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This brochure provides information about the qualifications and business practices of Zevenbergen Capital Investments LLC. If you have any questions about the contents of this brochure, please call us at (206) 682-8469, or email: [cco@zci.com](mailto:cco@zci.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Zevenbergen Capital Investments LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ***Item 2 – Material Changes***

### **Material Changes Since the Last Update**

While this Brochure, dated March 29, 2021, differs from ZCI's previous Brochure, dated March 24, 2020, ZCI does not consider any of the changes to be of a material nature to its advisory business.

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## ***Item 4 – Advisory Business***

### **Firm Description**

Zevenbergen Capital Investments LLC (“ZCI”) is the successor organization to Zevenbergen Capital, Inc. which was established in March 1987. ZCI is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser whose primary business is providing investment advisory services through individually managed, aggressive growth equity portfolios.

ZCI also serves as an adviser to two open-end mutual funds: the Zevenbergen Growth Fund and the Zevenbergen Genea Fund (collectively, the “Zevenbergen Funds” or the “Funds”). The Zevenbergen Funds are Registered Investment Companies (RIC) organized as a series under a Multiple Series Trust provided and maintained/administered by U.S. Bancorp Fund Services, LLC and distributed by Quasar Distributors, LLC.

### **Principal Owners**

ZCI is a Limited Liability Company (“LLC”) with ownership interests structured as follows:

<u>Entity</u>	<u>Ownership Interest</u> <u>In Units of ZCI</u>	<u>Relationship</u>
evenstar3 inc. ("evenstar")	80%	LLC Member, wholly-owned by Nancy Zevenbergen, ZCI's President, Co-Chief Investment Officer and sole Board member
Virtus Partners, Inc. ("VPI")	20%	LLC Member, wholly-owned by Virtus Investment Partners, Inc. ("VIP" – a public reporting company)

### **Types of Advisory Services**

ZCI provides discretionary investment advisory and portfolio management services, based on client objectives, to individuals, high net worth individuals, pension and profit sharing plans, state or municipal government entities, corporations, charitable organizations, investment companies and banking and thrift institutions.

ZCI provides advisory services through individually managed portfolios using the following strategies:

#### **Growth Equity Strategies:**

- *Zevenbergen Growth Equity:* invests in growth companies with varied capitalization ranges.
- *Zevenbergen Genea Growth Equity:* exhibits sector concentration, investing in growth companies with primary emphasis in the technology, internet and telecommunications industries.
- *Zevenbergen Income Growth:* invests primarily in more mature companies with historical and expected future dividend growth.

- *NVM*: solely targets long-term capital appreciation through investment in non-diversified, highly concentrated positions in growth companies.
- *Zevenbergen Venture Distribution Growth Equity*: focuses on evaluation of equities new to the public market.

#### **Fixed Income:**

- ZCI also advises on fixed-income securities as part of a client's overall investment objective, typically selecting investment grade securities with the intent to hold to maturity.

#### **Proprietary Mutual Funds**

ZCI may also recommend purchase of the Zevenbergen Funds in providing advisory services to clients. The decision to purchase the Zevenbergen Funds is based on certain client circumstances, including but not limited to: level of client assets, tax status, investment objectives, liquidity needs and the potential fees and expenses (other than advisory fees) related to managing the client's account(s) (please see the Description of Fees section in Item 5). Based on these circumstances, ZCI will make every effort to provide the client the most cost-effective investment approach (i.e. exclusively separately managed account, exclusively Zevenbergen Funds, or a combination thereof).

#### **Tailored Relationships**

ZCI may elect to provide investment advisory services to fulfill specific client investment objectives that differ from the above-described strategies. ZCI accepts reasonable limitations or restrictions to such authority from the client. All limitations and restrictions placed on accounts must be presented to ZCI in writing, typically within the investment advisory agreement or similar document.

#### **Investment Advisory Agreement**

ZCI enters into an investment advisory agreement ("Agreement") with all clients. At a minimum, the Agreement provides the following:

- Prohibits assignment of the Agreement without client consent.
- Identifies the rate and frequency of investment advisory fees.
- Notes the account and/or beneficial party name(s).
- Describes the services to be rendered, the extent of the firm's discretionary authority over the account(s) and its ability to direct the custodian to that end.
- Discloses that ZCI will not serve as custodian of client assets.
- Identifies the type and frequency of reports and disclosures made to the client and their delivery method.
- Identifies whether client or ZCI is responsible for voting proxies.
- Allows for the client to authorize ZCI to directly debit advisory fees from the account or choose to pay fees themselves.
- Makes necessary representations applicable to ERISA accounts.

## Privacy Notice

Delivery of ZCI's Privacy Notice to new clients is made at the beginning of the advisory relationship. Clients will also receive an updated Privacy Notice should ZCI make a material change to its privacy policy or as required should there be a change in its information sharing practices.

If a client or prospect would like to receive ZCI's current Privacy Notice, they may email [cco@zci.com](mailto:cco@zci.com) or call our main office at (206) 682-8469.

## Assets Under Management

ZCI manages client assets on a discretionary basis. As of December 31, 2020, ZCI managed total assets of \$5,819,700,000 on a discretionary basis.

In addition, ZCI provided investment advisory services to approximately \$248,900,000 in assets under advisement. These assets are not included in the managed assets noted above.

## Item 5 - Fees and Compensation

### Separately Managed Accounts Fee Schedule

ZCI's standard fee schedule below applies to separately managed accounts, which ZCI separates into two categories:

- "Wealth Management" which typically includes individuals, trusts, small businesses and small 401(k) plans.
- "Institutional" which typically includes pension and profit-sharing plans, state or municipal government entities and large corporations or charitable organizations.

<u>Client Account Type</u>	<u>Asset Level</u>	<u>Annual Fee Rate</u>
<b>Wealth Management</b> (Minimum: \$5 Million)	First \$25 Million	1.00%
	Remaining Assets Over \$25 Million	Negotiable
<b>Institutional</b> (Minimum: \$25 Million)	First \$50 Million	1.00%
	Remaining Assets Over \$50 Million	Negotiable

### Description of Fees

ZCI reserves the right to manage accounts that are less than the stated minimums above (for example, a relative of an existing client). Accounts below the minimum will likely pay higher fees than those stated in the above schedule. ZCI also reserves the right to negotiate fees depending on client circumstances, to charge a minimum fee or charge a predetermined amount of compensation (fixed fees).

As described in the Types of Advisory Services section in Item 4, ZCI may recommend investment in the Zevenbergen Funds as part of its advisory services for clients. Depending on client circumstances, fees charged by the Funds may be higher than those assessed for individually managed portfolios in a similar strategy. ZCI will not charge an additional investment advisory fee on client assets invested in the Funds because ZCI already receives payment directly from the Funds for investment advisory services. A complete description of fees and expenses of each Zevenbergen Fund is contained in their prospectuses.

ZCI may provide holdings and transaction information for model portfolio(s) to other financial institutions for use in their portfolio management platforms. ZCI receives a fee for providing such advice based upon the assets under management modeled to the strategy at the respective financial institutions. ZCI's fee rates for such services vary and are based on the level of modeled assets, operational complexities of the account as well as the service level required by ZCI. ZCI does not include these assets in its calculation of Assets Under Management section in Item 4. Should ZCI elect to provide advisory services other than those described above, advisory fees are negotiated on a case-by-case basis.

### **Fee Billing**

If directed in the Agreement or similar document, ZCI may debit advisory fees directly from the client's account. Please refer to the Direct Debit of Fees section in Item 15 for stated policies.

The calculation of ZCI's advisory fees is determined by the Agreement. Unless directed otherwise in the Agreement, similar document or by the client, ZCI's investment advisory fee is based on the value of a client's assets under management on the last day of the accounting quarter. The value of such assets is determined by an independent, third-party pricing service or based on prices provided by the client's custodian for securities where prices are not available from the pricing service. Advisory fees are generally charged in arrears on a quarterly basis. Generally, the quarterly fee is pro-rated for accounts opened or closed during the calendar quarter. Unless directed otherwise in the Agreement or similar document, ZCI shall have sole discretion to determine whether fees are prorated to reflect contributions or withdrawals (including but not limited to addition, liquidation or transfer of securities, cash withdrawals or deposits) within the accounting quarter.

Each client account will typically have a single advisory fee rate defined in the Agreement, or similar document. ZCI may apply different rates for each asset class (and/or specific security) held in a client account or, if a rate is not identified for a specific security or asset class, ZCI in its discretion may determine the rate(s) applied based on the client's situation.

### **Other Fees**

ZCI receives compensation through advisory fees, but clients may incur fees in addition to the management fee paid ZCI. These fees can include brokerage commissions, custodian fees or other fees. Please refer to Item 12 herein for additional information on the brokers selected by ZCI.

On behalf of clients, ZCI may make investments in mutual funds and similar securities (e.g. exchange traded funds, money market mutual funds, American Depository Receipts, etc.) which have additional fees imbedded in the price of the respective security.

### ***Item 6 – Performance-Based Fees and Side-by-Side Management***

ZCI does not currently manage client accounts whereby the firm is compensated based on the investment performance of the account (Performance-Based Fees).

### ***Item 7 – Types of Clients***

#### **Description**

ZCI primarily manages accounts for individuals, high net worth individuals, trusts, pension and profit-sharing plans, state or municipal government entities, corporations, charitable organizations, investment companies and banking and thrift institutions.

#### **Minimum Account Size**

As outlined in Item 5, ZCI has stated minimum account sizes for separately managed accounts. ZCI reserves the right to accept accounts below the stated minimum.

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

#### **Methods of Analysis**

ZCI's growth equity investment philosophy and stock selection process is predicated on its belief that revenue, cash flow and earnings growth are essential catalysts of stock price appreciation, combined with a company's financial flexibility and experienced management offering competitive advantages during market downturns.

ZCI uses fundamental, bottom-up analysis (i.e. a focus on company-specific information) when making investment decisions. Sources of information may include company press releases, prospectuses, annual reports and other filings with the SEC and review of corporate activities in combination with Wall Street research, financial newspapers and magazines, and various research materials. In addition to these sources, ZCI makes use of conferences and other instances to meet with company management, listens to quarterly company conference calls and attends trade and/or industry gatherings to gain further information about portfolio and prospective portfolio companies. ZCI also uses other commercially available services that aggregate information regarding companies and various market statistics.

#### **Investment Strategies**

As described in the Types of Advisory Services section in Item 4, ZCI offers several aggressive growth equity strategies. Each of these strategies (Zevenbergen Growth Equity, Zevenbergen Genea Growth Equity, Zevenbergen Venture Distribution Growth Equity and NVM) are focused on capital appreciation, characterized by concentrated portfolios with limited or no income generation and each is always generally fully invested. The Zevenbergen Genea Growth Equity, Zevenbergen Venture Distribution Growth Equity and NVM are highly concentrated, present increased risk and volatility,



and may have greater cash balances on a short-term basis as securities are sold and/or rebalanced.

Additionally, ZCI offers the Zevenbergen Income Growth strategy, designed to provide moderate capital appreciation and income generation with anticipated lower volatility than the aggressive growth equity strategies described above.

### **Risks of Loss and Other Significant Risks**

Investments in equities, fixed income securities and any of ZCI's strategies involve the risk of loss of capital that each client should be prepared to bear. Several of the firm's equity strategies contain securities issued by high-growth companies which at times can exhibit substantially greater volatility than the stock market as a whole.

### **Frequency of Trading**

ZCI's equity investment strategies involve active investment decisions that may result in frequent trading activity, transaction costs and/or tax consequences. While ZCI makes every effort to manage portfolios in a tax-efficient manner, fundamental investment decisions and performance are the firm's primary focus. Consequently, ZCI may not always manage portfolios in a manner that results in the most favorable tax outcome.

## ***Item 9 – Disciplinary Information***

### **Legal and Disciplinary**

There have been no disciplinary or legal actions against ZCI or its employees.

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

### **Financial Industry Activities**

ZCI is not involved in other financial industry activities.

### **Affiliations**

Please refer to the Principal Owners section in Item 4 for information about ZCI's ownership structure. As described, ZCI is organized as an LLC with two members: evenstar3 inc. ("evenstar") and Virtus Partners, Inc. ("VPI"). VPI is wholly-owned by Virtus Investment Partners, Inc. ("VIP" – a public reporting company). ZCI has the following business relationships with these entities:

ZCI serves as sub-adviser to an open-end mutual fund to which Virtus Fund Advisers, LLC ("VFA" – wholly-owned by VPI) serves as adviser. In its role as sub-adviser, ZCI receives a portion of the investment advisory fees paid to VFA. And, as appropriate, VFA may recommend investment(s) in this mutual fund to their clients. ZCI recommends this Fund to clients on occasion when the similarly managed Zevenbergen Growth Fund is not available on a client's selected brokerage platform. ZCI has an incentive to recommend the Zevenbergen Funds because ZCI receives a comparatively higher investment advisory fee than the mutual fund ZCI sub advises for VFA, which presents a potential conflict due to the financial incentive.

VIP subscribes to certain third-party information related to investment portfolio analytics. VIP shares certain information with ZCI as permitted by their subscription agreement(s) with these third-parties. ZCI benefits from receipt of such information in that it would otherwise have to pay directly for such subscriptions.

VPI, VIP, VFA and their affiliates do not exercise control of ZCI as defined in Form ADV Part 1A. Except as disclosed in this section and within the Principal Owners section of Item 4, ZCI has no other business relationships with evenstar or VPI, VIP, VFA or their affiliates.

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

### **Code of Ethics**

ZCI has adopted a Code of Ethics and Personal Trading Policy (“Code of Ethics”) which applies to all Access Persons and their Associated Persons. An Access Person is defined as any supervised person of ZCI who has access to nonpublic information regarding any clients’ purchase or sale of securities or reportable fund, who is involved in making securities recommendations to clients or has access to those recommendations. Access Persons will include any employee, officer, or director of ZCI (with limited exceptions). An Associated Person includes an Access Person’s spouse, household member(s), minor child(ren), domestic partner or other individuals where the Access Person manages the account or has beneficial interest in the account.

The Code of Ethics is intended to ensure that the firm’s fiduciary responsibility to clients serves as the guiding principle in all its activities. The Code of Ethics helps to clearly set out:

- that ZCI will always place the interests of clients first,
- procedures for personal securities transactions,
- to deter the misuse of material, nonpublic information in securities transactions,
- to establish a commitment by ZCI’s entire team to comply with all securities laws and the firm’s overarching fiduciary responsibility to clients.

While not comprehensive, the following Code of Ethics inclusions establish a foundation to ensure compliance with the guiding principles:

- Access Persons must disclose potential conflicts of interest with any private or public entity, shall refrain from making charitable or political contributions for the express purpose of gaining or retaining business and shall limit giving or receiving of gifts, entertainment or favors to only those of nominal value.
- Access and Associated Persons are prohibited from investing in Initial Public Offerings (“IPO”), from profiting on short-term trading, from investing in private placements without prior written approval, from buying or selling securities for their own account ahead of a client, from purchasing securities for a client to protect or improve the security’s value already held in their own account, from taking an investment opportunity from a client for their own account or using advance knowledge of securities being considered for client accounts for their personal benefit.

- Purchase and sale of certain securities by Access Persons and their Associated Persons require pre-clearance and have specified parameters for time of execution to avoid conflicts with client security trades.
- Access Persons are required to disclose all securities holdings and brokerage accounts (both for themselves and Associated Persons), as well as reportable security transactions and holdings to ZCI's Chief Compliance Officer ("CCO") or President.
- ZCI has set out sanctions for personal trading violations under the Code of Ethics and a procedure for penalties associated with non-compliant trades.
- ZCI's Access and Associated Persons are prohibited from trading a security while in possession of material nonpublic information related to that security.
- ZCI's Code of Ethics sets out a procedure for reporting violations to ZCI's CCO or President.
- Access Persons are required to provide periodic acknowledgement of receipt and understanding of the Code of Ethics and certifications of compliance therewith.

A complete copy of ZCI's Code of Ethics is available upon request.

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

The following circumstances present potential conflicts of interest with ZCI's clients. These situations and how ZCI mitigates each identified conflict are outlined below.

ZCI, its Access Persons and/or their Associated Persons may purchase publicly traded securities which the firm also purchases for client accounts, however, they are prohibited from transacting in any security contemplated for either purchase or sale in client accounts until the position has been either established or sold for clients. ZCI utilizes a third-party software system to help enforce and monitor these restrictions related to Access and Associated Persons' personal trading activity (please see the Other Brokerage Related Disclosures section in Item 12).

Upon CCO pre-approval, ZCI and its Access Persons and Associated Persons may invest in private placements that may become public companies. ZCI may purchase shares of these companies for client accounts (once publicly traded) if the investment is deemed appropriate for client investment objectives. This poses a potential conflict of interest in that ZCI, its Access Persons or Associated Persons (with an ownership interest in the company coming public) may be perceived to benefit from purchases conducted in client accounts. As with all investment decisions made for clients, the decision to purchase such a security will be made only in keeping with the clients' investment objective(s) and the firm's overarching fiduciary duty. Irrespective of any existing ownership of the company that ZCI, Access Persons or Associated Persons may have, as with the purchase of any security for client accounts ownership, ZCI and its Access Persons and Associated Persons are prohibited from purchasing shares of the security until the new position has been established in client accounts.

ZCI manages accounts of, or related to, employees and/or their family members as well as the Zevenbergen Funds. These specific accounts are managed in similar strategies to other ZCI client accounts. To mitigate a potential conflict of interest, these accounts

are traded with similar client accounts and are regularly reviewed by the CCO to ensure they are not being favored.

### **Personal Trading**

The following principles govern Access and Associate Persons' investments (as described in the Code of Ethics). At all times, ZCI Access Persons shall:

- adhere to the highest ethical standards.
- place client interests above personal interests.
- ensure that all personal securities transactions are conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.
- avoid certain types of personal securities transactions deemed to create a conflict of interest.
- not use knowledge of open, executed or pending client portfolio transactions to profit by the market effect of such transactions.
- not take advantage of any investment opportunity belonging to clients.
- conduct all personal securities transactions in a manner consistent with the CFA Institute's Code of Ethics and Standards of Professional Conduct.
- embrace the firm's fiduciary responsibility to clients by treating information regarding clients' security holdings and financial circumstances as confidential.
- comply with all Federal securities laws and any laws governing ZCI's actions on behalf of clients.

## ***Item 12 – Brokerage Practices***

### **Selecting Brokerage Firms**

The client has the right to specify a broker/dealer through which ZCI will execute securities transactions (as may be allowed by law, e.g. ERISA). In the absence of such direction, ZCI will select brokerage firms that are viewed to be the most competitive in the areas of trade execution, commissions and the value of research and services. ZCI believes that broker/dealers should earn fair and reasonable compensation for their services, but where appropriate, ZCI will try to negotiate lower commissions on its clients' behalf.

ZCI endeavors to select those broker/dealers that provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker/dealer's ability to provide professional services, competitive commission rates, research and other services that assist ZCI in providing investment advisory services to clients. ZCI may, therefore recommend (or use) a broker/dealer who provides useful research and securities transaction services even though a lower commission may be charged by a broker/dealer who offers no research services and minimal securities transaction assistance.

In that trading through an affiliated broker-dealer presents a conflict of interest, ZCI will refrain from placing any client trades through broker/dealers known to be affiliated with VIP, VPI and/or VFA (please refer to the Affiliations section in Item 10 for information regarding these affiliated parties). This restriction also extends to participation in IPOs or secondary offerings where an affiliated broker/dealer serves as part of the underwriting syndicate.

Additionally, in conjunction with ZCI's advisory role to registered investment companies (i.e. mutual funds), the firm will refrain from placing trades with broker/dealers as compensation for their selling of shares of the Funds, which would present a conflict of interest.

### **Brokerage and Custodian Recommendations**

ZCI may offer recommendations of a broker/dealer that also serves as a custodian, or suggest a bank custodian. ZCI makes every effort to offer such recommendations based on the firm's professional experience with various entities. Such recommendations are typically based on the firm's combined evaluation of best execution, custodial services, client reporting, service orientation and cost (commission) structure.

ZCI typically recommends Charles Schwab & Co., Inc. ("Schwab") as a broker/dealer custodian for Wealth Management clients. Such recommendation is based upon Schwab's ability to provide quality overall services to clients at a competitive cost structure, including no commission charges for trading equity securities, as well as its comprehensive and user-friendly online platform for clients. ZCI has an agreement in place with Schwab Institutional® Enterprise (a division of Schwab) which identifies services provided to our mutual clients and the terms and conditions of such services and their pricing (commissions). Such services that benefit our mutual clients may include access to certain investment products, execution of securities transactions and custody services that might otherwise require higher account minimums.

It is important to note that ZCI may receive certain additional benefits from Schwab as a result of our mutual relationship which presents a conflict of interest. The benefits offered by Schwab include access to educational conferences and events, technology support, compliance and/or legal consulting and publications and conferences related to practice management and succession.

### **Directed Brokerage**

If a client directs ZCI to use a specific broker/dealer for all, or a certain percentage of transactions, ZCI may not be authorized to negotiate commissions with those broker/dealers and may not be able to obtain volume discounts or best execution. In addition, a disparity in commission charges may exist between clients who direct ZCI to use a specific broker/dealer, clients who do not direct ZCI to use a particular broker/dealer and clients who direct ZCI to use a specific representative within a broker/dealer organization with varied commission structures. Additionally, certain broker/dealers also serving as custodians may apply different commission schedules based on a client's level of assets (tiered commissions) or other unique circumstances. If a client selects a custodian who is also a broker/dealer, ZCI will typically place trades solely with that broker/dealer, unless otherwise directed in writing by the client and as allowed by the broker/dealer. Choosing such a custodian may affect best execution.

### **Best Execution**

ZCI has established a Best Execution Committee that meets quarterly to review broker/dealer relationships and their execution of securities transactions. The Best

Execution Committee uses a numerical scoring system to assist in an objective evaluation of broker/dealers.

Based on the type of broker/dealer relationship (e.g. research, execution-only, electronic communications network-ECN, fixed income, client-directed or custodian) ZCI considers many factors in determining the broker/dealer's score. A minimum numeric score must be achieved on a quarterly basis for ZCI to maintain its trading relationship with brokers. Should a broker/dealer's score fall below the established minimum, the relationship will be suspended (termination of trading through the broker/dealer). The Committee may elect to reactivate a suspended broker relationship provided the broker shows adequate evidence it has remedied the problem which originally resulted in the sub-standard score.

While ZCI includes client-directed brokerage and custodial brokerage arrangements in its quarterly assessment, ZCI may not have the option to suspend trading with such broker/dealers. Where suspending trading is not an option, ZCI will work with the client to determine an appropriate course of action. Employee Retirement Income Security Act ("ERISA") clients may be required to provide written documentation supporting any decisions to continue a client-directed trading relationship if best execution is not being achieved. ZCI's fiduciary duty is to plan participants, not the plan sponsor (client); it is the client's responsibility to demonstrate that directed brokerage benefits the participants.

As part of ZCI's ongoing broker/dealer assessment, the financial soundness of broker/dealers with which the firm maintains active trading relationships is also evaluated against an internal benchmark. Generally, ZCI uses a net capital minimum for broker/dealers that are privately held companies, which are evaluated quarterly. If a privately held broker's net capital falls below ZCI's internal benchmark, a review of the broker's financial and operational soundness is conducted, and the broker/dealer is either placed on watch status or the trading relationship is suspended. In either instance, further monitoring may include additional evaluations of net capital and the circumstances surrounding the decline in net capital. For those broker/dealers that are publicly traded or a subsidiary of a publicly traded company, the company or the parent company's annual equity level will be reviewed. If a client-directed broker's capital level is in question, ZCI will notify the client of any concerns and follow the client's instructions to continue or suspend the broker/dealer relationship.

### **Soft Dollars**

ZCI does not have traditional soft dollar arrangements (i.e. the practice of using client commissions as payment for third-party products and services under oral or written arrangements). ZCI does, however, use client commission dollars as payment, in part, for research provided directly by the broker/dealers through which the firm places client trades. The use of client commissions as payment for research provides a benefit to ZCI because the firm does not have to produce or pay for the research provided. The selection of such broker/dealers, the value of their research and services, and the reasonableness of their commissions is reviewed and monitored by ZCI's Best Execution Committee.

Therefore, ZCI may recommend (or use) a broker/dealer who provides useful research and securities transaction services even though a lower commission may be charged

by a broker/dealer who offers no research services and minimal securities transaction assistance.

While the products and services ZCI receives directly benefit clients through the enhancement of the firm's investment process, specific research and services received by ZCI may not always benefit all clients or benefit the clients in any specific trade.

### **Order Aggregation**

To assist the Portfolio Managers in creating similar client portfolios and consistent account management, client portfolios are combined into functional trading groups in ZCI's portfolio accounting and trade order management systems. These groups are based on several criteria, including but not limited to:

- ZCI Investment Strategy
- Portfolio Size
- Type of Client
- Client's Tax Status
- Client Broker Direction (where applicable)

ZCI may, but is not obligated to, block (i.e. aggregate) trades where possible and when advantageous to clients. Blocked trades facilitate trading of the same security for multiple clients' accounts so long as the execution price is the same for all accounts included in any such block. Block trading allows ZCI to execute equity trades in a more effective manner and may reduce overall trading costs for clients. As described, trade orders are generated for either an individual portfolio or for a group of portfolios (blocked trades). Generally, trades are worked in the order received by ZCI's Trading Associate. When trades are generated for a group of portfolios, it is possible that multiple brokers are used to execute the entire trade. In this instance, ZCI works the trade in the manner expected to have the least impact on the price of the security.

### **Trade Rotation**

ZCI has a trade rotation policy to ensure fair and equitable communication regarding trades to all clients. Model Portfolio clients will be included in the trade rotation to the extent their respective agreement requires participation, they choose to participate, and their operations/systems can accommodate the technical aspects of the process. Model Portfolio(s) are included in the trade rotation with ZCI's institutional advisory clients (without other brokerage restrictions) managed to the same investment strategy.

### **Cross Transactions**

ZCI does not conduct either agency or principal cross transactions in client accounts. Under certain circumstances it may be necessary for ZCI to place trades on opposite sides for the same security on the same day for two or more client accounts. In these instances, ZCI will place these trades with independent brokers at market prices.

### **Trade Errors**

On occasion, ZCI may in error, effect transactions in a client account that result in a monetary loss due to an employee's actions or system misapplication. At the time the error is discovered, ZCI will determine the course of action that minimizes the financial

loss to the client(s) for which the trade was intended. If necessary, the client may be contacted for further direction. ZCI will then direct the broker/dealer to take corrective action. If the corrective action results in a monetary loss to a client(s), ZCI will reimburse the client directly. Additionally, material losses absorbed by a broker/dealer on a client's behalf will be reimbursed directly by ZCI.

### **Other Brokerage Related Disclosures**

As part of its oversight of Access Persons and their Associated Persons, ZCI utilizes personal trading and compliance management software provided by Schwab Compliance Technologies, Inc. (a division of Schwab). ZCI receives a discounted price on the software based upon ZCI's employees' election to maintain their personal brokerage accounts at Schwab and is in no way related to ZCI's client accounts at Schwab.

### **Initial Public Offerings (IPOs)**

As part of ZCI's investment process, the firm researches IPOs for investment opportunities and occasionally ZCI purchases shares of IPOs for client accounts. Certain IPOs present the opportunity for considerable gain and therefore their allocation, should ZCI be able to obtain them on clients' behalf, can present a conflict of interest among clients. ZCI has written policies and procedures in place to ensure that all clients are treated fairly in the allocation of IPOs. ZCI is limited to allocating IPOs only to those clients eligible under FINRA Rules 5130 and 5131 (and certification to ZCI as required) or are exempt from its provisions.

## ***Item 13 – Review of Accounts***

### **Periodic Reviews**

Personal, formal reviews are offered at least annually for all clients. Accounts are reviewed at least quarterly within the context of client objectives and constraints. Further reviews may be conducted at the request of the client precipitated by certain conditions including, but not limited to, a change in investment objectives. Accounts are monitored on a daily basis by ZCI's Portfolio Managers, with the exception of portfolios that may be too small for continuous management or portfolios consisting of securities not requiring continual monitoring. These accounts are reviewed by the Portfolio Managers on a quarterly basis.

Reviews are conducted by:

- Herbert W. Albin, Chief Fixed Income Officer, Client Investment Advisor
- D. Brooke de Boutray, CFA, CIC, Co-Chief Investment Officer Portfolio Manager
- Joseph E. Dennison, CFA, Portfolio Manager
- Elise C. Foley, Chief Client Investment Advisor and Business Development Officer
- Kristie Garrett, CFP®, CRPC®, Senior Lead Advisor
- Leslie C. Tubbs, CFA, CIC, Portfolio Manager, Chief Operating Officer
- Anthony R. Zackery, CFA, Portfolio Manager
- Nancy A. Zevenbergen, CFA, CIC, President, Co-Chief Investment Officer, Portfolio Manager



## **Regular Reports**

Reports stating market value, assets held and a transaction summary are provided to the client at least quarterly by the client's custodian bank or broker/dealer. Generally, ZCI provides clients quarterly reports for their account(s) over which the firm has investment discretion. The reports may include a statement of assets, account performance and a newsletter. An invoice (or invoice copy) for investment management fees may be mailed separately or posted on ZCI's client reporting website. ZCI reserves the right to provide quarterly client reporting on-line, with client consent.

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

ZCI does not have agreements in place whereby the firm compensates any parties or receives compensation from any party for client referrals.

ZCI may pay fees out of its own assets to financial intermediaries for certain marketing and support services provided to the Zevenbergen Funds. While ZCI could be introduced to prospective clients in connection with these arrangements, any such introductions will not be the result of any cash solicitation and our client relationships will be separate and distinct from the relationships our clients have with other financial intermediaries.

ZCI's Investment Adviser Representatives ("IARs") will discuss various ZCI investment strategies and the Zevenbergen Funds (as appropriate) with clients. This presents no conflict of interest as there is no incentive for IARs to recommend one investment strategy or Zevenbergen Fund over another because they receive no direct compensation based on sales or earned investment advisory fees. Clients have the option to purchase investment products that are recommended through other brokers or agents that are not affiliated with ZCI.

## ***Item 15 – Custody***

ZCI is not a broker-dealer or custodian and does not take physical possession of client assets. All client assets are held with a qualified custodian independent of ZCI.

## **Account Statements**

Each custodian issues account statements to the client at least quarterly (generally monthly). These statements provided by the qualified custodian should be carefully reviewed and compared to information received by the client quarterly from ZCI.

## **Direct Debit of Fees**

ZCI is deemed to have custody of its clients' assets as defined by the Custody Rule (Rule 206(4)-2 of the Investment Advisers Act of 1940) only in the respect that the firm has permission from some clients to direct their custodian to automatically debit investment advisory fees from their accounts for payment to ZCI. ZCI's client advisory accounts (including those for which ZCI directly debits fees) are maintained at independent qualified custodians. Although ZCI is deemed to have custody under the Custody Rule (as described above), the firm does not serve as custodian nor does the firm take physical possession of client assets. ZCI has policies and procedures in place

to ensure fees are calculated in accordance with client Agreements. Please refer to the Fee Billing section in Item 5 for additional information regarding direct debit of fees.

### **Third-Party Asset Transfers**

ZCI will facilitate transfers to client's same name accounts at other qualified financial institutions (such as a bank checking account), however ZCI cannot facilitate transfers directly from client accounts to third-party accounts (an account in a name other than the client's name for the account ZCI manages).

## ***Item 16 – Investment Discretion***

### **Discretionary Authority**

ZCI manages assets on a fully-discretionary basis, determining appropriate securities and amounts of securities to be purchased and sold for client accounts without specific client consent, but always with consideration of client investment objectives. However, there may be certain instances where ZCI will place trades at the request of a client on a non-discretionary basis.

Within a client's portfolio, security holdings, security weights and/or composition may vary among client accounts as a result of several factors, including:

- Account size
- Tax considerations
- Liquidity needs
- Trading costs
- Investment time horizon
- Designated investment constraints
- Degree of risk tolerance
- The client's selection for their portfolio to be managed in a specific ZCI investment strategy
- The Portfolio Managers' purchase of specific securities held in other ZCI investment strategies on opportunistic security price changes

### **Attorney-In-Fact**

ZCI is appointed as client's agent and attorney-in-fact for the purpose of placing trades on the client's behalf.

## ***Item 17 – Voting Client Securities***

### **Proxy Voting**

In keeping with its fiduciary obligation, ZCI will vote proxies on behalf of clients that direct the firm to do so as outlined in their investment advisory agreement (or similar document). ZCI maintains written Proxy Voting Policy and Proxy Voting Guidelines, which are used to determine how to vote. The following are key guiding principles of ZCI's Proxy Voting Policy:

- Consider only the best interests of the fiduciary accounts' beneficiaries.
- Consider economic and ethical implications in determining the best interests of the beneficiaries.

- Base the decision on how to vote using reasonable skill and care in determining the issues involved.
- Vote proxies at the written request of a client (as may be allowed), should their specific choice of votes differ from the way ZCI would vote under its own Proxy Voting Guidelines.
- Resolve material conflicts of interest in the best interest of clients.
- Vote on every proxy issue (may be impacted by a client's participation in securities lending programs).
- Make every effort to vote proxies for all shares unless voting responsibility has been retained by the client or securities are on loan.
- Vote proxies of ERISA accounts with duty of loyalty, prudence, compliance with the plan, as well as a duty to avoid prohibited transactions.
- Provide accurate and timely proxy voting records to facilitate filing of the annual Form N-PX by mutual funds to which ZCI serves as adviser or sub-adviser

The policy also outlines procedures on how ZCI identifies and deals with conflicts of interest to include use of an independent third-party's advice on voting proxy issues, as well as required recordkeeping of proxy voting history for clients.

Any client may elect to retain proxy voting authority. Should they choose to do so, they will receive proxy material directly from the transfer agent and/or custodian and will be responsible for the respective votes.

A copy of ZCI's Proxy Voting Policy and Proxy Voting Guidelines is available upon request. Additionally, ZCI maintains a record of votes cast on the client's behalf which is available upon the client's request.

### **Class Action Litigation**

While ZCI takes its fiduciary obligation seriously, the firm does not believe the contractual authority it is granted by clients extends to representing them in legal actions such as class action litigation. As a result, ZCI does not file class action litigation claims on behalf of clients.

In ZCI's role as investment adviser, the firm often receives class action information intended for clients (both current and former). ZCI has established procedures regarding the receipt, processing and forwarding of various notifications related to class action litigation (i.e. requests to be named as plaintiff, notices of pendency and proof of claim and release forms) for both current and former clients.

Generally, ZCI works directly with each litigation claims administrator to provide the information necessary for the claims administrator to contact current and/or past clients that may be a member of the class.

### ***Item 18 – Financial Information***

ZCI does not require or solicit prepayment of fees of any amount.

ZCI is not currently, nor has it been in, a financially precarious situation, or subject to a bankruptcy petition.

## ***Additional Information***

### **Client Investor Profile**

ZCI utilizes an Investor Profile designed to capture client information necessary for ZCI to provide advisory services suitable for the client. In the absence of an Investment Policy Statement and/or other similar written direction from the client, the information in the Investor Profile is integrated in formulating and documenting ZCI's investment strategy recommendations. Should the document require a material change, ZCI will update and deliver the Profile to the client.

### **Business Continuity**

ZCI has developed a written Business Continuity and Disaster Recovery Policy with the goal of providing continuous fiduciary investment advisory services throughout any potential disruption to the firm's business. The policy incorporates specifics regarding Disaster Recovery Planning, Information Systems Security/Redundancy and Succession Planning.

### **Education and Business Standards**

In general, those individuals who are involved in determining or giving investment advice to clients, will have a college degree, at least three years of related business experience, and are encouraged to complete the Chartered Financial Analyst® (CFA®) program.

Chartered Financial Analyst® and CFA® are trademarks owned by the CFA Institute. For more information on the CFA® designation, please visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **ERISA Related Disclosures**

ZCI serves as adviser to clients covered by the Employee Retirement Income Security Act (ERISA) and therefore also serves as a fiduciary as therein defined. Other than advisory fees received for the firm's services, ZCI receives no direct compensation from any clients (including ERISA accounts). ZCI may receive indirect compensation (as defined by ERISA) from third parties (including, but not limited to broker/dealers, consultants, vendors/service providers) as a result of advisory services provided. In addition to research received from broker/dealers with whom the firm places client trades (please refer to the Soft Dollars section in Item 12), indirect compensation may also come in the form of gifts and entertainment received by the firm or its employees. ZCI's Code of Ethics and Personal Trading Policy only allows the firm and its employees to accept gifts and entertainment of nominal value and has procedures in place for monitoring all such activity.