

Form ADV 2A
Item 1 – Cover Page

SAPIENCE INVESTMENTS, LLC

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March 23, 2020

This Brochure provides information about the qualifications and business practices of SAPIENCE INVESTMENTS, LLC (“Adviser”). If you have any questions about the contents of this Brochure, please contact us at info@sapienceinv.com or (949) 662-1011. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure, dated March 23, 2020, replaces the Adviser’s March 14, 2019 version. This Item will discuss and summarize specific material changes that have been made to the Brochure since the date of the initial filing or last annual update (as applicable).

You will receive a summary of material changes to this and subsequent Brochures within 120 days of the close of our fiscal year, and we may provide other ongoing disclosure updates, as necessary.

We will provide you with a new Brochure, as needed, at any time without charge. The following material updates have been made since our last annual update:

- Item 4 was revised with respect to the Adviser’s assets under management and description of advisory services.
- Item 5 was revised with respect to minimum fee structures and investing in mutual funds and ETFs.
- Item 8 was revised with respect to its investment process description and identified risks.
- Item 10 was revised with respect to affiliates.
- Item 11 was revised with respect to the Adviser’s Code of Ethics.
- Item 12 was revised with respect to participation in wrap and model programs.
- Item 14 was revised with respect to third party solicitors.
- Item 17 was revised with respect to proxy voting.
- Item 18 was revised with respect to billing in advance.

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Item 4 – Advisory Business

Advisory Services

Sapience Investments, LLC (“Adviser” or “Sapience”) is located in Newport Beach, California was formed in 2016. Sapience employees have majority equity ownership in the firm. Estancia Capital Partners L.P., a private equity fund, holds a minority interest

Adviser provides investment advisory and management services as a discretionary investment adviser to institutional separately managed accounts and sub-advisory services to registered investment companies.

Adviser provides advice on Small Cap Value Equity and Small/Mid (“SMID”) Cap Value Equity securities. Through discussions with clients, we agree upon objectives that are compatible with our investment philosophy and we manage portfolios designed to meet those objectives. Relevant factors in this data-gathering process include but are not limited to time horizons, risk tolerance, liquidity needs, and, in the case of individuals, tax issues.

Adviser will tailor advisory services to individual client needs and client assets are managed in accordance with each client’s stated investment objectives, restrictions and guidelines Adviser manages each account according to the investment objectives of the strategy selected by the client and any restrictions placed on the account by the client.

Adviser does not participate in wrap programs.

As of December 31, 2019, Adviser had \$772,928,450 discretionary assets under management.

Item 5 – Fees and Compensation

Adviser’s fees are described generally below and detailed in each client’s advisory agreement or applicable account documents. Fees for services may be negotiated with each client on an individual basis. Adviser may group multiple accounts of a client (or group of related clients) together for fee billing purposes.

Fees may change over time and, as discussed below, different fee schedules may apply to different types of clients, strategies and advisory arrangements. Fees may be negotiated on a basis different from Adviser’s stated fee schedules, if circumstances warrant, and Adviser reserves the right to waive or reduce the fees charged to a particular client in its sole and absolute discretion. Fees are generally based on a percentage of assets under management.

Fee Schedules

Adviser's annual management fees for separately managed accounts are as follows:

- 1.00% on the first \$25 million
- 0.90% on assets between \$25 million and \$50 million
- 0.85% on assets between \$50 million and \$100 million
- 0.80% on assets greater than \$100 million.

Adviser's advisory fees are subject to negotiated agreements with clients and are determined according to a number of factors including but not limited to, account size, investment strategy employed, and cost incurred by Adviser in managing such accounts.

Although Adviser has established the aforementioned fee schedule(s), we retain the sole discretion to negotiate alternative fees on a client-by-client basis. The specific annual fee schedule, along with any performance fees, is identified in the contract between Adviser and each client.

Termination of the Advisory Relationship: Advisory agreements are typically terminable by the client upon prior written notice to Adviser, as specified in the relevant agreement and by Adviser, generally upon 30 days' prior written notice to the client or as specified in the relevant agreement. In the event that an advisory contract is terminated prior to the conclusion of a billing period, Adviser will refund a *pro rata* portion of any pre-paid fees, or if billed arrears, bill the account *pro rata* based on the date of termination.

Other Advisory Fee Arrangements

All advisory fees are paid by wire transfer or check.

Adviser's advisory fee is 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 and other third parties, including but not limited to 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. A client's portfolio may include positions in mutual funds or exchange traded funds which also charge internal management fees, which are disclosed in the funds' prospectuses. Such charges, fees and commissions are exclusive of, and in addition to, Adviser's fee, and Adviser shall not receive any portion of these commissions, fees, and costs.

As a sub-adviser one or more mutual funds, Sapience receives a sub-advisory fee that is described in the sub-advisory agreements between Sapience and the relevant mutual fund trust. Fees for the mutual funds sub-advised by Adviser are stated in the fund's prospectus and/or financial filings.

Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for client transactions and determining the fairness and reasonableness of their commissions and service charges.

Advisory clients are billed either quarterly or monthly in arrears. Fees are normally based on the level of total or average assets under management, including cash, securities, and accrued income, as of the last business day of the prior calendar month or quarter.

Adviser's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Adviser does not receive performance-based fees. Adviser manages client accounts within their respective strategies, given account restrictions and/or constraints and implements trade rotation procedures to ensure that no accounts take preference over other accounts in the allocation of trades.

Adviser is entitled to receive fees from the mutual funds for which it provides sub-advisory services, as stated in the agreement with the relevant mutual fund trust.

Item 7 – Types of Clients

Adviser serves as a discretionary investment adviser to institutional separate account clients such as mutual funds, charitable and taxable trusts, pensions, foundations, public companies and corporations. The minimum amount required to establish and maintain an institutional separately managed account is generally \$10,000,000. However, Adviser reserves the right, in its sole discretion, to reduce the minimum requirement for certain accounts under certain circumstances.

In advising or sub-advising mutual funds, Adviser is subject to the supervision and direction of the respective fund's Board of Trustees. Each mutual fund's strategy objectives, fees and investment minimums are outlined in each fund's prospectus.

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

Adviser offers Small Cap Value Equity and SMID Cap Value Equity investment strategies. The goal of these strategies is to produce long-term returns with lower-than-market risk. There is no guarantee that a particular strategy will meet its investment goals. There can be no guarantee of success for the strategies offered by Adviser. These factors may affect the level and volatility of security pricing and the liquidity of an investment. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The investment process is driven by fundamental, bottom-up research and utilizes a long-term focus that seeks to take advantage of opportunities presented by short-term anomalies. The

Adviser seeks to identify small and small/mid capitalization companies with business models that possess attractive quality characteristics and generally are over a two to four-year investment horizon. Over a complete market cycle, the Adviser seeks to add value above the strategy's benchmark, the Russell 2000 Value and 2500 Value Index, and peers through its research-intensive, bottom-up stock selection.

The Small Cap Value Equity seeks long-term returns and is measured against the Russell 2000 Value Index with a focus on mitigating market risk. Companies under consideration typically have a market capitalization between \$300 million and \$4 billion. The SMID Cap Value Equity seeks long-term returns and is measured against the Russell 2500 Value Index with a focus on mitigating market risk. Companies under consideration typically have a market capitalization between \$1 and \$15 billion.

The strategies primarily invest in domestic equity securities. Investments in equity securities may be more volatile than their respective benchmark. Security values may also fluctuate based on events such as technological developments, government regulation, competition and outbreaks of war or terrorist acts which are beyond Adviser's control.

There can be no guarantee of success of the strategies offered by Adviser. Investment portfolios may be adversely affected by general economic and market conditions such as interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and political circumstances. These factors may affect the level and volatility of security pricing and the liquidity of an investment. These strategies may employ limitations on particular sectors, industries, countries, regions or securities. Trading in the portfolios may affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Investing in securities involves risk of loss that clients should be prepared to bear.

The value of Small Cap and Small/Mid Cap securities may be subject to wide price fluctuations and may be difficult or impossible to value or sell. Trading volume may be low and may result in Adviser liquidating holdings at a discount from quoted prices. Low trading volume may also impact the speed of selling the security and Adviser may be required to make a series of small sales over a period of time. There may be limited information available about smaller issuers on which to base investment decisions.

The following are risks that are specific to the Adviser's strategies:

Accuracy of Public Information. Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although Adviser evaluates all such information and data and typically seeks independent corroboration when Adviser considers it is appropriate and reasonably available, Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Business Risk. These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Company Risk. A company may perform worse than the overall market due to specific factors, such as adverse changes to its financial position or investor perceptions about the company.

Competition. Equity securities selected by Adviser for its portfolios typically have significant market competitors and there is no guarantee that a portfolio security will perform better than its competitors and could be subject to risks competing with other companies with regard to product lines, technology advancements and/or management styles of the competing companies.

Equity Investments. Regardless of any one company's particular prospects, a declining stock market may produce a decline in prices for all equity securities, which could also result in losses.

Focused Portfolio Risk. Our strategies tend to invest in a smaller number of securities, typically ranging between 40 – 60 securities. Therefore, changes in the value of an individual stock held in the portfolio may have a larger impact on performance than if the portfolio were more broadly invested.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial and political considerations that may not be associated with the U.S. markets and that could affect an Account's performance unfavorably, depending upon the prevailing condition at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; adverse tax consequences and settlement delays.

Illiquidity. Portfolios may invest in thinly traded or less liquid equity investments, which may make it difficult or, in limited cases, impossible to dispose of such investments at desired times, thereby increasing the risk of loss.

Management Risk. Evaluation of the value and potential appreciation of a particular security may not be right and there is no guarantee that individual securities will perform as anticipated. The

value of an individual security can be more volatile than the market as a whole or Adviser's fair value approach may fail to produce the intended results.

Market Risk. There is the possibility that the value of equity securities may decline due to daily fluctuations in the securities markets. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. The price of a stock may even be affected by factors unrelated to the value or condition of its issuer, such as changes in interest rates, national and international economic and/or political conditions and general equity market conditions. In a declining stock market, prices for all companies may decline regardless of their long-term prospects.

Price fluctuations that may occur at the time of investment of a client account will impact the performance of the account. Analysis of pricing history or timing of investment in securities is not guaranteed to be accurate and could result in loss due to movements in a security's price and depending upon when action is taken to buy or sell a security.

Non-diversified Risk. Because the portfolios may invest a greater portion of their assets in securities of a single issuer or a limited number of issuers than a portfolio with diversification requirements, they may be more susceptible to a single adverse economic or political occurrence affecting one or more of these issuers.

Sector Focus Risk. The portfolios may be more heavily invested in certain sectors, which may cause the value of their shares to be especially sensitive to factors and economic risks that specifically affect those sectors and may cause the value of the portfolios to fluctuate more widely than a comparative benchmark.

Smaller Company Risk. Small-cap issuers generally have less demand for their products and services and more limited managerial and financial resources than larger, more established issuers. Portfolios that contain the securities of small or medium-size companies that may be more susceptible to market downturns, and the prices of which may be more volatile than those of larger companies. Because of this there could be difficulty in valuing or selling the investments in a small or medium-sized company. Smaller companies generally have greater vulnerability to competition, limited product lines, narrower markets and more limited managerial and financial resources than larger, more established companies.

Turnover Risk. Clients should bear in mind that these strategies may have high turnover ratios. Thus, the potential for high volatility and increased transaction costs (including increased brokerage and taxes) exists for these objectives.

Value Investing Risk. Value stocks may not increase in price if other investors fail to recognize the company's value or the factors that are expected to increase the price of the security do not occur. Value style stocks may be out of favor for prolonged periods of time and may lose value.

Investment in Adviser's strategies involves risk and potential loss of capital. These strategies may not be suitable for all Investors. Past performance is not indicative of future results.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the investor's evaluation of them or the integrity of their management. Adviser has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Adviser's management professionals are not registered, nor do any management professionals have an application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Adviser is minority owned by Estancia Capital Partners, L.P. a private investment vehicle which is controlled by Michael Mendez. Mr. Mendez or Estancia Capital Partners, L.P. have an ownership in other financial-related companies which are included in the list below.

The following entities are affiliated with the Adviser:

- Estancia Capital Management, LLC – Registered investment adviser who advises the private pooled vehicle which makes investments in private companies. This private pooled vehicle is a minority owner of Sapience.
- Estancia GP, LLC – Serves as general partner to Estancia Capital Partners, L.P.
- Estancia Managing Directors, LLC – Is the managing member of Estancia GP, LLC.
- Snowden Capital Advisors, LLC – Registered investment adviser offering consulting and related wealth advisory services for institutional and high net worth clients.
- Snowden Account Services, Inc. – A registered broker-dealer.
- Snowden Insurance Services, LLC – An insurance company.
- Abel Noser, L.L.C (“Abel Noser”)– A registered broker-dealer.
- North Square Investments, LLC – Registered investment adviser offering institutional quality, active investment products to high net worth and retail investors.

Although Adviser is under common control with these entities, Adviser does not maintain any joint marketing or client referral arrangements, shared space or strategy research with any of these

other entities in connection with its advisory services it provides to clients. Further, Sapience does not invest its client accounts in private pooled vehicles managed by related advisers, nor does it recommend the products or strategies of these related entities. With the exception of Abel Noser's transaction cost analysis service, the Adviser does not utilize the services of these other entities. Mr. Mendez serves as a Board Member to the Adviser, but is not involved in the daily operations or investment decision-making for Sapience's client accounts.

Item 11 – Code of Ethics

Adviser has adopted a Code of Ethics pursuant to SEC rule 204A-1 of the Investment Advisers Act of 1940, as amended. A basic tenet of Adviser's Code of Ethics is that the interests of clients are always placed first. In addition, Adviser has identified five major responsibilities that demonstrate its commitment as a trusted fiduciary. They are (1) to put the client's interest first, (2) to act with utmost good faith, (3) to provide full and fair disclosure, (4) to not mislead clients, and (5) to expose all conflicts of interest to clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

Adviser has adopted a Code of Ethics intended, among other things, to ensure that personal investing activities by Adviser's employees are consistent with Adviser's fiduciary duty to its clients. The Code of Ethics includes standards of business conduct requiring covered persons to comply with the federal securities laws and the fiduciary duties an investment adviser owes to its clients. For purposes of its Code of Ethics, Adviser has determined that all employees are Access Persons.

All Access Persons are required to notify Adviser's Chief Compliance Officer or designee in order to pre-clear personal securities transactions in specified securities, including, but not limited to, IPOs and Limited Offerings. Under the Code of Ethics, certain classes of securities have been designated as exempt securities and certain classes of transactions have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Sapience's clients. In some circumstances, whereby an employee is permitted to invest in the same securities as our clients, there is a possibility Sapience employees may benefit from market activity within a client account. Employee trading is monitored for adherence to the Code of Ethics in order to ensure employees comply with its provisions and to ensure the Code of Ethics reasonably mitigates conflicts of interest between Sapience and its clients.

In order to avoid potential conflicts of interests that could be created by personal trading among Adviser Access Persons, Access Persons must provide quarterly reports of their personal transactions within 30 days of the end of each calendar quarter, which may consist of monthly brokerage statements or electronic feeds for all reportable accounts in which they have a beneficial interest, to the CCO. Alternately, Access Persons may direct their brokers to send copies or electronic feeds of all brokerage confirmations relating to all personal securities transactions in

which they have a beneficial ownership interest. Access Persons must also submit to Adviser's CCO statements of their personal holdings in reportable securities as well as information about any brokerage accounts in which securities may be held within 10 days after becoming subject to the Code of Ethics and on at least an annual basis thereafter.

The Code also requires that all Access Persons comply with ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading. Adviser and its respective officers and employees may act and continue to act as investment advisors and managers for others, and may choose to act as Investors on their own behalf.

Adviser is required to treat its clients fairly in relation to such conflicts of interest or material interests. Adviser has adequate policies and procedures to protect its clients' interests and disclosing to clients the possibility of such conflicts. Such policies and procedures include, but are not limited to, Adviser's Code of Ethics, personal trading policies, trade aggregation and allocation policies, policies governing outside business activities and gifts and entertainment.

Since Adviser's Access Persons may invest in the same securities (or related securities, e.g., warrants, options or futures) that Adviser or a related person recommends to clients, no Access Person shall buy or sell a Reportable Security within (7) days of trading in the security for Client ("Blackout Period"). The Blackout Period will not apply to program trades or Reportable Security transactions resulting from Client account cash flows. The price paid or received by a client account for any security should not be affected by a buying or selling interest on the part of an access person, or otherwise result in an inappropriate advantage to the Access Person.

Adviser does not engage in principal transactions, cross trading or agency cross transactions. Any exceptions to this policy must be approved in advance by the Chief Compliance Officer or his designee.

Item 12 – Brokerage Practices

Adviser's objective in selecting broker-dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in the decision-making process, but a number of other factors are also considered as they are deemed relevant. In applying these factors, Adviser recognizes that different broker-dealers may have different execution capabilities with respect to different types of securities. The factors include, but are not limited to:

- knowledge of negotiated commission rates and spreads currently available;
- the nature of the security being traded;
- the size and type of the transaction;
- the nature and character of the markets for the security to be purchased or sold;

- the desired timing of the trade and speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the ability of the broker-dealer to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered;
- knowledge of actual or apparent operational problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- the broker-dealer's access to underwriting offerings and secondary markets;
- the broker-dealer's reliability in executing trades, keeping records and accounting for and correcting trade errors;
- the broker-dealer's ability to accommodate Adviser's needs with respect to one or more trades including willingness and ability to maintain quality execution in unusual or volatile market conditions and to commit capital by taking positions in order to complete trades;
- the quality of communication links between Adviser and the broker-dealer; and
- the reasonableness of spreads or commissions.

Research and Other Soft Dollar Benefits

Adviser may pay more than the lowest commission rate available to brokers whose proprietary research, services, execution abilities, or other legitimate and appropriate services are particularly helpful in Adviser's investment decision making process. As part of this determination, Adviser recognizes some brokerage firms are better at executing some types of orders than others. Therefore, it may be in the best interest of the client to utilize a broker whose commission rates are not the lowest, but whose executions result in lower overall transaction costs. Adviser may engage in commission-sharing arrangements to seek best execution and combine commissions in order to obtain research and other services that are eligible to be paid by commissions under Section 28(e) safe harbor. These other products and services may benefit Adviser but may not benefit its clients' accounts. In addition, research or other brokerage services received may not always be used by or for the benefit of the Client that pays the commissions used to obtain the research or brokerage services. In some instances, certain clients may bear more of the cost of soft dollar arrangements than other clients.

Adviser receives from broker-dealers certain research products or services that it also uses for business purposes unrelated to research - so-called "mixed use" products or services. For example, certain services are provided as a part of a product that bundles many separate and distinct

brokerage, execution, investment management, custodial and recordkeeping services into one package. Market data services are a specific example of mixed use services that Adviser acquires because certain employees of Adviser may use such services for marketing or administrative purposes, while others use them for research purposes. The acquisition of mixed use products and services causes a conflict of interest for the Adviser, in that clients pay up for this type of research product or service while the product or service also directly benefits Adviser. For this reason, and in accordance with general Securities and Exchange Commission guidance, Adviser will make a good faith effort to determine what percentage of the product or service is used for non-brokerage and research purposes and will pay cash (“hard dollars”) for such percentage of the total cost of any such product or service. To ensure that its practices are consistent with its fiduciary responsibilities to its clients, and to address the conflict of interest inherent in mixed use products and services, the Soft Dollar Committee determines whether mixed use items may be acquired and, if so, what the appropriate allocation is between soft dollar and hard dollar payments for such products and services. These determinations represent a conflict of interest, as Adviser has a financial incentive to allocate a greater proportion of the cost of mixed use products to soft dollars. The overriding consideration in selecting brokers for executing portfolio orders is the maximization of client returns through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers’ research and execution capabilities.

The research products and services that the Adviser receives from broker-dealers supplement Adviser’s own research activities. As a practical matter, in some cases Adviser could not, on its own, generate all of the research that broker-dealers provide without materially increasing expenses. Soft dollar arrangements create a potential conflict by possibly giving an investment adviser an incentive to trade frequently to generate commissions to pay for these products or services, which may not be in the best interests of an adviser’s clients, or, in some cases, to trade actively in certain accounts to obtain research used primarily by other, less frequently traded accounts. Adviser attempts to mitigate these potential conflicts through oversight of the use of commissions by the Soft Dollar Committee.

Brokerage for Client Referrals

Adviser does not maintain any referral arrangement with broker-dealers.

Directed Brokerage

While Adviser generally selects broker-dealers for separately managed client accounts, Adviser may accept in limited instances if below a certain percentage, as determined by the Adviser, of overall trades, direction from a client as to which broker-dealer is to be used for trades placed in that specific client account. If the client directs the use of a particular broker-dealer, Adviser asks that the client also specify in writing (i) general types of securities for which a designated firm should be used and (ii) the percentage of transactions Adviser should direct to broker-dealer, even though Adviser might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. Clients who, in whole or in part, direct Adviser to use a particular broker-dealer to execute transactions for their accounts should be aware that, in so doing,

they may adversely affect Adviser's ability to, among other things, obtain volume discounts on blocked orders or to obtain best price and execution by, for example, executing over-the-counter stock transactions with the market makers for such securities.

Additionally, as noted above, transactions for a client that directs brokerage are generally unable to be combined or blocked for execution purposes with orders for the same securities for other accounts managed by Adviser and will be executed at the end of the block trading rotation. Orders for such clients will generally be aggregated only with similar clients and allocated in the same manner as described above. The same manual process described above will be implemented for these accounts if random allocation would result in a partial fill for the last account selected. Directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the blocked order. Under these circumstances, the direction by a client of a particular broker-dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Adviser could negotiate commission rates or spreads freely, or select broker-dealers based on best execution. Consequently, best price and execution may not be achieved.

Block Transactions

In making investment decisions for the accounts, securities considered for investment by one account may also be appropriate for another account managed by Adviser. On occasions when the purchase or sale of a security is deemed to be in the best interest of more than one account, Adviser may, but is not required to, aggregate or block orders for the purchase or sale of securities for all such accounts to the extent consistent with best execution and the terms of the relevant investment advisory agreements. Such combined or blocked trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

Aggregation of transactions occurs when Adviser believes that such aggregation is consistent with Adviser's duty to seek best execution and best price for clients and is consistent with Adviser's investment advisory agreement with each client for which trades are being aggregated. Client accounts with certain restrictions and directed brokerage clients may be unable to participate in blocked transactions.

Item 13 – Review of Accounts

The Chief Investment Officer ("CIO") has ultimate authority for all trading and investment decisions made on behalf of client accounts. The CIO and/or designee review client accounts at least quarterly with the objective of ensuring that client portfolios are constructed according to client objectives and restrictions.

Generally, client accounts are reviewed as needed depending on factors such as cash flows in or out of the account, changes in client objectives or restrictions, and changing market conditions.

At least quarterly, Adviser produces account statements, which show account value, positions and performance, which are furnished to each separate account client. Other written reports may include client letters which discuss Adviser's strategies and market commentary. The manager will meet with clients when requested or at such other times as may be mutually agreed to by Adviser and the client. Such meetings may be conducted in person or via teleconference. Adviser may provide additional reports to clients upon request.

Item 14 – Client Referrals and Other Compensation

Other than the receipt of investment advisory fees from its clients, Sapience does not receive any other forms of compensation. It is Adviser's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients. Adviser does not currently maintain any solicitation arrangements.

Item 15 – Custody

Account Statements

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Typically, a client's qualified custodian sends periodic account statements to the client, no less frequently than quarterly, showing all transactions in the account, including fees paid to Adviser.

Adviser urges clients to carefully review and compare official custodial records to the account statements that Adviser provides. Adviser statements may vary slightly from custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Adviser is retained by its clients on a discretionary basis and is authorized to make the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell
- The total amount of securities to buy or sell
- The broker-dealer through whom securities are bought or sold
- The commission rates at which securities transactions for client accounts are affected

- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs

Investments for separately managed client accounts are managed in accordance with each client's stated investment objectives, strategies, restrictions, and guidelines.

Adviser assumes discretion over the account upon execution of the advisory agreement with the client and upon notification from custodian that account is ready to trade.

Item 17 – Voting Client Securities

Adviser votes proxies on behalf of its Clients when authorized to do so. In general, Clients delegate the responsibility of voting proxies to Adviser. However, a Client may reserve the authority to vote proxies for itself. When granted proxy voting authority, Adviser will vote such securities for the exclusive benefit and in the best economic interest of those Clients and their beneficiaries as determined by Adviser in good faith, subject to any restrictions or directions from a Client. Such voting responsibilities are exercised in accordance with the applicable provisions of the Investment Advisers Act of 1940, as amended, as well as with Adviser's fiduciary duties under applicable law to act in the best interests of its Clients.

Adviser has contracted with ISS ProxyExchange ("ISS") who will provide proxy voting support with regard to casting votes and keeping voting records. ISS will vote proxies it receives from the Custodian(s) on behalf of Adviser. However, proxies not received in a timely manner may not be voted. Under the terms of its arrangement with ISS, Adviser will generally follow the ISS recommendations.

Adviser can instruct ISS to vote either for or against a particular type of proposal or Adviser can instruct ISS to seek instruction with respect to that particular type of proposal from Adviser on a case-by-case basis. ISS receives proxy statements where Adviser is authorized to vote and sorts the proposals according to Adviser's voting instructions. Proposals for which a voting decision has been pre-determined are automatically voted by ISS pursuant to voting instructions. Case-by-case decisions are generally made by the PM. All voting records where Adviser retains proxy voting authority are maintained by ISS, except that Adviser will maintain copies of any document created by Adviser that was material in making a determination of how to vote a "case-by-case" proxy or that memorializes the basis for that decision.

Some clients engage in securities lending programs with third parties to enhance the return on their investment assets. As a general matter, Adviser does not recall securities on loan to facilitate proxy voting.

While how best to vote a proxy to maximize shareholder value may not be clear or be able to be decided with certainty, the policies are intended to provide guidance so that it acts in a manner it

deems to be prudent and diligent and which is intended to enhance the economic value of the Client's assets.

Clients may choose to vote their own proxies for securities held in their account or designate a third party to vote proxies. If this is the case, the Client must notify Adviser and proxy solicitations will be sent directly to clients or the third party designee who will then assume responsibility for voting them. If Adviser does not have the authority to vote proxies on behalf of the client, the client may contact Adviser with questions about a particular solicitation. Adviser will not have the ability to accept direction from clients on a particular solicitation.

Adviser will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are or were previously held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct Adviser to transmit copies of class action notices to the client or a third party. Upon such direction, Adviser will make commercially reasonable efforts to forward such notices in a timely manner.

Clients may obtain information from Adviser about how their securities were voted and obtain a copy of Adviser's proxy voting policies and procedures upon request by contacting Adviser at info@sapienceinv.com or (949) 662-1011.

Item 18 – Financial Information

Adviser does not require or solicit prepayment of fees from clients. Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Adviser has no financial commitments that impair its ability to meet contractual commitments and fiduciary commitments to clients. Adviser has not been the subject of a bankruptcy proceeding.