

DISCLOSURE BROCHURE

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Ground Swell Capital, LLC

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April 6, 2021

This brochure provides information about the qualifications and business practices of Ground Swell Capital, LLC (“**Ground Swell**”). If you have any questions about the contents of this brochure, please contact us at (843) 588-5169. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Ground Swell is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about Ground Swell Capital, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2-Material Changes**

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. This Brochure, dated April 06, 2021 is an amendment to its annual Form ADV amendment filing made on March 26, 2021. A summary of material changes since the last update is as follows:

- Regulatory assets under management as of December 31, 2020 are \$1,559,162,022 as indicated in Item 4.

The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

Currently, our Brochure may be requested by contacting Joey Foxhall at (843) 588-5169 or [joey@groundswellcap.com](mailto:joey@groundswellcap.com). Additional information about Ground Swell is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Ground Swell who are registered, or are required to be registered, as investment adviser representatives of Ground Swell.

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## **Item 4-Advisory Business**

### **About Ground Swell Capital, LLC**

Ground Swell Capital, LLC (“**Ground Swell**”) was founded in 2010 by Scott Howell, Kellen Cooney, and Joey Foxhall. Travis Howell joined Ground Swell as a principal in 2011. It serves as the investment adviser to accounts and/or pooled investment vehicles controlled by sophisticated, high net worth investors (the “**Clients**”).

Working with its Clients to define the parameters of the particular strategies to be employed, Ground Swell attempts to achieve superior rates of return by leveraging its particular knowledge of United States equity markets.

As of December 31, 2020, Ground Swell’s discretionary regulatory assets under management amounted to \$1,559,162,022.

### **Principal Owner**

The principal owners of Ground Swell are Scott Howell, Kellen Cooney, Joey Foxhall and Travis Howell. Messrs. Scott Howell, Travis Howell, Cooney and Foxhall are graduates of the College of Charleston Honors College with degrees in Business, Math and Economics, and Physics, respectively. Messrs. Scott Howell, Travis Howell and Cooney went on to work with Automated Trading Desk, LLC, an early pioneer automated trading platform, until it was acquired by Citigroup in 2007. Messrs. Scott Howell and Cooney continued with Citigroup’s affiliate, Citigroup Global Markets, Inc., until they co-founded Ground Swell in 2010. After Citigroup, Mr. Travis Howell worked for Tower Research Capital from June 2009 until joining Ground Swell in 2011.

After graduating from the College of Charleston Honors College, Mr. Foxhall went on to attend Wake Forest University School of law where he earned a Juris Doctor degree in 2003. He served as a law clerk for the Honorable David C. Norton, a judge of the United States District Court for the District of South Carolina, and practiced with the law firm of Alston & Bird, LLP prior to co-founding Ground Swell.

## **Item 5-Fees and Compensation**

### **How We Are Paid**

For the assets it manages, Ground Swell generally receives performance-based fees. The frequency and method of payment are negotiated by Ground Swell and its Clients, and billed to the Client for payment. Ground Swell also receives a management fee from its Clients, which is equal to each Client's pro rata share of the actual costs incurred by the Investment Managers to the Fund. The management fee is invoiced to the Clients monthly in advance and must be for costs actually incurred. Any pre-paid fees are refunded on a pro-rata basis if there is a valid withdrawal.

Clients are also responsible for various expenses associated with portfolio management, trading, research and ongoing monitoring of investments, including commissions and charges of prime brokers, brokers, dealers, counterparties and banks, tax, audit, consultants, and research, and certain extraordinary expenses related to either the operation of the Client account or the implementation, execution and maintenance of the investment program. Certain anchor investors may also be responsible for certain overhead expenses.

Greater detail regarding fees and expenses are available in Client Investment Management Agreements.

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

Ground Swell generally charges its Clients a negotiated performance-based fee. Ground Swell may occasionally manage both accounts that do and do not charge a performance fee, which could create a potential conflict of interest in which the manager may favor the performance fee carrying account. To deal with this potential conflict, Ground Swell has adopted a policy to treat all accounts fairly with regards to investment opportunities regardless of fee structure, permitting each to participate pro rata whenever possible. This process weighs several factors, including account size, investment parameters and restrictions, and available cash, among other factors.

Greater detail regarding performance fees are found in Client Investment Management Agreements.

## **Item 7-Our Clients**

### **Types of Clients**

Ground Swell serves as the investment adviser to accounts and/or pooled investment vehicles controlled by sophisticated, high net worth investors.

### **Minimum Account Size**

Ground Swell has full discretion as to account size.

## **Item 8-Methods of Analysis, Investment Strategies and Risk**

### **Our Investment Objective and Philosophy**

Ground Swell's investment philosophy is based on analysis of fundamental and technical securities data, exchange-related information, and other publicly available materials. Its objective is to maximize returns on investment and minimize risk to capital and volatility of returns through a diverse set of directional and market-neutral strategies implemented within a systematic trading platform.

### **Our Investment Focus and Selection**

Ground Swell may invest in U.S. securities and other investment instruments across all industry sectors. It views investment flexibility and adaptability to the markets as a key philosophical component of its investment process. As such, unless directed by a Client, Ground Swell does not have pre-set guidelines for sector allocation, diversification, concentration or net exposure.

### **Short-Term Trading and Leverage**

Ground Swell will engage in short-term trading to take advantage of opportunities in the financial markets as well as price dislocations of core positions. Ground Swell also plans, when appropriate, to trade on margin, sell securities short and buy and sell put and call options, and use other techniques to leverage its investments. See also below **"Leverage and Hedging Transactions"**.

## Risk

**Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.** The Investment Adviser's business activities as well as the activities of the Fund and the activities and operations of the Portfolio Investments could be materially adversely affected by outbreaks of disease, epidemics and public health issues in Asia, Europe, North America, the Middle East and/or globally, such as COVID-19 (and other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In December 2019, a new strain of coronavirus (also known as, and hereinafter referred to as "COVID-19") originated in Wuhan, China, and quickly spread to infect many people in the city and surrounding area. In some cases, COVID-19 causes severe illness and even death. Since its discovery, COVID-19 has spread throughout China and across the world, significantly impacting the world economy. Various measures are being taken by countries, including the United States, both on a macro country-wide level and a local level, to combat the virus and its spread. Some of these measures include quarantines, travel bans, bans on public events, bans on public gatherings, closures of a variety of venues (e.g., restaurants, gyms, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders. On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. On March 13, 2020, the President of the United States declared the COVID-19 outbreak a national emergency. COVID-19, has spread rapidly around the world since its initial emergence in December 2019 and has negatively affected (and may continue to negatively affect or materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines and other government-directed or mandated measures or actions to stop the spread of outbreaks). Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as H5N1, H1N1 and the Spanish flu, had material adverse effects on the economies, equity markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which would be reasonably likely to adversely affect the

business, financial condition and operations of the Fund. Should these or other major public health issues, including pandemics, arise or spread, the Fund could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the Fund's operations or business and governmental actions limiting the movement of people and goods between regions and other activities or operations.

**Business Dependent Upon Key Individual.** Clients have little to no authority to make decisions or to exercise business discretion on behalf of accounts. The authority for such decisions is delegated largely or wholly to Ground Swell, which is given broad discretion and flexibility to select and manage investments. The success of Client investments is dependent entirely upon the expertise of Ground Swell's principals.

**Investment Turnover.** Ground Swell will engage in short-term trading which involves the taking of frequent trading positions, and as a result, turnover and brokerage commission expenses of the Client will significantly exceed those of other investment entities of comparable size.

**Incentive Allocation.** The incentive allocation, described above, may create an incentive for Ground Swell to make investments that are riskier or more speculative than would be the case if the incentive allocation was not made. In addition, the incentive allocation may be calculated on a basis that includes unrealized appreciation of assets, which may be greater than if such allocation was based solely on realized gains.

**Systems and Operational Risk.** Ground Swell relies extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of account activities. In addition, certain of Ground Swell operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties and their sub-custodians and other service providers, and Ground Swell may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or

interruptions, including, but not limited to, those caused by worms, viruses and power failures. Any such defect or failure could have a material adverse effect on Client accounts.

**Misconduct of Employees and of Third-Party Service Providers.** Misconduct by employees or by third-party service providers could cause significant losses to Clients. Employee misconduct may include binding the Client to transactions that exceed authorized limits or present unacceptable risks and unauthorized trading activities or concealing unsuccessful trading activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, information, which could result in litigation or serious financial harm, including limiting the adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

**Tax-Exempt Investors.** Certain prospective investors may be subject to Federal and state laws, rules and regulations which may regulate their participation in investments, in investment strategies of the types which Ground Swell may utilize from time to time (e.g., short sales of securities and limited diversification). Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment with Ground Swell. Investments with Ground Swell by entities subject to ERISA and other tax-exempt entities requires special consideration.

**Future Regulation.** Growing concern about the lack of regulation of private investment partnerships and hedge funds has led to the proposal of various state and Federal laws and regulations regarding investment partnerships and hedge funds and may in the future lead to additional such proposals. Such regulatory proposals, or any future proposals, if adopted, could adversely affect Ground Swell, including its business, financial condition and prospects.

**Conflicts of Interest.** Ground Swell and its principals may be subject to a variety of conflicts of interest in making investments on behalf of Clients. They may provide investment management

services and advice to other clients, including several other investment funds and accounts (the “Other Accounts”) including, without limitation, investment vehicles for the benefit of employees, some of which may follow investment programs that are the same as, similar to or different from those of the Clients.

Ground Swell may open “average price” accounts with brokers. In an “average price” account, purchase and sale orders placed during a trading day on behalf of Clients or affiliates of Ground Swell are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis. Simultaneous identical investment transactions for the Clients may tend to decrease the prices received, and increase the prices required to be paid, for investment sales and purchases. Although Ground Swell will attempt to allocate investment opportunities in a manner which is in the best interests of all Clients and in general will allocate investment opportunities believed to be appropriate for all Clients on a pro rata basis in proportion to the relative net worth of each, there can be no assurance that an investment opportunity which comes to the attention of Ground Swell will not be allocated to an entity other than a particular Client, with that Client being unable to participate in such investment opportunity or participating only on a limited basis.

Ground Swell evaluates investments on a variety of factors which may be relevant in determining whether a particular situation or strategy is appropriate and feasible for a Client at a particular time, including the nature of the investment opportunity taken in the context of the other investment or regulatory limitations on the Client and the transaction costs involved. Because these considerations may differ among the Clients in the context of any particular investment opportunity, investment activities among the Clients may differ considerably from time to time.

Other situations may also occur where a particular Client could be disadvantaged because of the activities conducted by Ground Swell for the other Clients. Such situations may be based on, among other things: legal restrictions on the combined size of positions which may be taken for all accounts managed by Ground Swell, thereby limiting the size of the Client’s position; the difficulty of liquidating an investment for more than one account where the market cannot absorb

the sale of the combined positions; and the determination that a particular investment is warranted only if hedged with an option or other instrument and there is a limited availability of such options or other instruments. Instances may also arise where Ground Swell determines an investment opportunity to be suitable for many Clients but the market is too illiquid to enable each to participate to the extent desired.

Please review below for a further discussion of how Ground Swell handles potential conflicts of interest.

**No Assurance of Profit, Cash Distributions or Appreciation.** It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before realization of gains on successful investments. There may be no current return on the investments for an extended period of time.

**High Risk Investments; Market Volatility.** An investor may lose all or part of its investment. While investments in companies in certain industries offer the opportunity for significant capital gains, such investments involve a high degree of business, financial, technological and regulatory risk, which can result in substantial losses. Moreover, Client investments may include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may go into bankruptcy, acquired as leverage buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. As a result, Client account performance may experience substantial volatility and potential for loss. Ground Swell believes that its investment program and research techniques moderate this risk through a careful selection of securities and other financial instruments. However, no guarantee or representation is made that the program will be successful.

**Unidentified Investments; Competitive Market for Investments.** Ground Swell may be very selective when seeking investments. The business of identifying and structuring certain transactions of the nature contemplated by Ground Swell is competitive (and may become more competitive in the future), and involves a high degree of uncertainty. There can be no assurance

that Ground Swell will be able to locate and complete attractive investments, that it will be able to adhere to the investment selection criterion outlined herein or that, if adhered to and implemented, any such investments will produce superior rates of return or otherwise achieve the Client's objectives. Furthermore, there can be no assurance that Ground Swell will be able to invest the entire amount of Clients' assets or that suitable investment opportunities will otherwise be identified. If Ground Swell is unable to identify adequate investments meeting the Client's criteria at any given time, a significant portion of the Client's assets may be held in cash or equivalents, which produce low rates of return.

**Effect of Material Withdrawals from Management.** Clients have the right to terminate their Investment Management Agreements upon prior written notice. Ground Swell may be forced to liquidate a significant portion of its assets in order to satisfy such termination at a time when it would otherwise be in the best interest of the Client not to liquidate whether due to adverse market conditions or otherwise.

Termination of Managed Account arrangements with Ground Swell may similarly force asset sales at inopportune times, resulting in lower returns or higher losses to the client than would have been realized in more opportune times.

**Concentration of Investments.** Ground Swell may be extremely selective in seeking investments and, accordingly, may invest a portion of assets in a limited number of investments.

**Foreign Investments.** Ground Swell may invest in securities of foreign corporations and foreign countries. Investing in the equity securities of non-U.S. companies involves certain considerations not usually associated with investing in securities of U.S. companies, including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; varying custody, brokerage and settlement practices; the imposition of withholding and other taxes; and certain government

policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. There is also generally less regulation of the securities markets in foreign countries than there is in the United States.

**Short Selling.** Ground Swell may make investments that may include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from decline in the price of a particular security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The extent to which Ground Swell engages in short sales depends upon its investment strategies and perception of market direction; Ground Swell has no policy limiting the amount of capital it may deposit to collateralize its obligation to replace borrowed securities sold short.

**Leverage and Hedging Transactions.** Ground Swell may utilize a variety of investment techniques including, but not limited to, purchase of securities on margin, use of options, short-term trading, derivatives, options, swaps, caps and floors, and forward contracts. Such transactions may result in a poorer overall performance than if it has not engaged in any such transaction. Leverage can significantly increase the risk of loss, including total loss.

**Portfolio Structure.** The Ground Swell investment program does not have pre-set guidelines for sector allocation, diversification, concentration or net exposure. As a result, the adverse return on a single investment may have a materially adverse effect on the Client account. This methodology of operating a portfolio carries significantly more risk for potential investors.

**Possibility of Losses Associated with Proprietary Investment Activities.** Ground Swell utilizes a proprietary investment screening process, and it may from time to time make or maintain large proprietary investment positions in securities. Market fluctuations and other factors may result in substantial losses which may not have been possible had such a proprietary screening process not been used. Although Ground Swell believes such investment screening process is proprietary, it cannot guarantee that the confidentiality of such process will be maintained, that it gives Ground Swell a competitive advantage or that other investment managers do not employ the same or similar practices in their investment programs.

**Currency.** Ground Swell may invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. Client accounts will, however, be valued in U.S. dollars. To the extent unhedged, the value of the assets will fluctuate with U.S. dollar exchange rates as well as the price changes of investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the account's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on non-U.S. dollar securities. To the extent permitted, Ground Swell also may, but does not expect to regularly do so, utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

**Counterparty and Settlement Risk.** Ground Swell may enter into many transactions, including derivatives and over-the-counter transactions, with or through third parties in which the failure of the third party to perform its obligations under a contract could have a material adverse effect on the Client account. This type of risk may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. Furthermore, any misconduct on behalf of the counterparties, including, without limitation, fraudulent activities,

will increase possible exposure to risk.

Assets may be held in accounts maintained by broker-dealers or prime brokers. These brokers are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the managed assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a broker or any of its sub-custodians, agents or affiliates, it is impossible to generalize about the effect of their insolvency. Investors should assume that the insolvency of any such brokers or their service providers would result in the loss of all or a substantial portion of the Client assets held by or through such brokers.

**Options.** Ground Swell may buy or sell (write) both call options and put options, and when it writes options it may do so on a “covered” or “uncovered” basis. Purchasing or selling put and call options are highly specialized activities and expose Clients to significantly greater risk than ordinary investment risks.

**Tax Risks.** Ground Swell will not request any ruling from the Internal Revenue Service (the “Service”) or any opinion from counsel as to any federal income tax consequences relating to the structure and operation of Client accounts. There can be no assurance that any tax position taken by the Client will not be challenged by the Service, and any adverse ruling by the Service would have a material adverse effect on the Federal income tax consequences of an investment.

Greater detail regarding Ground Swell’s methods of analysis, investment strategies, and risk of loss may be found in Client Investment Management Agreements.

### **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 your evaluation of Ground Swell or the integrity of Ground Swell's management. None of Ground Swell, nor its principals or employees, has been the subject of any complaints or been involved in any disciplinary proceedings since its inception.

### **Item 10-Other Financial Industry Activities and Affiliations**

Ground Swell has two wholly-owned subsidiaries that are UK limited companies (GSC Europe Limited and GSC Global Limited) that formed GS Capital Partners UK LLP with an unrelated third partner. GS Capital Partners UK LLP is registered as an investment manager with the United Kingdom's Financial Conduct Authority. Ground Swell does not believe that any material conflicts of interest exist in this relationship.

Ground Swell Cistern Fund GP LLC (US), an affiliated entity under common control with Ground Swell, serves and/or may serve as the general partner of certain vehicles managed by Ground Swell.

Ground Swell does not refer clients to other investment advisors, and it does not receive any compensation from other financial industry participants.

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

Ground Swell has a fiduciary responsibility to treat Clients fairly and avoid actual or potential conflicts of interest. The employees of Ground Swell have an obligation to act solely in the best interests of Clients, and to make full and fair disclosure of all material facts, particularly where the Clients' interests may conflict with the interests of Ground Swell or its employees.

#### **Code of Ethics**

Ground Swell has adopted a Code of Ethics which describes the general standards of conduct that it expects of all employees and focuses on three specific areas where employee conduct has

the potential to adversely affect the Clients: misuse of confidential information, personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of an employee by Ground Swell. Any Client or prospective Client may request a copy of the Ground Swell Code of Ethics.

### **Misuse of Nonpublic Information**

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for Ground Swell. Also, employees may not convey nonpublic information nor depend upon it in placing personal securities trades.

### **Participation or Interest in Client Transactions**

Ground Swell may trade in the same securities as Client accounts. However, the firm and its employees have adopted a Code of Ethics, which prohibits them from benefitting personally from the trading activities of Ground Swell Clients. This presents a potential conflict of interest. However, such relationships, potential conflicts of interest and accompanying fees are disclosed to Clients and investors.

Ground Swell does not cross trade among Client accounts, and does not plan to do so. To the extent necessary in the future, it has the discretion, as permitted under applicable law, to effect client cross-transactions where it causes a transaction to be effected between accounts advised by it. Ground Swell may also engage an independent representative to satisfy the disclosure and consent requirements of Section 206(3) of the Advisers Act with respect to transactions entered into by Clients.

### **Personal Securities Trading**

Any personal trading by Employees must be consistent with applicable law and with the Code. Subject to compliance with applicable laws, rules and regulations and the Code, Employees may buy, sell or hold for their own personal trading accounts securities, including the same securities as Client accounts. Ground Swell has adopted personal trading policies and procedures, which prohibit them from benefitting personally from the trading activities of Ground Swell Clients, to prevent conflicts of interest with its Clients.

Ground Swell maintains a restricted list of securities that it and its employees may not trade in order to avoid the misuse of material non-public information or confidential Client information. Also, though Ground Swell and its employees may invest in the same securities that it recommends for its clients, Ground Swell has adopted a policy in its Compliance Manual restricting the ability of Ground Swell or its employees to benefit from Client trades in those securities, including by providing a no-trade window before and after a material, market-moving Client trade. Ground Swell's Chief Compliance Officer periodically reviews the personal accounts of its employees for compliance with these policies and procedures.

### **Outside Business Activities**

The Adviser's Chief Compliance Officer must pre-approve all outside activities conducted by a Ground Swell employee. If any activities are deemed to be in conflict with the Adviser's Clients, such conflicts will be fully disclosed.

## **Item 12-Brokerage Practices**

### **In General**

Ground Swell will seek to obtain the best execution for its Clients by taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Clients' other selection criteria. Ground Swell reviews execution prices at least annually to ensure best execution for its Clients.

### **Research and Soft Dollar Benefits**

Ground Swell does not currently, but may in the future, pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it

with such investment and research information, or to pay higher commissions to such firms if it determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers 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; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. Information so received is in addition to and not in lieu of services required to be performed by Ground Swell, and Ground Swell's fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the Clients may be utilized by Ground Swell or its affiliates in connection with its investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by Ground Swell in performing its services for the Clients. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

Ground Swell has determined that, in the event it engages in soft dollar engagements, it will stay within the so-called 28(e) safe harbor for soft dollars. However, the availability of these benefits may influence Ground Swell to select one broker rather than another to perform services for Clients. Nevertheless, Ground Swell will attempt to assure either that the fees and costs for services provided by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that Clients also will benefit from the services.

### **Directed Brokerage**

Ground Swell has the discretion to determine the broker-dealers to be used by Clients. However, in certain circumstances, Clients designate the custodian bank and broker for the account, which also provides clearing and execution services, through which Ground Swell may predominantly or exclusively direct execution and clearing as well. In such circumstances, Clients may pay higher trade expenses.

### **Order Aggregation**

When Ground Swell determines that it would be appropriate for Clients to participate in an investment opportunity, it will seek to execute orders for all of the participating investment accounts on an equitable basis. If Ground Swell has determined to invest at the same time for more than one of the investment accounts, it will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, it will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Ground Swell will allocate the trade among the different accounts on a basis that it considers equitable. Situations may occur where the Funds or Managed Accounts could be disadvantaged because of the investment activities conducted by Ground Swell for other investment accounts.

### **Brokerage for Client Referrals**

Ground Swell does not receive client referrals from brokers.

### **Item 13-Review of Accounts**

All Client accounts are monitored on a daily basis by the principals of Ground Swell for performance, composition and market movement. Ground Swell and Clients negotiate custom reporting schedules and content, but these typically include real time execution reports, monthly performance reports, monthly AUM reports, and monthly trade allocation percentages. Clients may also receive periodic reports from their custodians and brokers, which they should compare to Ground Swell reporting for reconciliation.

Greater detail regarding account reviews and reporting are found in Client Investment Management Agreements.

### **Item 14-Client Referrals and Other Compensation**

Ground Swell does not pay referral fees or any other benefits to third parties for referring clients.

### **Item 15-Custody**

Client assets are custodied with a qualified custodian which provides the investor with at least quarterly statements. Investors are urged to compare these statements with any statements provided by Ground Swell.

### **Item 16-Investment Discretion**

Ground Swell has investment discretion for all accounts. Clients and Ground Swell generally negotiate investment parameters prior to engaging in the relationship, which are recorded in investment management agreements or elsewhere for compliance by Ground Swell.

### **Item 17-Voting Client Securities**

Ground Swell has disclosed to its Clients that it typically abstains from voting in proxy requests. To the extent Ground Swell receives proxies on behalf of Clients, it votes all such proxies in a prudent and timely manner or abstains from voting such proxies in accordance with its Proxy Voting Policy outlined in its Compliance Manual. A copy is available upon request to any client or prospective client. Information on how votes were cast is also available to any client. Any proxies that are voted will be voted only after a careful evaluation of the issues presented on the ballot.

Ground Swell's Clients may receive proxies directly, and they are therefore responsible for voting them.

### **Item 18-Financial Information**

Ground Swell does not have any financial condition that would be likely to impair its ability to meet its commitments to its clients.