

# **Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Lisanti Capital Growth, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer Monique Schulman at (603)216-8894 or by email at [mschulman@lisanticap.com](mailto:mschulman@lisanticap.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.

Lisanti Capital Growth, LLC is an investment advisor registered with the SEC. Being registered with the SEC does not imply a certain level of skill or training.

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

**March 2021**

## Material Changes

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Lisanti Capital Growth, LLC. delivers its brochure initially when we enter into an advisory agreement with you. We then offer or deliver our brochure on an annual basis, no later than 90 days of our fiscal year end.

We will provide our disclosure brochure ("brochure") to you when we enter into an advisory agreement with you. Our brochure will be updated no less than annually. Within 90 days of our fiscal year end we will deliver a summary of material changes which have been made to our brochure since its last annual update. This summary will include information about how you may obtain an updated brochure at no charge, and it will include the date of the last annual update. We will provide updated disclosure information about material changes more frequently as needed. We will provide you with a copy of our current brochure at any time without charge. Information about your Advisory Representative may be found in the supplements to our brochure.

As of the filing of our last Annual ADV Amendment on March 16, 2020. We have no material changes.

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## **Advisory Business**

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### **Firm Description**

Lisanti Capital Growth, LLC (“Lisanti” or the “Adviser” or the “Firm”), a registered investment advisor, was founded in 2003, based in New York, New York. Lisanti is certified as a Woman-owned Business Enterprise by the Women’s Business Enterprise National Council.

Lisanti offers investment advisory services (including investment sub-advisory and model delivery services), also known as asset management services, on a discretionary and non-discretionary basis to corporations, pension and profit sharing plans, employee benefit plans, educational organizations, trusts, endowments and foundations, individuals, and investment companies. Lisanti is strictly an investment management firm. The firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or other commissioned products. The firm is affiliated with Dinosaur Financial Group, LLC, a U.S. based broker dealer registered with FINRA and the SEC, and DCM Advisors, LLC, a registered Investment Advisor.

### **Principal Owners**

Lisanti Capital Growth is 52% owned by Mary Lisanti, the firm’s president and Managing Member Dinosaur Group Holdings, LLC, a global investment bank and broker dealer, with offices in London, Spain, Italy and the United States is a passive financial investor with a 48% Ownership in Lisanti Capital Growth. .

### **Types of Advisory Services**

Lisanti provides investment supervisory services, also known as asset management services, as follows:

1. To city and state government entities, corporations, pension and profit sharing plans, employee benefit plans, educational organizations, trusts, endowments and foundations, and high net worth individuals and individual typically ;
2. To affiliated and unaffiliated investment advisers that utilize the services of Lisanti on a sub-advisory or model delivery basis to provide management services to some of their clients; and
3. To registered investment companies.

Collectively, the entities referenced above are referred to herein as (“Clients”), unless otherwise noted.

Lisanti manages the assets of its Clients in accordance with the Firm’s Small Cap Growth and SMID Cap Growth equity investment management styles, subject to reasonable investment restrictions or other investment guidelines imposed by Clients (“Investment Guidelines”). Each Client is responsible for informing Lisanti of any changes to its Investment Guidelines. Lisanti does not assume any responsibility for the accuracy of

the information provided by Clients. *Refer to Investment Discretion for additional information on Conditions for Managing Accounts.*

Lisanti's small cap growth strategy invests in the equity securities of smaller, rapidly growing U.S. and foreign companies whose equities are traded on U.S. stock exchanges. Lisanti focuses primarily on seeking to maximize capital appreciation for its Clients. Given its focus, under certain market conditions, a significant portion of Lisanti's strategy can be invested in companies that have newly come public ("Initial Public Offerings" or "IPOs"). Due to the volatile nature of smaller, high growth issues and the risks involved when investing in these types of securities and strategies, the actual return of a Client's account likely will fluctuate and at any point in time be worth more or less than the amount originally invested. *Refer to Methods of Analysis, Investment Strategy, and Risk of Loss for additional information regarding Lisanti's investment strategy.*

Lisanti's SMID Cap growth strategy utilizes the same investment process as the Firm's Small Cap Growth strategy, but has a higher range of market capitalization stocks in which it invests.

## **Investment Advisory Agreement**

Lisanti requires that each Client enter into an investment advisory agreement with Lisanti prior to Lisanti's performance of any investment management services for the benefit of the Client. The agreement is a written contract between Lisanti and a Client and sets forth the terms of the portfolio management services to be rendered to the Client and the fees to be paid for such services.

Under the terms of Lisanti's form of the investment advisory agreement ("Agreement"), Lisanti offers investment advice to a Client and manages the cash, securities and other assets which the Client has allocated to Lisanti for investment ("Account"). The Agreement may empower Lisanti, as agent and attorney-in-fact on behalf of an Account, with full power and authority to invest Account assets on a discretionary basis subject to applicable Investment Guidelines or on a non-discretionary basis subject applicable Investment Guidelines.

Pursuant to the Agreement, Lisanti does not maintain custody of securities or other assets contained in an Account. Rather, the custodian of each Account is designated in the Agreement and, under the Agreement, Client agrees to instruct its custodian to accept instructions from Lisanti on behalf of the Account.

Under the Agreement and subject to the duty to obtain best execution for each transaction on behalf of an Account, Lisanti has full discretion to place orders for the execution of transactions with or through brokers, dealers, or banks ("Brokers"). In selecting Brokers, Lisanti may, in compliance with Section 28(e) under the Securities Exchange Act of 1934, incur commissions on transactions in excess of the amount of commission another Broker would charge when Lisanti receives research or execution services from the Brokers.

The Agreement permits a Client to either delegate the responsibility of voting proxies with respect to Account securities to Lisanti or retain the voting responsibility. If proxy voting is delegated to Lisanti, the Agreement requires Lisanti to vote proxies on a client's behalf by employing Lisanti's proxy voting policies and procedures. Clients utilizing Model delivery may not be able to delegate proxy voting to Lisanti.

Under the Agreement, a Client agrees to hold Lisanti harmless from any liability or expense incurred by reason of any action or decision by Lisanti made under the Agreement, or any failure to act or decide, made in good faith except if losses incurred by a Client result from Lisanti's willful misfeasance, bad faith, or gross negligence or by reason of its reckless disregard of its obligations and duties under the Agreement. The Agreement, however, does not limit a Client's rights under Federal or state law. The Agreement may not be assigned without the Client's consent. Provisions of the agreement may be negotiated on a Client by Client basis.

Certain institutional clients and U.S. registered investment company clients may provide Lisanti with their own contracts instead of assigning the agreement. These contracts may contain provisions different from the provisions Lisanti has in its Agreement.

## **Assets Under Management**

As of January 31, 2021 Lisanti, provided continuous discretionary management services for approximately \$760,800,000 in assets.

## **Fees and Compensation**

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### **Investment Advisory Fees**

Generally, Lisanti charges an annual investment management fee for the advisory services it provides to a Client based on a percentage of the Client's assets under management. Effective April 1, 2019, Lisanti amended its standard investment advisory fee charged to a Client as follows:

#### **Small Cap Growth:**

0.90% on the first \$10 million  
0.80% on the next \$15million  
0.70% on the next \$25 million  
and Negotiable above \$50 million.

#### **SMID Cap Growth:**

0.80% on the first \$10 million  
0.70% on the next \$15 million  
0.60% on the next \$25 million  
And Negotiable above \$50 million

We bill investment advisory fees quarterly or monthly based on the Client preference. They are billed after the quarter or month ends (in arrears) based upon the market value of an Account at the end of the most recently completed calendar quarter, or based on the average daily balance. The initial fee for a new Account is prorated based upon the date the Account is opened. In the event an Account terminates prior to the end of a billing cycle, fees will be prorated based upon the date the account is terminated. Fees due at the date of termination shall be paid by the Client at or prior to termination, or shortly thereafter, depending upon the terms of the Client's investment advisory agreement. If termination occurs within five days after a Client enters into the advisory arrangement, no fee is incurred. Certain clients, typically those for which Lisanti acts as a sub advisor, calculate the fee, and determine the frequency for which the fee is charged, and whether it is charged in advance or arrears as per the written contract with Lisanti.

Advisory or management fees are typically billed directly to Clients, however certain clients may have the fees directly debited from an Account as per the Investment Advisory Agreement.

Investment advisory fees may vary from Client to Client. Lisanti reserves the right to negotiate investment advisory fees with each Client, and may charge a higher or lower fee than the fee described herein. Lisanti may waive or reduce the advisory fee with respect to any Client. Some of the factors relevant to charging fees different from the standard account fee stated above are account size and the nature of the relationship between a Client and Lisanti. Where the Firm sub advises or manages through model delivery; fees on accounts may be lower than the Firm's stated fee schedule.

In addition to Lisanti's advisory fee, each Client incurs custodial account fees, brokerage and other transaction costs in connection with Lisanti's management of their Account(s). *Refer to Brokerage Practices for additional information regarding brokerage costs.*

To the extent that a Client invests in a pooled investment vehicle such as a mutual fund or an exchange-traded fund, the Client will indirectly bear fees and expenses charged by the underlying pooled investment.

## **Performance Based Fees and Side by Side Management**

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Lisanti does not charge performance-based fees. Since all accounts managed by Lisanti are charged an asset-based fee, Lisanti is not in a position to favor performance-based fee accounts over other accounts.

## **Types of Clients**

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### **Description of Types of Clients**

Lisanti offers investment advisory services (including investment sub-advisory and



model portfolio services), also known as asset management services, on a discretionary and non- discretionary basis to corporations, pension and profit sharing plans, employee benefit plans, educational organizations, trusts, endowments and foundations, high net worth individuals, and investment companies and investment advisers. Lisanti is strictly an investment management firm.

Client relationships vary in scope and length of service.

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## **Conditions for Managing Accounts and Account Minimums**

Lisanti reserves the right to decline any potential Client. Prior to Lisanti's performance of investment advisory services, Lisanti requires all of its Clients to enter into a written investment advisory agreement. *Refer to Advisory Business – Investment Advisory Agreement for additional information regarding Lisanti's investment advisory agreements.* Lisanti generally has a minimum account size of \$5.0 million. Lisanti reserves the right to waive the account minimum for a particular account, determined on a case-by-case basis. Otherwise, Lisanti generally imposes no additional conditions on the establishment or maintenance of Clients' accounts.

There may be times when certain restrictions are placed by a Client, which prevents Lisanti from accepting or continuing to manage the account. Generally, Lisanti reserves the right not to accept and/or terminate management of an Account if it feels that the Client imposed restrictions would limit or prevent it from effectively executing and/or maintaining its investment strategy.

Lisanti encourages Clients to carefully consider committing only those funds that can be invested on a long-term basis, usually a minimum of three to five years, and that can be subject to the volatility of investments in equity securities of smaller, high growth companies.

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## **Methods of Analysis, Investment Strategies and Risk of Loss Methods of Analysis**

**Database Screening** Lisanti applies a quantitative screening process to the universe of small and SMID capitalization companies to identify those companies with fundamental characteristics such as:

- strong or improving balance sheets
- good or improving cash flow
- high or improving returns on equity
- strong or improving fundamentals

Lisanti also looks for companies with positive catalysts, such as new management, new products, and /or unique business strategies, which may provide for a potential acceleration in the growth rate of the company.

A valuation screen is also used to determine if the price/earnings ratio in relation to the company's underlying growth rate is reasonable.

**Fundamental Research** Lisanti's fundamental research focuses on identifying several types of companies that Lisanti believes offer promising growth potential including:

- smaller, fast growing companies that offer innovative products, services or technologies to a rapidly expanding marketplace
- companies experiencing a major change which is expected to produce advantageous results, such as new management, products or technologies, restructuring or reorganization, or merger and acquisition

Lisanti utilizes meetings with company management and analysts, research at industry trade shows and conferences, initial public offering ("IPOs") roadshows, and discussions with customers and competitors, to help identify companies whose stock price may not reflect the rate of growth the company can maintain and/or those whose stock price does not yet reflect the positive changes that have occurred because they have not yet appeared in the financial results. Lisanti also utilizes written research by various brokerage firms, and uses various standard databases available to institutional investors, such as Bloomberg, and William O'Neil.

### **Investment Strategies**

Lisanti manages two growth strategies, both of which utilize the same investment process and differ only in the range of market capitalizations of the stocks researched. The Lisanti small cap growth investment strategy used to invest Account assets involves the purchase of equity exchange-listed securities and/or equity securities that trade over the counter. In general, securities purchased are equity securities of smaller, lesser-known companies whose stocks are traded in the U.S. markets. For this strategy, Lisanti normally invests in companies that Lisanti believes are in an early stage or transitional point in their development and have above average prospects for growth, including initial public offerings. Smaller companies are generally defined by Lisanti as those with market capitalizations equivalent to the range of those in the Russell 2000 Growth Index. The Firm's SMID strategy employs the same investment process, identifying companies that have above average prospects for growth, but SMID companies are generally defined by Lisanti as those with market capitalizations equivalent to the range of those in the Russell 2500 Growth Index at time of initial purchase.

Lisanti's investment process focuses on two key areas—security selection and portfolio construction. Lisanti uses a disciplined investment process that includes the following components:

- (1) Security Selection. Based on the methods of analysis described above, Lisanti focuses on identifying several types of companies that it believes offer promising growth potential, including those small/SMID capitalization companies with fundamental strengths and/or positive catalysts, such as new management, or new products and/or unique business strategies, which may provide for a potential acceleration in the growth rate of the company. Once purchased, portfolio holdings are monitored closely, and new information is evaluated relative to the original reason for investing.

- (2) **Portfolio Construction: Themes.** Lisanti intends its investments to reflect what Lisanti believes to be the major social, economic and technological trends (collectively, “Themes”) that will shape the future for business and commerce over the next three to five years. These Themes will provide a framework for identifying the industries and companies in which Lisanti will invest. While sector weightings are monitored, portfolios are generally constructed around 12-15 themes, such as The New Consumer, The Ubiquitous Semiconductor and Managing the Information Age. The Firm’s SMID investment strategy may have fewer themes, as it has fewer individual stock holdings than the small cap growth strategy.

Lisanti may invest in initial public offerings and may trade frequently. Securities in the portfolio may be sold when they exhibit deteriorating fundamentals, changing circumstances affect the original reasons for the investment, their valuation target is achieved or, in Lisanti’s opinion, a more attractive alternative exists.

Because Lisanti invests in small and SMID companies that it believes offer promising growth potential, including fast growing companies that offer innovative products, services or technologies to a rapidly expanding marketplace, companies going public (“IPOs”) could be candidates for inclusion in the portfolios. Under certain market conditions, IPOs and newly public companies could comprise a significant portion of Lisanti’s investments. Additionally, under certain market conditions, from time to time, Lisanti may engage in active short-term trading to take advantage of price movements affecting individual issues, groups of issues, or markets.

## **Risk of Loss**

Investing in securities involves risk of loss that each Client should be prepared to bear. A Client’s investment portfolio will fluctuate in value as market conditions change, the Client could lose all or portion of the value of the investment portfolio over short or even long periods of time and the Client’s Account may underperform other investments. Investors in Lisanti’s small/SMID cap growth strategies may face the following investment risks, among others:

- **Equity Risk.** Equity holdings: which include common stocks and sponsored and unsponsored ADRs may decline in value because of changes in the price of a particular holding or a broad stock market decline. Common stock ranks below preferred stock and debt securities in claims for dividends and for assets of the company in a liquidation or bankruptcy. The value of a security may decline for a number of reasons that directly relate to the issuer of a security or broader economic or market events including changes in interest rates.
- **Market Events Risk:** Geopolitical and similar disruptive events with geopolitical consequences, including pandemics (such as COVID-19), may destabilize various countries’ economies and markets, which may experience increased volatility and reduced liquidity. Policy changes by the Federal Reserve and/or other government actors could similarly cause increased volatility in financial markets. Trade barriers and other protectionist trade policies (including those in the U.S.) may also result in market

turbulence. Market volatility and reductions in market liquidity may negatively affect issuers worldwide, including issuers in which Lisanti invests. Under such circumstances, Lisanti may have difficulty liquidating portfolio holdings, particularly at favorable prices. To the extent that Lisanti experiences higher levels of redemptions, Lisanti may be required to transact in contemporaneous markets even if they are volatile and/or illiquid, which may negatively impact clients' asset value.

- **Smaller Capitalization Company Risk.** Smaller capitalization companies may have more limited product lines, markets, and managements teams, which could make their financial status less secure and predictable. Securities issued by smaller capitalization companies may be less liquid and their prices may fluctuate more than those of larger, more established companies.
- **Growth Company Risk.** Securities of growth companies may be more sensitive to the company's earnings and more volatile than the market in general primarily because their stocks prices are based heavily on future expectations. If the Adviser's assessment of the prospects for a company's growth is wrong, or if the Adviser's judgement of how other investors will value the company's growth is wrong, then the price of the company's stock may fall or not approach the value that the Adviser has placed on it.
- **Initial Public Offerings Risk:** The Adviser may purchase securities of companies in initial public offerings ("IPOs"). Securities purchased in an IPO may be illiquid, and therefore more difficult to sell promptly at the most favorable price, and may be subject to substantial price volatility due to factors such as unseasoned trading, lack of investor knowledge of the company, and limited operating history.
- **Industrial Sector Risk:** To the extent the Advisor may invest a significant portion of its assets in the industrial sector; performance could be negatively impacted by events affecting this sector. The industrial sector includes, for example, aerospace and defense, non-residential construction, engineering, machinery, transportation, and commercial and professional services companies. This sector can be significantly affected by, among other things, business cycle fluctuations, worldwide economy growth, and government and corporate spending, supply and demand for specific products and manufacturing, and government regulation.
- **Technology Sector Risk:** Investments in technology companies are vulnerable to factors affecting the technology sector, such as dependency on consumer and business acceptance as new technology evolves, large and rapid price movements resulting from competition, rapid obsolescence of products and services and short product cycles. Many technology companies are small and at an earlier stage of development and, therefore, may be subject to risks such as those arising out of limited product lines, markets and financial and managerial resources.
- **Management Risk:** The Advisor actively manages its accounts and its performance will reflect the Adviser's ability to make investment decisions that are suited to achieving each client's investment objective.

- **Portfolio Turnover Risk.** A high level of portfolio turnover may have a negative impact on performance by increasing transaction costs and generating greater tax liabilities for clients. Lisanti can engage in frequent trading on occasion, if it believes it is in the client's best interests and in the implementation of its strategy. This frequent trading can affect performance through increased brokerage and other transaction costs, such as increased custody costs.

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## **Disciplinary Information**

There are no legal or disciplinary events involving Lisanti its officers and employees that are material to a client or a prospective client's evaluation of Lisanti's advisory business or the integrity of Lisanti's management.

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## **Other Financial Industry Activities and Affiliations**

### **Affiliations**

As mentioned above, Lisanti is owned in part by Dinosaur Group Holdings, LLC ("Dinosaur"), which is a global investment bank and broker dealer, with offices in London, Spain, Italy and the United States. The primary business of Dinosaur is investment banking, as well as trading equities and bonds for high net worth individuals, endowments, foundations, corporations, and other institutions. Specifically, Dinosaur maintains a 48% interest in Lisanti. The remaining 52% is held by Mary Lisanti, who is the Managing Member of Lisanti. Additionally, Ms. Lisanti serves as the firm's President, and Chief Investment Officer. Ms. Lisanti maintains voting control of Lisanti.

Dinosaur Financial Group, LLC is a wholly owned subsidiary of Dinosaur Group Holdings, LLC. Dinosaur Financial Group ("DFG") is a U.S. based broker dealer registered with FINRA and the SEC. Dinosaur Group Holdings, LLC wholly owns DCM Advisor, LLC ("DCM") which is an SEC registered investment advisor. Certain clients may be introduced to Lisanti by employees of DCM or DFG for investment advisory services for which they will be compensated.

Lisanti may enter into a contractual arrangement with the employees of the affiliated firm, under which the individual receives compensation from Lisanti for the establishment of new client relationships. Employees who refer clients to Lisanti must comply with the requirements of the jurisdictions where they operate. The compensation is a percentage of the advisory fee you pay Lisanti for as long as you are a client with our firm, or until such time as our agreement with the individual expires. You will not be charged additional fees based on this compensation arrangement. Incentive based compensation is contingent upon you entering into an advisory agreement with our firm. Therefore, the individual has a financial incentive to recommend Lisanti to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain Lisanti for advisory services. Comparable services and/or lower fees may be available through other firms

Dinosaur Group Holdings, LLC also has ownership interests in Dinosaur Merchant Bank Limited, a U.K. company authorized and regulated by the FCA, and Atlantic Trading and Technical Services, LLC, an unregulated company. As such, Lisanti also has an indirect affiliation with these companies.

In order to prevent any actual conflicts or the appearance of conflict, Lisanti has adopted a policy that prohibits trading with Dinosaur Financial Group, LLC. for discretionary client accounts that do not direct brokerage. In the event a client does direct trading through Dinosaur Financial Group, which is not anticipated, Lisanti will undertake an extra level of level of diligence with regard to best execution of Dinosaur Financial Group trades for these clients as part of the firm's general best execution procedures. *Refer to Brokerage Practices for additional information regarding Lisanti's best execution practices.*

Notwithstanding the foregoing relationships, Lisanti does not: (1) conduct joint operations with any of these Dinosaur entities (although it shares some technology support and operational support as well as some real estate and marketing services with these entities ); (2) provide investment advisory services to any of these Dinosaur entities (although it may be asked to provide investment advisory services to their clients); or (3) utilize these Dinosaur entities as an investment vehicle for Accounts (although these other Dinosaur entities may seek to use Lisanti as an investment vehicle for their clients). However, recognizing that potential conflicts could exist, and to prevent actual conflicts or the appearance of conflicts, the Dinosaur entities and Lisanti have adopted several procedures with regard to trading client accounts and trading in individual employee accounts.

Additionally, Lisanti has adopted an Information Barrier Policy to protect client confidentiality. This Policy includes physical, information technology, and administrative safeguards that protect Lisanti client information.

Lisanti is not registered, nor does it have an application pending to register, as a broker-dealer. Neither Lisanti nor its management persons are registered, or have an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of any of these entities.

Lisanti does not recommend or select other investment advisers for Accounts. Lisanti currently acts as the investment adviser to the Lisanti Small Cap Growth Fund, a series of Forum Funds, a registered open-end investment company (mutual fund). As the investment adviser to the Lisanti Small Cap Growth Fund, Lisanti is considered an "affiliate" of the fund under applicable law. Lisanti does not use the Lisanti Small Cap Growth Fund as an investment vehicle for other Client assets. The prospectus and statement of additional information for the Lisanti Small Cap Growth Fund contain important information concerning the Fund's investment objective, strategies, policies, and risks and are available on Lisanti's website or by calling or writing the fund's transfer agent at 1-800-441-7031 or Lisanti Small Cap Growth Fund, P. O. Box 588, Portland, ME 04112.



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

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### **Code of Ethics**

Lisanti has a code of ethics and procedures, which is referred to in this document as “the code”. The code stipulates that Clients come first and therefore trading of securities by employees is restricted to prevent interference with our Clients’ opportunities to make money. Under our code, employees must place the interests of Clients ahead of their own personal financial interests and therefore are also required to avoid any actual or apparent conflicts of interest with Clients. Protections against conflicts of interest include:

- Prohibition on the purchase or sale of securities while in possession of confidential or material non-public information.
- Prohibition against employees abusing their position of trust and responsibility in any way for personal gain.
- Prohibition on employees “front running” Client trades by trading in securities based on information regarding intended Client transactions.
- Requirement that employees present all investment ideas suitable for Clients to the firm first before engaging in a personal transaction based on such ideas.
- Trading in all small cap high growth stocks by employees is discouraged but not forbidden.

Subject to certain exceptions, employee transactions require pre-approval from the Compliance Supervisor of all securities and options transactions by employees. Generally, these transactions will be rejected by the Compliance Supervisor if they are, or are being considered, for purchase or sale for Clients accounts or are held by a Client Account. Additional trading conditions require:

- Certain employees, including the Portfolio Managers to wait a certain number of days before transacting in certain securities after Client transaction in the securities.
- Employees who purchase shares of the Lisanti Small Cap Growth Fund are required to hold those shares for at least 90 days (1 year for Portfolio Manager).

The Compliance Department may waive holding periods on a case-by-case basis through Lisanti’s pre-clearance process when the liquidation of the fund’s shares does not present a conflict of interest.

To facilitate the monitoring of employee compliance with applicable personal trading restrictions, employees are required to report securities holdings and investment transactions on a quarterly and annual basis for review by the Compliance Supervisor.

Employees are required to report any knowledge of violations of the code to the Compliance Supervisor.

Any employee violating Lisanti's code may be subject to sanctions, including but not limited to a warning or other entry in the employee's personnel records, disgorgement of profits obtained in connection with a violation, the imposition of fines, restrictions on future personal trading, suspension, demotion, termination of employment or referral to civil or criminal authorities.

A copy of the Lisanti Code of Ethics and Procedures can be obtained by calling us at (917) 386-6268 or emailing us at [info@lisanticap.com](mailto:info@lisanticap.com). You may also obtain a copy by calling our Chief Compliance Officer Monique Schulman at (603)216-8894.

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

If Lisanti's employees buy or sell securities for their own personal accounts that the firm buys or sells for Accounts, the employees are required to follow specific procedures as outlined in the Code. The procedures regarding personal trading include pre-clearing all trades in Covered Securities (as defined in the Code) including shares of Lisanti Small Cap Growth Fund, and the submission of periodic holdings and transactional reports. *Refer to Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – Code of Ethics.*

Additionally, while Lisanti and DCM are separate registered investment advisory firms, due to their affiliation, potential conflicts can arise. To guard against such potential conflicts, DCM client and employee trades are reviewed by DCM compliance for conflicts with Lisanti portfolio trading.

### **Personal Trading**

All employees of Lisanti must obtain Lisanti's pre-approval of all personal transactions in Covered Securities. While trading in an employee's personal accounts is permitted, personal trading in securities in the small, high growth arena in which the firm invests for its clients is discouraged, although not forbidden. Requests for trade approval are reviewed for, among other things, orders that may involve potential conflicts. If there is a Client and employee order for the same security on the trade desk, the Client order is executed first. An employee may not buy or sell a Covered Security, for any Account in which he/she has a direct or indirect beneficial ownership if that security is held by an account or to be acquired for an Account within three business days before and three business days after a Client's transaction in that Covered Security.

The primary portfolio manager is prohibited from buying or selling a Covered Security for any personal account in which the portfolio manager has any direct or indirect



beneficial ownership for seven business days before and three business days after the Account's transaction in that Covered Security.

## Brokerage Practices

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### Investment or Brokerage Discretion

Lisanti's investment advisory agreements generally afford it discretion and Lisanti generally determines the securities to be purchased and sold; the amount of securities purchased and sold; the identity of the broker-dealer through which the transaction will be executed; the commission rates paid to effect the transactions, and whether the Client's transactions should be combined with those of other Clients and traded as a "block". For Clients under a model delivery agreement, Lisanti does not have discretion to determine the broker dealer, commission rates or any other parameters related to the execution of the trade.

Lisanti's authority may be subject to conditions imposed by the Client. Examples of such conditions include:

1. where the Client restricts or prohibits transaction in securities of a specific company or industry or specific types of securities, such as ADRs, or restricts or prohibits usage of soft dollars;
2. where Clients direct that transactions be affected through specific broker-dealers ("Directed Brokerage"). Several clients require, subject to attaining best execution, that a specified portion of its transactions be executed through certain categories of broker-dealers, including minority owned and women-owned broker-dealers. Lisanti has adopted a trade rotation system such that Accounts subject to no restrictions with respect to brokerage and Accounts that require the use of certain brokers alternate trading order priority. In light of the limited liquidity of many small cap stocks, order priority can be expected to affect pricing. Additionally, some of Lisanti's clients direct all brokerage. *Refer to Directed Brokerage for additional information regarding Lisanti's directed brokerage practices.*

### How Brokers Are Selected:

**Non-Directed Brokerage Clients.** As an investment adviser, Lisanti has a fiduciary obligation to obtain the most favorable execution available for Client transactions.

Lisanti selects broker-dealers to execute Client transactions based upon but not limited to a broker-dealer's execution capabilities, trading expertise, and the quality and availability of research. As a result, Lisanti may select a broker to affect a transaction consistent with its best execution obligation even though other brokers may charge commission rates that are lower than those charged by the broker selected. Accordingly, transactions for Accounts will not always be executed at the lowest available commission rates, and in some instances the commission expenses may be materially greater. As a general rule, Lisanti "pays up" for research. *Refer to Soft Dollar Brokerage for further*

*information regarding Lisanti's soft dollar practices.*

Lisanti maintains a list of brokers that meet its standards with respect to execution and research capabilities. The portfolio manager and trader periodically review the amount of commissions paid to these brokers. Lisanti has established a semi-annual formal voting process among its research and portfolio management staff to evaluate the execution and research services provided by the brokers executing Client portfolio transactions. This vote is taken into account in evaluating individual broker-dealers overall performance which is done annually. Broker-dealers may be removed from Lisanti's "approved" broker list if Lisanti believes that the broker-dealer is not providing an adequate level of service. New broker-dealers may be added to the list if the firm believes that the broker-dealer offers research and trading capabilities which would be of value in managing Accounts.

Lisanti also has an affiliated broker-dealer, Dinosaur Financial Group. In order to prevent any actual conflicts or the appearance of conflict, Lisanti has adopted a policy that prohibits trading with Dinosaur Financial Group for discretionary client accounts that do not direct brokerage. In the event that a client does direct trading through Dinosaur Financial Group, which is not anticipated, Lisanti will undertake an extra level of level of diligence with regard to best execution of Dinosaur Financial Group trades for these clients as part of the firm's general best execution procedures.

### **Model Portfolios.**

Lisanti does not have the discretion to effect the trades for Model Portfolios. Transactions for Model Portfolio accounts are normally communicated to the underlying advisers after transactions for non-directed and directed accounts have been executed. As a result, transactions for model portfolios may not receive as favorable an execution as transactions for non-directed and directed accounts. Model portfolios will differ from the same investment strategy managed directly by Lisanti due to their inability to participate in IPOs. Advisers also have the ability not to accept Lisanti's recommendations in the model portfolio, which may also cause differences in performance.

**Directed Brokerage.** Transactions for directed accounts are normally executed after transactions for non-directed accounts. As a result, transactions for directed accounts may not receive as favorable an execution as transactions for non-directed accounts. If a client directs Lisanti to use a different broker or dealer than one selected by Lisanti, it may involve the following disadvantages:

- Lisanti's ability to negotiate commissions or other terms on behalf of directed brokerage clients may be impaired
- Lisanti's opportunities to obtain lower transaction costs and better prices through aggregating or "bunching" orders or volume discounts may be limited

- Clients may lose the benefit of Lisanti's experience in selecting brokers who are able to execute difficult transactions efficiently
- Lisanti must place transactions for directed brokerage clients after placing bunched transactions.

In these circumstances, a disparity in commission charges may exist among Lisanti's Clients and the direction of trades to one broker or dealer could result in failure to receive the best execution for some transactions. As set forth above, Lisanti also has a related broker-dealer, Dinosaur Financial Group. In order to prevent any actual conflicts or the appearance of conflict, Lisanti has adopted a policy that prohibits trading with Dinosaur Financial Group for discretionary client accounts that do not direct brokerage. In the event that a client does direct trading through Dinosaur Financial Group, Lisanti will undertake an extra level of level of diligence with regard to best execution of Dinosaur Financial Group trades for these clients as part of the firm's general best execution procedures.

Subject to the foregoing, a Client's designation of a broker and the negotiated rate of commission agreed upon between the two parties will generally be honored.

**Use of Soft Dollars to Obtain Brokerage and Research Services.** Subject to the requirements of seeking best execution for transactions, and also subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), Lisanti may, in circumstances in which it has brokerage discretion and execution is comparable, give preference to a broker who has provided execution and research services to Lisanti (a "Research Broker").

Eligible brokerage services may include, among other things: (1) services incidental to transaction execution such as clearance, settlement and custody; (2) post trade services such as matching trade information, exchanges of messages among broker-dealers, custodians and other institutions relating to a trade and routing settlement instructions; communications of allocation instructions between institutions; (3) communication services related to execution, clearing and settlement such as connectivity service between an investment adviser, broker-dealer and other relevant parties (including dedicated lines between broker-dealer and investment adviser's order management system); and (4) software such as trading software to route orders to market centers.

Research services may include, among other things: (1) general economic, political, business and market information; (2) industry and company reviews; (3) evaluations of securities and portfolio strategies and transactions; (4) recommendations as to the purchase and sale of securities and other portfolio transactions; (5), technical analysis of various aspects of the securities markets; (6) financial, industry and trade publications; (7) news and information services; (8) pricing and quotation services; and (9) research oriented computer software, data bases and services. Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts, and attendance at research conferences.

The brokerage and research services provided by a Research Broker may be proprietary and/or provided by a third party, which means the brokerage or research services originates from a party independent from the broker providing the execution services. When Lisanti uses client brokerage commissions to obtain execution or research services, Lisanti receives a benefit because it does not have to pay for the brokerage or research products or services or produce research directly.

In selecting a Research Broker, Lisanti may pay a Research Broker a commission in excess of the amount of commission another broker would have charged, in recognition of the value of the brokerage and/or research services provided by the Research Broker. This practice is commonly referred to as “soft dollars”. In selecting such a broker to execute Client portfolio transactions, Lisanti will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage or research services received. Lisanti will allocate brokerage transactions to these Research Brokers at such prices and commission rates as Lisanti believes are in the best interest of its Clients. During the fiscal year ended December 31, 2019, Lisanti received the following research services that were acquired wholly or in part with soft dollars: third party research on the small capitalization market, including broker-dealer research; third party research on specific small cap stock ideas and events, including broker-dealer research; third party research on the IPO market, including specific research reports on companies coming public; research on broad trends in the economy and society and their potential impact on investing; pre trade analytics; and broad market news and information sources, pricing and quotation services, and research oriented computer software, databases and services.

Brokerage and research services provided by a Research Broker may be used in servicing all of Lisanti's accounts although not such all Client accounts affected portfolio transactions through and paid commissions to the Research Broker. Accordingly, accounts that direct brokerage or prohibit the use of soft dollars and therefore restrict Lisanti's ability to use commissions to pay for brokerage and research services are expected to benefit from such services.

While the receipt of research services through the use of soft dollars from any broker executing transactions for Clients will not result in a reduction of Lisanti's customary and normal research activities, the receipt of such research may be deemed an economic benefit to Lisanti and may create a conflict of interest between Lisanti and its Clients. Further, the receipt of brokerage and research services may create an incentive for Lisanti to use Research Brokers to execute Client transactions rather than those that may be in a position to provide more favorable execution services. As an Investment Adviser, Lisanti has a fiduciary obligation to obtain the best execution available for Client transactions. *Refer to Oversight of Trading Activity for additional information regarding monitoring of broker execution, including soft dollar arrangements.*

Certain research services are utilized for both research and non-research purposes herein referred to as “mixed use”. In mixed use situations, Lisanti allocates costs to soft (use of Client commissions) versus hard dollars (cash payments by Lisanti) based upon research versus non-research usage. In accordance with regulations, Lisanti is required

to keep books and records of its mixed use allocation computations to support reasonableness of its determination. In making these allocations, a potential conflict of interest may exist by reason of Lisanti's allocation of the costs of such services and benefits between those that primarily benefit Lisanti and those that primarily benefit Lisanti's clients. Lisanti reviews its allocation procedures annually and the allocation can change, based on the change in Lisanti's business and its use of the product or service.

Lisanti also has certain clients that restrict or prohibit the use of soft dollars. These clients will benefit from the services that Lisanti takes through soft dollars, although they do not contribute to the soft dollar budget.

**Oversight of Trading Activity.** Trading is monitored on a daily, monthly, quarterly and annual basis. Trade monitoring includes, but is not limited to:

- A daily review of transaction activity for accuracy, best execution and the appropriateness of commissions charged and trade allocation;
- The firm has retained the services of a third party to monitor best execution. This third party provides a quarterly review of all transactions for all brokers for best execution.

Quarterly, the best execution committee meets with Abel Noser to complete a comprehensive review of trading patterns, soft dollar relationships, trader performance and broker execution performance. As mentioned above, Lisanti may have certain clients that can only trade through Dinosaur Financial Group, the firm's affiliated broker dealer, or other broker dealers, because a client has directed brokerage through Dinosaur Financial Group or other broker dealers. Because of the apparent conflict of interest, the committee will place extra scrutiny on the Dinosaur Financial Group or any other directed broker dealer trading performance in those situations.

- A monthly review of account performance, account attribution and characteristic.
- An annual comprehensive review of all Research brokers and broker-dealers utilized to execute client transactions.

**Bunching of Orders and Allocation.** Lisanti generally aggregates or "bunches" orders for clients in circumstances in which Lisanti, in its discretion, believes it is in the interests of efficient and effective execution to attempt to execute the trade orders as one or more block trades. This may give rise to actual or potential conflicts of interest among client accounts that are part of the "bunch", particularly if the order is only partially filled. In order to address these conflicts, Lisanti has adopted certain policies and procedures ("Trade Allocation Policy") that it follows when aggregating trades in an effort to provide an objective and equitable method of trade allocation so that all clients are treated fairly.

While the details of its policy are laid out in its Trade Allocation Policy, the basic

objectives of these policies and procedures are as follows:

- Lisanti will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution for its clients.
- No client account will be favored over any other client account.
- Each account that participates in an aggregated transaction shall participate at the average of the executed share price for that security, with all transactions costs shared on a pro rata basis. In the event of a partial execution, all accounts in the “bunch” shall be allocated shares on a pro rata basis based on the assets in the account.
- Non-discretionary accounts and or directed brokerage accounts will not be aggregated.

Lisanti has certain accounts that request or require a certain percentage of their trading be executed through minority or women owned broker dealers. Lisanti also has certain accounts that limit or restrict the use of soft dollars. In order to facilitate these clients, Lisanti has adopted a trade rotation system.

Lisanti may, from time to time, when consistent with a Client’s investment objectives, strategy and restrictions, purchase a security in an initial public offering (“IPO”). When this occurs, Lisanti follows its Trade Allocation Policy, allocating IPO shares among participating accounts in an equitable manner so as not to give one Client preference over another. If Lisanti does not receive a full allocation, the shares will be allocated in a pro-rata manner based on assets under management. Clients with directed brokerage may not participate in all IPOs, as the directed broker may not be part of the selling syndicate and therefore the client will not be able to participate.

As set forth above, Lisanti is affiliated with another asset management company – DCM Advisors, LLC (DCM). In the event that both firms wish to transact in the same security, in order to avoid a conflict, the two firms have adopted the following procedure. The Compliance Department will be informed of all trades by both Lisanti and DCM on a daily basis (if applicable) in advance of execution. The Compliance Department will inform the firms if there is a potential conflict. Conflicts will be handled on a trade rotation system. In the event that both firms wish to transact in the same security, DCM and Lisanti will alternate order placement. The order in which they are traded is rotated every trade. This rotation will be based on a daily trade basis. One trade the Lisanti Accounts will trade ahead of the DCM clients; the next trade the Lisanti Accounts will trade behind the DCM clients. The order will be determined by Compliance and marked on the trade ticket.

## **Review of Accounts**

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### **Account Reviews**



Lisanti reviews transactions in Accounts on a daily basis to ensure compliance with applicable Investment Guidelines. The Compliance Team monitors all new investments prior to purchase for compliance with Client Investment Guidelines. The Portfolio Manager reviews all Accounts daily for cash allocations and aggregate positions. Holdings in Accounts are monitored on an on-going basis as to events affecting the outlook for the security by the appropriate research analyst and the Portfolio Manager.

Additionally, each Account is reviewed monthly for sector, industry and individual stock concentrations and positions and for adherence to the Investment Guidelines and restrictions for each account by members of the investment team. Additional spot checks are completed by the Compliance Team periodically.

Detailed account analyses are completed as required by Clients pursuant to applicable investment advisory agreements. Such reports include a review of the portfolio composition, portfolio holdings, individual gains and losses and year-to-date and current Account performance and factors affecting such performance.

## **Client Reporting**

Clients receive periodic written communications on a quarterly or more frequent basis, pursuant to applicable investment advisory agreement provisions or in response to a separate Client request. These communications contain information regarding the implementation of Lisanti's small or SMID cap growth strategy, account performance information, and discussions of which sectors a Client's Account is overweight or underweight and why. The communications may also include discussions regarding Lisanti's general view of the outlook for small and SMID cap growth stocks, its view of the stock market and issues which it believes may affect a Client's portfolio positioning in the future. Typically, in the fourth quarter communication, but sometimes in a separate communication, a Client receives a more comprehensive communication regarding the performance of the Client Account, implementation of the investment strategy, including discussions of particular sectors and /or holdings insofar as they contributed to or detracted from performance; the major macroeconomic events of the last year, in Lisanti's opinion, and the major challenges and opportunities that might present themselves in the future; and Lisanti's positioning of the Client's Account in response to or anticipation of those events. These communications may also include the firm's outlook on the small/SMID cap growth sector of the market, outlook on the stock market or economic events and may contain forward looking statements.

## **Client Referrals and Other Compensation**

On occasion, Lisanti will enter into contractual agreements with individuals and organizations (hereafter referred to as "Solicitors") who solicit clients for Lisanti. All such agreements are in writing. While the specific terms in each agreement may differ, generally a Solicitor's compensation is based upon new referrals up to a stated percentage of the estimated first year's fee (which is in turn based upon the client's initial dollar amount of assets under management). Solicitors may also receive retainer fees

or a one-time initial fee not based on assets under management. The compensation is not a factor in determining the percentage Lisanti will charge for its investment management fee, nor do Clients pay a higher advisory fee due to being referred by a Solicitor.

Solicitors are required to furnish each potential client with (i) a copy of Lisanti's Form ADV Part 2 as required by Rule 204-3 under the Advisers Act and (ii) a disclosure statement of the Solicitor's status as required by Rule 206(4)-3(b) under the Advisers Act. Lisanti uses only registered broker/dealers to solicit Government entities.

## **Custody**

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### **Account Statements**

Lisanti is not a broker-dealer and does not maintain possession of Client assets, nor does it accept physical custody of Client assets. Our Clients' assets are housed in nationally recognized banks or brokerage firms, which are Qualified Custodians, designated by the Client. Although not a typical practice of the firm, Lisanti is deemed to have custody when it direct debits fees from client accounts. The designated custodian is required to provide a Client, on at least a quarterly basis, statements including information on the Client's securities and transactions. Clients are urged to compare the account statements received directly from their custodians to the reports provided by Lisanti.

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### **Investment Discretion**

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Lisanti's investment advisory agreement with a Client typically provides Lisanti with discretionary authority over Client portfolio assets through a limited power of attorney. Under this power of attorney, Lisanti generally determines the securities that are purchased and sold, the amount of securities purchased and sold, the identity of the broker-dealer through which the transaction will be executed, the commission rates paid to affect the transactions, and whether a Client's transactions should be combined with those of other clients and traded as a "block".

Lisanti's authority may be subject to conditions imposed by a Client, including Client imposed Investment Guidelines and Client directions that transactions be affected through specific brokers and dealers.

Lisanti has non-discretionary advisory agreements with clients who engage the firm for model delivery. In those instances, Lisanti does not have the same ability to determine the broker dealers, the commissions charged or the ability to block trade.

### **Voting Client Securities**

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## Proxy Voting

In recognition of the fiduciary obligation that Lisanti has to its Clients, Lisanti has developed a proxy voting policy that seeks to promote effective corporate governance structures. The policy seeks to promote general corporate responsibility, while also seeking to create and preserve economic value. To implement its proxy voting policy, Lisanti has developed proxy voting guidelines and procedures which seek to ensure that individual proxy voting decisions reflect Lisanti's proxy voting philosophy and positively affect the long-term value of Client assets.

A Proxy Committee has been formed by Lisanti to oversee Lisanti's proxy voting program. In addition, Lisanti has designated "Proxy Administrators" who are responsible for monitoring corporate actions, monitoring voting decisions and ensuring that proxies are submitted in a timely manner. In those circumstances in which Lisanti has proxy voting authority for clients, in order to facilitate the proxy voting process, Lisanti has contracted with Institutional Shareholder Services, Inc. (ISS) to research, recommend and vote proxies for Lisanti's accounts on Lisanti's behalf in accordance with the ISS Proxy Voting Guidelines. The Proxy Committee at Lisanti monitors the recommendations made by ISS and has the ability to change the vote if the recommendation is determined to not be in the best interest of a client. Any override of an ISS recommendation would occur only when Lisanti believes that it would be in the best interest of the client to do so. Such a change, and the reasoning behind it, would be documented appropriately.

Lisanti recognizes that under certain circumstances a conflict of interest may arise in voting proxies on behalf of a client. A "conflict of interest" means any circumstance when Lisanti (including officers and employees) knowingly does business with (e.g., manages the issuer's assets, administers the issuer's employee benefit plan) or receives compensation from, or sits on the board of particular issuer or closely affiliated entity, and, therefore may appear to have a conflict of interest between its own interests and the interests of clients in how proxies of that issuer are voted. If Lisanti believes that it has a conflict of interest with respect to voting proxies it will default to ISS's recommendations for the particular situation and will not have the ability to override the recommendations.

Lisanti may abstain from voting proxies in certain circumstances. Lisanti may determine, for example, that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best interest of the shareholder, such as when foreign proxy issuers impose unreasonable or expensive voting or holding requirements or when costs to shareholder to affect a vote would be uneconomic relative to the value of the shareholders' investment in the issuer.

Lisanti will maintain files relating to its proxy voting policies and procedures. Records will be maintained and preserved for at least five years from the end of the fiscal year during which the last entry was made on a record, with the records for the first two years kept in Lisanti's principal office. Records of the following will be included in the files: (i) copies of Lisanti's proxy voting policies and procedures, and any amendments; (ii) copies of any documents Lisanti created that were material to making a decision how to

vote proxies, or that memorialize that decision; and (iii) copies of each written client request for information on how Lisanti voted the client's proxies. Lisanti will rely on ISS to maintain, on Lisanti's behalf, proxy statements received regarding client securities and records of votes cast on behalf of clients.

Before engaging a proxy voting service provider and annually thereafter, Lisanti shall review the performance of the provider and confirm that the provider has the capacity and competency to adequately provide the relevant proxy services. Such reviews shall consider matters such as the provider's proxy voting guidelines and, if applicable, changes to such guidelines, research capabilities, experience and client base, conflict identification, mitigation and disclosure processes, organizational and/or ownership changes, administrative capabilities and/or historical performance related to such services. Lisanti shall document such reviews.

There are some clients in which Lisanti does not have the authority to vote proxies, which is confirmed in writing by such Clients. The custodian will provide the proxy records directly to the Client and the Client may contact Lisanti should they have any questions on their proxies.

These are guidelines and are not exhaustive of all of the issues that may come before Lisanti. Therefore, there may be cases in which the final vote cast on a particular issue before a company's shareholders varies from, or may be inconsistent with, the guidelines due to a close examination of the merits of the proposal and consideration of recent and company-specific information. Any vote will be in the best interest of our clients. Lisanti reviews its proxy voting policy, guidelines and procedures on an annual basis to take into account the latest trends in corporate governance.

A copy of Lisanti's proxy voting policy and procedures and information on how we voted Client's proxies may be obtained by telephoning us at 1-917-386-6268 or emailing us at [info@lisanticap.com](mailto:info@lisanticap.com).

## **Financial Information**

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### **Financial Condition**

Lisanti is not subject to a financial condition that likely will impair our ability to meet contractual commitments to Clients and it has not been the subject of a bankruptcy petition at any time during the past ten (10) years.

A balance sheet is not required to be provided.