive additional compensation from Zebra Capital under certain circumstances based upon the performance of the Zebra Fund(s).

Different Fee Schedules: Zebra Advisors' and its affiliate's fees, including any performance fee, may be discounted or waived with respect to any investor for any particular period of time at the sole discretion of Zebra Advisors or such affiliate, as applicable. This discounted rate or waiver is not available to all or even most investors in the Zebra Funds.

General: Prospective investors should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Zebra Funds.

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

Performance Based Fees

With respect to any private investment fund, all incentive fees described above are based on the net realized and unrealized gains, income and appreciation of the respective account over a twelve-month period. In general, pursuant to the loss carry forward provision, if the account value depreciates in any such period, no incentive fee or profit reallocation may be earned or made in subsequent periods unless and until the account is

restored to its former value (less the advisory fees previously paid and adjusting for new deposits into and withdrawals from the account).

All incentive fees and profit reallocations are charged in accordance with all applicable requirements of Section 205(b) of the Advisers Act and Rule 205-3 thereunder.

Clients should be aware that performance fee arrangements create an incentive for an investment adviser to make investments that are more speculative than would otherwise be the case in the absence of a performance fee and that, under Zebra Advisor's performance fee arrangements, the adviser receives increased compensation under certain circumstances with respect to unrealized appreciation as well as actual, realized capital gains.

Clients should also be aware that investment management fees lower than those offered by Zebra Advisors may be available from other sources.

Zebra Advisors may also offer advisory and sub-advisory services to clients who do not pay performance-based fees, and therefore, Zebra Advisors may have an incentive to favor performance-based fee accounts over non-performance-based fee accounts. However, in theory, Zebra Advisors could also have an incentive to favor a client paying higher aggregate performance-based fees than one paying less or a fund in which officers and employees of the firm may have more of their personal assets invested. Since Zebra Advisors endeavors at all times to put the interests of its clients first as part of Zebra Advisors' fiduciary duty as a registered investment adviser, it takes the following steps to address these conflicts:

1. Zebra Advisors discloses to investors and prospective clients the existence of material conflicts of interest, including the potential for Zebra Advisors and its employees to earn more compensation from some clients than others;
2. Zebra Advisors collects, maintains and documents accurate, complete and relevant investor background information to ensure that investment in the subscribed fund is appropriate for the investor's financial goals, objectives and risk tolerance and that the investor is qualified to invest;
3. Zebra Advisors has implemented policies and procedures for fair and consistent allocation of investment opportunities among all funds and other client accounts, subject to the fund's/client's underlying strategy, cash availability, availability of interests in the underlying funds and other appropriate considerations;
4. Zebra Advisors periodically compares holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment; and

5. Zebra Advisors educates its employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based fees will only be charged in accordance with the provisions of Rule 205-3 promulgated by the SEC under the Advisers Act and/or applicable state regulations.

Side-by-Side Management

Side-by-side management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions, mutual funds and/or hedge funds. In such circumstances, potential and actual conflicts of interest may arise by and among the various clients, e.g., performance fee arrangements as disclosed above in this Item 6.

Item 7. Types of Clients

As disclosed in Item 4, Zebra Advisors offers and provides investment management services primarily to pooled investment vehicles.

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

Methods of Analysis & Investment Strategies

The Zebra Long-Only and Zebra Long-Short strategies (the “Zebra Equity Strategies”) seek to capture the commonly-known, liquidity premium in the public equity markets. The Zebra Funds, in addition to capturing the liquidity premium, target beta neutral portfolios (+/- 0.2) while incorporating leverage (2.0-3.0:1).

The initial universe for each portfolio is based on capitalization. This prevents exposure to relative illiquidity in the smallest capitalization stocks, where absolute illiquidity would be a concern. The universe is further qualified by incorporating minimum share price, turnover, and sector constraints. The inclusion criteria for these components vary from country to country and are specific to each market.

The Zebra Equity Strategies are designed to identify mispriced securities through the use of a proprietary methodology that analyzes a stock’s popularity. Zebra Advisors believes that as a general principle, stocks that are very unpopular but have strong fundamentals tend to be underpriced by the market, and conversely, stocks that are very popular but have weak fundamentals tend to be overpriced. The strategies look to exploit these anomalies by buying the former and selling short the latter.

Risks of Loss

General Risks

Operating History. Historical performance should not be construed as being necessarily indicative of future investment performance. In general, past performance is no assurance of future results. There can be no assurance that Zebra Advisors will successfully fulfill the investment objective(s) of its clients and/or investors or that such clients / investor will not experience investment losses.

Dependence upon Individual Judgment and Skill. Although Zebra Advisors applies a quantitative algorithm in its investment decision-making, even a quantitatively driven strategy can involve subjective factors and judgment. Zebra Advisors applies its own review and analysis to investment recommendations generated by the algorithm in an effort to fully achieve its client's investment objectives. Moreover, construction and modification of the algorithm itself requires extensive expertise. Accordingly, success of the investment strategies will be dependent on the investment skills and judgment of the Managing Members and Zebra Capital's other investment personnel.

Specialized Strategy. Each Zebra Fund employs a single investment strategy that has its own performance characteristics. Although one objective of the Zebra Funds' strategies is to achieve a low beta for the portfolio (*i.e.*, low correlation to overall market movement), nonetheless the Zebra Funds will be exposed to market risk and may incur losses during periods of general market declines. An investment in the Zebra Funds may be appropriate only for investors seeking a beta neutral global equity strategy and as only a part of an overall investment program. No assurance can be given that any Zebra Fund will achieve its investment objective or that the Zebra Funds' investment strategies will be successful.

Risks Relating to Investment Strategy and Techniques

There are certain investment risks inherent in the Zebra Advisors investment strategies and techniques. Such risks include, but are not necessarily limited to, the following:

Possible Adjustments to Investment Strategy. Future market conditions, or a variety of other factors not present in prior periods, could impact the success of the strategies and require changes or adjustments to the extent possible. In general, most investment strategies, particularly new strategies with a quantitative approach, may require modification and refinement under actual market conditions. Such modifications and adjustments could occur from time to time during the course of investing and therefore could impact a portfolio's investment performance.

Model Risk Generally. As with any algorithmically based strategy, investment performance will be subject generally to model risk, *i.e.*, the consequences of any inaccuracy, flaw or limitation in Zebra Advisors' global equity algorithm. Models are

generally based on historic data, which may or may not be indicative of the future performance of the securities in question. With a quantitative investment approach, individual positions may move against the predictions of the algorithm due to new information or factors not considered or duly weighted. Zebra Advisors seeks to continually engage in the evaluation and refinement of its algorithms. There is no assurance, however, that the use of the algorithm will necessarily fulfill its intended objectives or assure investment success in future markets and environments.

Mispricing Risks. Zebra Advisor's algorithms are intended to identify stock mispricings, *i.e.*, securities which are generally undervalued (or, in the case of short positions, overvalued) by the marketplace through systematic analysis. Success of the strategy, therefore, necessarily depends upon the market eventually recognizing the actual value in the price of the security. However, for a broad variety of reasons, such price corrections may not necessarily occur or may occur over extended time frames. Portfolio positions may undergo significant shorter-term declines and experience considerable price volatility during these periods. In addition, it is possible for portfolios to have investment losses.

Directional Nature of Strategies. Some of Zebra Advisor's investment strategies are intended to be directional in nature. With long-only portfolios, although the strategy is designed to outperform the markets, it can be expected that market advances or declines will produce similar appreciation or depreciation in the portfolio.

Beta-Neutral Investing. Certain of Zebra Advisor's investment strategies are intended to be beta-neutral, with a low beta, *i.e.* low correlation to general market direction, over the long term. Achievement of truly beta neutral investment performance, in which positive returns are obtained irrespective of the overall direction of the securities markets, is generally regarded as difficult and subject to numerous uncertainties. For example, success of most "long-short" strategies depends upon the ability to balance the long and short sides of the portfolio, and to match the directional exposure of each side, with sufficient accuracy such that any losses on one side of the portfolio are more than outweighed by gains on the other side. Failure of long and short sides to correlate sufficiently can prevent the realization of profits or cause losses. It is possible to experience investment losses on both the long and short sides of a portfolio. In addition, strategies involving numerous positions will require timely and successful executions of trades and favorable overall transaction costs in order to be optimally successful.

Short Selling. Short selling is used to create short positions in stocks indicated by Zebra Advisor's algorithm to be overvalued. Zebra Advisors expects that under its strategies, gross short exposure of the portfolios may be as high as 300%, and possibly higher. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. Short selling can involve significant

borrowing and other costs which can reduce the profit or create losses in particular positions, thus affecting investment performance.

Leverage; Interest Rates. Zebra Advisors employs leverage, in the form of margin borrowings, in constructing its clients' investment portfolios. For example, a portfolio's long positions may collateralize the financing of the portfolio's short positions. A portfolio's borrowings may at times exceed that available under conventional margin limits (Regulation T) and may range as high as six-to-one and possibly greater. Moreover, there are currently no fixed restrictions on some of the investment portfolios' uses of leverage. Accordingly, the leverage levels of some investment portfolios may exceed that of many other investment products. Risk of loss, portfolio volatility and the magnitude of possible gains and losses are all generally increased by the use of leverage. Adverse market fluctuations may require the untimely liquidation of one or more investment positions, possibly creating higher investment losses. Interest costs of borrowings will be an expense of each portfolio that uses leverage, and therefore, both borrowing levels and fluctuations in interest rates will affect the operating results of such portfolios.

Foreign Securities. A portion of each client's investment portfolio may be invested in foreign (non-U.S.) securities. Although such securities will be largely limited to issuers in countries with developed financial markets, there nonetheless may be certain risks in investing in such securities. Investments in securities of non-U.S. issuers and securities denominated or whose prices are quoted in non-U.S. currencies pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include expropriation, confiscatory taxation, political or social disruption, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers 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. Transaction costs of investing in non-U.S. securities markets are generally higher than in the U.S. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect portfolio performance.

Options. Zebra Advisors may utilize options (and possibly warrants) in furtherance of its investment strategy. Options positions may include long positions, where the client is the holder of put or call options, as well as short positions, where the client is the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The writing (selling) of uncovered options involves a theoretically unlimited risk of a price increase or decline, as the case may be, in the underlying security. The expiration of unexercised long option positions effectively results in loss of the entire cost or premium paid for the option. Option premium costs, as well as the cost of covering options written by each client, can reduce or eliminate position profits or create losses

as well. Each client's ability to close out its position as a purchaser of an exchange-listed option is dependent upon the existence of a liquid secondary market on option exchanges.

Small Capitalization Companies. Since Zebra Advisor's algorithms generate investment recommendations as to mispriced companies with a broad range of market capitalizations, it can be expected that a portion of each client's portfolio will consist of small capitalization ("small-cap") stocks. Small-cap stocks can often be significantly mispriced by the market. Securities of small-cap companies are generally regarded as involving higher levels of investment risk, as well as more significant price volatility, as compared to securities of larger, more mature companies. Small-cap companies can include many in the early stages of growth, as well as companies in the speculative or developmental stages. Such companies can be subject to a broad variety of risks inherent to developing companies, including market acceptance of the product or service, the need for capital and other resources, the existence of larger and stronger competitors and the rapidity of product change and obsolescence. Many small-cap companies are in business sectors and industries involving relatively high levels of risk, such as biotechnology, computing and telecommunications, among others.

Mid-Capitalization Companies. Investing in the securities of mid-capitalization companies involves greater risk and the possibility of greater price volatility than investing in more established companies with larger capitalization. Since mid-capitalization companies may have limited operating history, product lines and financial resources, the securities of these companies may lack sufficient market liquidity and can be sensitive to expected changes in interest rates, borrowing costs and earnings.

Other Securities. Although each client's portfolio will consist predominantly of common stock and other common equity, Zebra Advisors may have the authority to make a broad range of investments and may utilize a variety of other investments and instruments, such as preferred, hybrid and convertible securities, options, futures, synthetic securities, derivatives, investment vehicles and other instruments where deemed in furtherance of a client's investment strategy. Many of such securities and instruments can involve risks, such as increased exposure or volatility, greater than those present in conventional common stock portfolios.

No Hedging. Although each client's portfolio will include long only or both long and short positions, these positions will consist of overweighted and underweighted stocks, respectively, identified by Zebra Advisor's algorithms and not pursuant to any hedging tool or strategy. Accordingly, it should not be assumed that losses in long positions will necessarily be offset by gains in short positions, and vice versa. Moreover, it is possible that clients could experience losses in both the long and short sides of their portfolios.

General Investment Risk. There is no guarantee that Zebra Advisors' algorithms, approaches and/or policies will be successful. As with other investment strategies, Zebra Advisors algorithms may indicate probabilities of relative price movements which are not necessary or inevitable or which may not necessarily occur in the future in a manner which will support a profitable investment strategy. Moreover, all securities investments risk the loss of capital. There can be no assurance that any strategy or investment will be profitable or that it will not incur losses. As noted above, Zebra Advisors' long-only strategies are directional and, therefore, can be expected to incur losses in periods of broad market declines. Many unforeseeable events, including, but not limited to, actions by various government agencies and domestic and international economic and political developments, may cause sharp market fluctuations which could adversely affect a client's portfolio and/or performance. There can be no assurance that the strategies or investment techniques employed by Zebra Advisors will achieve its clients' investment objective(s) or that performance will be profitable.

Market and Operational Risks

Impairment in Credit and/or Capital Markets. Extraordinary circumstances in prior periods have significantly disrupted the U.S. and global financial markets. Commencing in 2008, securities markets experienced a tightening in the worldwide credit markets and a significant loss in value, posing possible systemic risks and resulting in extraordinary governmental actions, extreme price volatility, limited liquidity and a potential for overall collapse. Many countries are currently experiencing recession conditions in their economies. A variety of U.S. legislation in the last several years contain numerous provisions intended to provide a stimulus to the American economy. There is no assurance whether any such legislation will prove effective. Accordingly, such economic and market conditions may recur and continue for an indeterminate period of time.

Patterns of price movements in the securities markets may result in corresponding volatility in portfolio returns and their respective levels of capital. Security positions may at times prove more difficult to sell in a timely or efficient manner and could thus impair such portfolios' abilities to fully realize portfolio gains or limit losses. The institutions, including brokerage firms and banks, with which Zebra Advisors does and/or will do business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that would impair the operational capabilities or the capital position of each client's account(s). Portfolio positions may undergo significant short-term declines and experience considerable price volatility. An investment in Zebra Advisors strategies should only be considered by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking long-term capital appreciation.

Dodd-Frank Legislation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), enacted in 2010, is extremely broad, contains provisions substantially affecting the U.S. financial markets in a variety of ways and

authorizes regulators to engage in numerous actions, through broad rulemaking authority. On account of the complexity of such legislation, and related rulemaking, it is not possible to assess the impact thereof upon Zebra Advisors, its clients or their respective investment activities.

Competitive Conditions. Profitability of equity strategies can fluctuate with competitive conditions. Zebra Advisors' clients compete with a large number of firms, many of which have substantially greater financial resources and larger research and trading staffs than those available to such clients.

Volatility. Securities markets may be volatile, as they are influenced by changes in many unpredictable factors, such as market sentiment, interest rates, inflation rates and general economic and political conditions. Volatility in the value of financial assets creates the risk that historical and or theoretically logical pricing relationships will be disrupted. Although such volatility may, from time to time, present attractive arbitrage opportunities within Zebra Advisors' investment strategies, it can also cause major losses.

Funding Risk. As Zebra Advisors employs leverage in its investment activities, the availability and terms of margin borrowings or other credit facilities will affect investment returns. There is no assurance that credit facilities will always be available to Zebra Advisors' clients on attractive terms. As a general matter, banks and dealers that provide and/or will provide leveraged financing to Zebra Advisors' clients can apply discretionary margin, haircut, financing and collateral policies. Changes in these policies or the imposition of other credit restrictions, whether due to market factors or actions imposed by regulatory authorities, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of forward, swap, and repurchase agreements, and cross-defaults on dealer agreements.

Institutional Risk. The institutions, including brokerage firms and banks, with which Zebra Advisors may do business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of such firms. Brokers may trade as a principal or counterparty with Zebra Advisors' client's accounts, in a debtor-creditor relationship, unlike clearing broker relationships where the broker is merely a facilitator of the transaction. In such instances, such accounts would be subject to the credit risk of the broker's default or insolvency. Investors' assets are typically held in "street name" with their clearing firms, such that such accounts would be treated as unsecured creditors in the event of the broker's insolvency and therefore would generally depend upon insurance coverage and general assets of the clearing firm for recovery of assets.

Most negotiated derivative instruments involve some degree of counterparty risk. Counterparty risk typically increases and becomes evident during periods of extreme market volatility. In 2008 and 2009, many of the major brokerage firms required

significant governmental support, acquisition by third parties or other means of providing substantial amounts of needed capital, and at least one such firm (Lehman Brothers) was compelled to liquidate its business. Such conditions can limit the number and financial strength of potential counterparties.

Swaps and other derivative instruments that may be invested in by Zebra Advisors, although ostensibly secured, grant the counterparty the right to sell, hypothecate and otherwise use any collateral posted by the investor. Moreover, the counterparty itself or an affiliate typically acts as collateral agent for both parties and has effective custody of all collateral. As a result of the foregoing, upon a counterparty's default, an investor may not be able to recover or even identify all or part of its assets serving as collateral or foreclose upon the collateral, if any, posted by the counterparty. Accordingly, such swaps and other instruments should be effectively regarded as unsecured obligations ranking on the same basis as other unsecured indebtedness of the counterparty.

Currency Risks Relating to Non-U.S. Dollar Denominated Share Classes

Although many of the shareholders of the Off-Shore Fund may be non-U.S. persons, the primary portion of the Off-Shore Fund's investments (through the On-Shore Fund) will generally be in U.S. companies and the Off-Shore Fund's accounts, as well as those of the On-Shore Fund, will be stated in U.S. Dollars. Moreover, the primary portion of the Off-Shore Fund's investments will be in U.S. issuers or in foreign issuers whose currencies may or may not correspond with that of a particular class of non-U.S. Dollar denominated shares. There is no way to reliably predict future currency fluctuations involving the U.S. Dollar or foreign currencies and the effect of such fluctuations on the financial situation of each shareholder of the Off-Shore Fund. This creates currency risk for holders of the Off-Shore Fund's non-U.S. Dollar denominated share classes, since all payments upon redemptions of their shares will be made in their respective non-U.S. Dollar currencies after conversions from U.S. Dollars. Although such conversions may result in profits or losses, losses associated with currency conversions from U.S. Dollars as to non-U.S. Dollar denominated share classes could be substantial. Prospective investors concerned with currency risk are urged accordingly to seek such protection therefrom to the extent they deem appropriate.

While the Off-Shore Fund may employ currency hedging techniques to limit currency exchange risk, there can be no guarantee that their hedging activities will be applied in all instances or that they will be successful in reducing or eliminating such risk. Any costs and expenses of hedging activities with respect to a particular non-U.S. Dollar denominated share class, and any profits or losses relating thereto, will be specifically allocated to such non-U.S.-Dollar denominated share class and will be reflected in the net asset value per share of such class. The costs and expenses associated with the Off-Shore Fund's currency hedging activities may be substantial.

Segregation of Income and Expenses Between Classes of Shares; Potential Cross-Liability Between Share Classes

Income and expenses specifically related to a class of shares will be segregated on the books and records of the Off-Shore Fund for recordkeeping, accounting and other appropriate purposes. Notwithstanding the foregoing, in the event there is a substantial loss in one class of shares, or other relevant liability, which exceeds the assets of such class, the assets of the other classes of shares may be subject to a creditor's claim in relation to, and ultimately be held accountable for, such loss or liability.

Item 9. Disciplinary Information

Our firm and its Managing Members have no reportable disciplinary, regulatory or legal events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Licensing

Zebra Capital licenses its intellectual property to third parties on a customized basis. The terms, fees and services provided under each arrangement are negotiated on a case-by-case basis.

Managing Members

Roger G. Ibbotson

Roger G. Ibbotson is a Professor in Practice Emeritus of Finance at Yale School of Management and has academic responsibilities in addition to his professional responsibilities to Zebra Capital. Professor Ibbotson was formerly Chairman of Ibbotson Associates and Ibbotson Associates Advisors, LLC until both were acquired by Morningstar Inc. in March 2006. Since then and until 2016, Professor Ibbotson served in an advisory role to Morningstar, Inc. Ibbotson Associates Advisors, LLC was a registered investment adviser and wholly owned subsidiary of Ibbotson Associates, a company founded by Professor Ibbotson in 1977 and a leading provider of asset allocation research and services. Professor Ibbotson also serves as a disinterested director, Chairman of the Audit Committee and member of the Nominating Committee of Dimensional Investment Group Inc. ("DIG") and DFA Investment Dimensions Group Inc. ("DFAIDG"), registered investment companies for which Dimensional Fund Advisors Inc. serves as investment adviser.

Professor Ibbotson also serves as a Managing Member of Zebra Advisor's affiliated investment adviser, Zebra Capital.

Zebra Capital and Zebra Advisors have no ownership interests, participation or affiliation with these Ibbotson entities, DIG, DFAIDG or Dimensional Fund Advisors Inc., other

than through Professor Ibbotson's Managing Member relationship with Zebra Capital and Zebra Advisors.

For these outside activities and affiliations, Professor Ibbotson receives separate and distinct compensation in his capacity as professor, board member and/or officer.

These outside financial industry or academic activities present a conflict of interest to the extent Professor Ibbotson devotes his time and efforts to these activities. It is anticipated that these outside activities will not require significant time and resources and will not detract from Professor Ibbotson's responsibilities as a Managing Member of Zebra Capital and/or Zebra Advisors or the management of the investments advised or sub-advised by Zebra Capital and/or Zebra Advisors.

Professor Ibbotson and the Zebra Advisors investment professionals devote substantially all their efforts and time to the activities of Zebra Capital, Zebra Advisors and the Zebra Clients. Professor Ibbotson spends more than 80% of his time on Zebra Capital and Zebra Advisors matters.

Chief Compliance Officer

Kevin J. Lake, Zebra Advisors' Chief Compliance Officer, is an attorney licensed to practice law in the State of New York and a New York State licensed real estate broker. These outside non-financial activities may present a conflict of interest to the extent Mr. Lake devotes any of his time and efforts to these activities.

It is anticipated that these outside activities will not detract from Mr. Lake's responsibilities as Zebra Advisors' Chief Compliance Officer. Mr. Lake does not offer or provide any legal or real estate brokerage services to Zebra Clients.

Zebra Capital Management, LLC

Zebra Advisors has an affiliated firm, Zebra Capital Management, LLC, a Connecticut limited liability company and SEC registered investment adviser which provides investment management services for certain of the Zebra Funds, as noted in Item 4 above.

Zebra Capital and Zebra Advisors are the investment managers and may serve as general partner to one or more investment partnerships in which clients of Zebra Capital and/or Zebra Advisors may be solicited to invest, as further described in Item 4 above.

Third-Party Service Providers

Zebra Capital receives research services from a third-party service provider which is wholly-owned by an individual who is an employee of Zebra Capital and a relative of John J. Holmgren, Jr., one of Zebra Advisors' Managing Members. For these services, such third-party service provider receives a fee pursuant to a soft dollar arrangement. Zebra Capital utilizes the research provided by such third-party service provider in the

process of managing advisory client accounts. Such use creates a potential conflict of interest because Zebra Capital could be incentivized to use the services of such third-party service provider as a result of such affiliations. In order to mitigate or eliminate this potential conflict of interest, Zebra Capital endeavors to make all research decisions in a manner that it considers to be the most fair and equitable to all managed entities and clients over time and Zebra Capital's Commission Sharing Arrangement Committee periodically reviews such arrangement in accordance with Zebra Capital's policies and procedures.

Please refer to Item 12 of this Firm Brochure for additional information regarding soft dollar arrangements.

Investments in Zebra Clients

Zebra Capital, on behalf of its clients, may invest in shares of mutual funds, ETFs and/or UCITS managed by Zebra Capital and/or its affiliates. Such investments create a potential conflict of interest because Zebra Capital could be incentivized to invest, on behalf of its clients, in such mutual funds, ETFs and/or UCITS as a result of such affiliations. In order to mitigate or eliminate this potential conflict of interest, Zebra Capital endeavors to make all investment decisions in a manner that it considers to be the most fair and equitable to all managed entities and clients over time and to waive any management and/or incentive fees payable by such mutual funds, ETFs and/or UCITS (i.e., the mutual funds, ETFs and UCITS into which such investments are made by Zebra Capital on behalf of its clients) to Zebra Capital and/or its affiliates for investment management services provided by Zebra Capital to such mutual funds, ETFs and/or UCITS as a result of such investments.

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

Zebra Advisors has adopted a Code of Ethics expressing the firm's commitment to and establishment of high standards of ethical conduct expected of advisory personnel and compliance with federal and state securities laws. Zebra Advisors' Code of Ethics stresses that no person employed by Zebra Advisors shall prefer his/her own interests to those of advisory clients and includes the firm's Insider Trading Policy, which prohibits the mis-use of material, non-public information. To supervise compliance with its Code of Ethics, Zebra Advisors requires that anyone associated with the firm's advisory practice with access to advisory recommendations obtain prior approval of any permissible personal securities transactions and provide initial and annual securities holdings reports and quarterly transaction reports of all reportable transactions, with certain exceptions, to the firm's Chief Compliance Officer. Zebra Advisor's Code of Ethics also requires the firm's Chief Compliance Officer to review all reportable personal securities transactions of Zebra Advisor's personnel. Zebra Advisors' Code of Ethics also provides for sanctions when appropriate. Clients and prospective clients may obtain a copy of the firm's Code of Ethics upon written request by contacting Zebra Advisors.

Zebra Advisors also has policies and procedures intended to avoid any actual or potential conflicts of interest with the Zebra Clients and intends to disclose and resolve such conflicts appropriately if they do occur. A basic tenet of such policies is that the interests of the clients are always placed first and foremost. Specifically, under such policies, any open orders for the purchase or sale of securities on behalf of Zebra Clients will be executed prior to the execution of any transactions with respect to such securities by the Managing Members of Zebra Advisors, any employees of Zebra Advisors or for any account of Zebra Advisors.

As disclosed at Item 5 of this Firm Brochure, certain executive officers and/or other employees of Zebra Advisors and/or Zebra Capital (i) hold and/or may hold certain equity interests therein, such as unit appreciation rights, and (ii) have invested or may invest a portion of their personal net worth in one or more of the Zebra Funds. In addition, certain employees of Zebra Capital receive additional compensation from Zebra Capital under certain circumstances based upon the performance of the Zebra Fund(s).

It is the expressed policy of Zebra Advisors that no person employed by it may appropriate an investment opportunity which may be appropriate for one or more of Zebra Advisor's clients without prior review and approval, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, Zebra Advisors has established the following additional restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of the firm may prefer his or her own interest to that of an advisory client.
2. Zebra Advisors maintains records of securities holdings and transactions for our firm and anyone associated with its advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the firm's Chief Compliance Officer.
3. All of the firm's principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

Item 12. Brokerage Practices

Selection of Broker-Dealers

Morgan Stanley & Company ("Morgan Stanley" or the "Prime Broker") acts as prime broker for the Zebra Clients. The Prime Broker will have certain administrative responsibilities, including the issuance of account statements and information with

respect to securities transactions effected through other broker-dealers. Zebra Advisors utilizes a number of broker-dealers, in addition to the Prime Broker, to effect transactions for the Zebra Clients.

Broker-dealers, and electronic trading networks, will be selected based upon the amount of commission, quality of execution, expertise in particular markets, reputation, experience and financial stability of the broker-dealer and trading networks and the quality of service, familiarity both with investment practices generally and the techniques employed by Zebra Advisors, research and analytic services and clearing and settlement capabilities subject at all times to the principles of best execution and seeking execution venues that provide the best net execution. Zebra Advisors may for certain relationships change its selection of a prime broker for the Zebra Clients.

In addition to the foregoing principles of broker-dealer selection, Zebra Advisors allocates a portion of the various Zebra Clients' brokerage business to brokers on the basis of certain considerations, including the investment research provided by such firms, securities allocation, the availability of margin or other leverage, familiarity with the investment techniques employed by Zebra Advisors, block positioning or other special execution capabilities or other services provided to the Zebra Clients. In so allocating brokerage, the commissions the Zebra Clients will pay to such brokers will not necessarily represent the lowest commission rate available, but will reflect Zebra Advisors' evaluation of the research and other brokerage related services supplied by such brokers and which benefit the Zebra Clients, either alone or together with the other clients of Zebra Advisors.

Research, Brokerage and Soft Dollars

Zebra Advisors receives and utilizes research services furnished by broker-dealers which may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services, and access to research personnel. Brokerage services within Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions; trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Research or brokerage services provided by broker-dealers may be utilized by Zebra Advisors, or its affiliate, in connection with its investment services for other accounts.

Zebra Advisors may also allocate brokerage on the basis of the broker's agreement to pay all or part of certain research-related expenses. Zebra Advisors intends to enter into such allocation arrangements, however, only where it determines that the commission charges

are reasonable relative to the amount of expenses paid. In general, any and all brokerage allocations for the Zebra Clients will be subject to principles of best execution and the other allocation policies described above as well as any restrictions imposed by applicable law.

Section 28(e) of the Exchange Act provides a “safe harbor” to investment managers who use commission dollars of their advisory accounts to obtain investment research, brokerage and other services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities, provided that the amount of any increased commission costs on account of such research or other services is reasonable relative to the value of the services provided.

Zebra Advisors will utilize allocations of commission dollars solely to pay for (i) certain expenses which would otherwise be borne by the Zebra Clients, as described above (and which therefore do not involve the conflict of interest issues normally presented by “soft dollar” arrangements covered by Section 28(e) of the Exchange Act) and/or (ii) products or services that qualify as “research and brokerage services”, within the meaning of that Section, pursuant to arrangements that meet the other requirements of that Section.

The research obtained through the respective Zebra Clients' brokerage allocations, whether or not directly useful to it, may be useful to Zebra Advisors in connection with services rendered to other accounts or entities managed by Zebra Advisors or its affiliate, Zebra Capital. Similarly, research obtained by Zebra Advisors, or its affiliates, for commissions paid to brokers in the course of managing other accounts may be useful to the Zebra Clients. Zebra Advisors, in considering the reasonableness of brokerage commissions paid by the Zebra Clients, will not attempt to allocate, other than on a pro rata basis, the relative costs or benefits of research as between the various Zebra Clients and its other clients or entities except in limited circumstances where appropriate.

As disclosed in Item 10 of this Firm Brochure, Zebra Capital receives research services from a third-party service provider which is wholly-owned by an individual who is an employee of Zebra Capital and a relative of John J. Holmgren, Jr., one of Zebra Advisors' Managing Members. Such arrangement is reviewed periodically by Zebra Capital's Commission Sharing Arrangement Committee in accordance with Zebra Capital's policies and procedures.

Trading Methodology

Each of the clients that Zebra Advisors manages has individual and distinct investment objectives as provided in each fund's offering documents or client's investment policy. Zebra Advisors manages each client's portfolio consistent with each client's individual objectives, guidelines and restrictions. Each client portfolio is reviewed on an ongoing basis and at least a daily basis.

Zebra Advisors utilizes proprietary algorithmic trading models for its trading activities. Algorithmic trading may be generally described as a process in which a computer

program automatically determines trading decisions based on factors, such as liquidity, price, volume, historical and quantitative data, among others. Zebra Advisors' models analyze a security's trading pattern and other traders' aggressiveness and translates this data into orders that are entered into the market anonymously.

Aggregation

Zebra Advisors, based on its proprietary models and algorithmic trading programs, generally aggregates trades and rebalances Zebra Client portfolios of similar investment objectives at the same time. Individual Zebra Client portfolios may also be traded based upon portfolio money flows, as and when available or needed.

The aggregation of Zebra Client transactions allows Zebra Advisors to execute transactions in a more timely, equitable and efficient manner and to seek best execution and reduced overall trading and commission costs. Typically, aggregated transactions receive an average share price and transactions costs are shared equally and on a pro-rated basis, in each case to the extent practicable.

Allocation

When Zebra Client transactions are not aggregated, the allocation of the securities purchased or sold, as well as expenses incurred in the transaction, will be made among the Zebra Client portfolios of similar investment objectives on a pro rata basis, in each case to the extent practicable. Advisory clients may not necessarily be entitled to investment priority over other managed entities or accounts and may not participate in every transaction and/or investment opportunity. Zebra Advisors endeavors to make all investment allocations in a manner that it considers to be the most fair and equitable to all managed entities and clients over time.

Item 13. Review of Accounts

Review of Accounts

Zebra Capital and Zebra Advisors serve as general partner and/or investment adviser to various on-shore, off-shore and master and feeder funds under what is commonly known as a "master-feeder" investment structure for the Zebra Funds. Zebra Capital also provides advisory and sub-advisory services to investment companies and managed accounts. As such, Zebra Capital and/or Zebra Advisors and the Investment Committee consisting of Roger Ibbotson, John Holmgren, Michael Reed (Portfolio Manager), Eric Stokes (Portfolio Manager) and others, will be responsible for determining investment strategies and directing the investment of the assets of Zebra Capital's and Zebra Advisors' clients.

The Investment Committee has overall responsibility for the review of client portfolios and will review securities transactions and portfolio positions of the Zebra Clients on an on-going and continuous basis. The Zebra Client portfolios will also be subject to an

overall review by the Investment Committee, involving a review and analysis of all account holdings and performance to date, in light of each Zebra Client's respective investment objectives, investment activity to date and an evaluation of any appropriate changes in each client's portfolio.

Reports for Clients

ZEBRA FUNDS

After the end of each fiscal year, each investor in the Zebra Funds will be provided with audited financial information with respect to each Zebra Fund's performance, as well as information regarding the status of the investor's capital account and certain tax reporting information. In addition, after the end of each month, each investor in the Zebra Funds will be provided with unaudited financial information for such period with respect to the performance of the Zebra Funds.

MANAGED ACCOUNTS

Zebra Capital and/or Zebra Advisors provide reports on at least a quarterly basis which include portfolio positions, values and performance, among other things. Zebra Capital and/or Zebra Advisors may also prepare and deliver to managed account clients additional information as each firm deems pertinent. Zebra Advisors may provide additional information by special agreement with advisory/sub-advisory clients.

INVESTMENT COMPANIES

For those registered investment companies for which Zebra Capital provides sub-advisory services, Zebra Capital provides periodic reports of portfolio positions and performance to American Beacon Advisors as the investment adviser of the investment companies.

Item 14. Client Referrals and Other Compensation

Although Zebra Advisors presently has no formal arrangement(s) to directly or indirectly compensate any person for client referrals, it does have arrangements for referrals with marketing entities and others for the introduction of prospective investors for the Zebra Funds and other pooled investment vehicles. Any such compensation arrangements will be fully disclosed to each client and investor consistent with applicable law. Neither the client nor the investor will incur any additional costs or expenses as a result of any such referral arrangements. Any referral activities for the introduction of any separate account relationships to Zebra Advisors will be in accordance with the SEC Cash Solicitation Rule (Rule 206(4)-3), if applicable.

Item 15. Custody

Because Zebra Capital acts as an investment adviser and manager to the Zebra Funds and because Zebra Capital has an affiliated party which acts as a general partner to the On-Shore Fund, Zebra Advisors is deemed to have custody of client assets under current applicable regulatory interpretations.

As an adviser with custody, Zebra Advisors seeks to have each Zebra Fund audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). For each Zebra Fund, Zebra Advisors seeks to send the audited financials to each investor within 120 days of each fund's fiscal year end.

Managed Account clients typically receive statements from their independent qualified custodians and Zebra Capital periodic reports. Clients are urged to carefully review and compare each statement in order to ensure that all account transactions, holdings and values are correct and current.

Item 16. Investment Discretion

As general partner/manager, investment advisor/sub-advisor and trading advisor to the Zebra Clients, Zebra Advisors is granted the discretionary authority in the relevant organizational documents and/or investment management agreements to determine which securities and the amounts of securities that are bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.

Reasonable limitations may be set in consultation with clients on Zebra Advisor's authority to determine the securities to be bought or sold and the amount of such securities by limiting total amount of money to be invested, the amount to be invested in any one security and the general level of risk that is acceptable to the client.

Item 17. Voting Client Securities and Legal Proceedings

Proxy Voting

Zebra Advisors has a Proxy Policy (the "Zebra Advisors Proxy Policy") which provides for the firm's proxy voting policy and practices and recognizes the firm's duty and responsibility for the voting of client proxies in the best interests of its clients.

The Proxy Committee has overall responsibility for Zebra Advisor's proxy voting policy and practices, the obligations of which are performed, on its behalf, by Zebra Capital. Zebra Capital has retained Broadridge Financial Solutions, a national financial services support firm and independent proxy service firm, to provide research, recommendations and proxy voting services according to the proxy voting guidelines stipulated for Zebra Advisors client proxies. The Zebra Advisors Proxy Policy provides procedures for the disclosure of conflicts of interest, and the retention of appropriate records, among other

things. Additional information about the Zebra Advisors Proxy Policy and related practices and how a client's proxies were voted are available upon written request to Zebra Advisors.

Legal Proceedings

Clients should note that Zebra Advisors may not advise or act upon any client's behalf in any legal proceedings involving companies whose securities are held or previously held in a client's portfolio including, but not limited to, class actions, bankruptcies or other legal proceedings.

Item 18. Financial Information

As a matter of firm policy and practice, our firm will not charge or earn advisory fees in excess of \$1,200 and more than six months in advance of the services rendered.

Also, our firm and its Managing Members have no financial events or bankruptcy proceedings to disclose.