FORM ADV Uniform Application for Investment Adviser Registration
Part 2A: Investment Adviser Brochure
Item 1: Cover Page

KARNER BLUE
CAPITAL

CRD # 290714

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This brochure provides information about the qualifications and business practices of Karner Blue Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (833) 527-6372 or by email at: customerservice@karnerbluecapital.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Please note, while this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.

Additional information about Karner Blue Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Karner Blue Capital, LLC reviews and updates this brochure at least annually to assure it remains current. This is the first annual update of this brochure since the firm's initial registration in Maryland on January 29, 2018. Since that date the following material changes have occurred:

- The firm has been registered in four additional states. (See Item 4.A)

- The fees charged by the firm have been reduced for most asset levels. (See Item 5.A)

- The firm has started to license its compassionate investment strategies to other investment advisers for use with their clients in exchange for a licensing fee. (See Items 5.A and 5.B)

- The firm has entered into a contractual relationship with the Karner Blue Center for a Humane Economy, Inc., an affiliated non-profit, pursuant to which the entities will share resources and operate jointly as a tandem social enterprise. (See Item 10.C)

- The firm has started to utilize third-party solicitors to refer clients to the firm. (See Item 14.B)

Item 3: Table of Contents

Item 4: Advisory Business

A. Description of the Advisory Firm

Karner Blue Capital, LLC (hereinafter "KBC") is a limited liability company organized under the laws of the State of Maryland. The firm has been registered as an investment adviser in the State of Maryland since January 2018. The firm is also a registered investment adviser in California, Massachusetts, Pennsylvania and Virginia. The principal owners are Vicki Lynn Benjamin, CPA and Andrew Kurt Niebler, Esq.

B. Types of Advisory Services

Portfolio Management Services

KBC believes that companies have a broad range of stakeholders that extend well beyond their shareholders, and those companies that are most effective at understanding and creatively meeting the needs of these various stakeholders will be best positioned to build value and reduce risk over the long-term.

KBC develops investment strategies based on compassionate investment themes that provide investors with the opportunity to invest in accordance with their personal values and interests. Each KBC strategy is composed of companies that utilize production methodologies and engage in business operations having significant social and environmental impacts. Currently, KBC offers an Animal Welfare Strategy, an Animal Guardianship Strategy and an Animal Conservation Strategy.

The securities utilized by KBC in designing each thematic strategy are mainly mid-cap, large-cap and mega-cap equity securities and American Depositary Receipts ("ADRs"), but KBC may invest in other securities if KBC determines that such securities are consistent with the applicable thematic strategy. These other securities may include small-cap and micro-cap equity securities and exchange-traded funds ("ETFs"). KBC only utilizes long positions in managing each thematic strategy. Approximately one percent of each thematic strategy may be invested in cash or cash equivalents, such as money market accounts.

KBC is responsible for determining the composition of each thematic strategy and the relative weighting of the securities within each strategy. KBC begins this process by identifying industries ("Primary Industries") that it believes, based on its research, most significantly impact the particular thematic strategy. Analytical frameworks are developed for each Primary Industry based on key performance indicators ("KPIs"), which enables KBC to measure the peer-relative thematic performance of companies operating in that industry. Companies that meet minimum requirements regarding environmental, social and governance criteria are then scored using the applicable industry framework, and those companies that exceed the industry mean score are eligible for inclusion in the thematic strategy, although KBC may choose to apply a higher threshold. KBC also evaluates companies that operate in industries other than Primary Industries ("Secondary Industries") to identify companies that are positively impacting the particular thematic strategy outside of their normal business operations and present opportunities to meaningfully advance the objectives of the thematic strategy. KBC then evaluates the controversies associated with each eligible company that have occurred within the past five years and identifies companies for possible exclusion based on a calculation that considers the severity, recentness and remediation status of each controversy. Controversies that occurred more than five years ago may also result in the exclusion of a company if the controversy is especially severe. Controversies that directly relate to the particular thematic strategy and occurred within the past two years also result in a downward adjustment of the applicable company's thematic score. KBC then evaluates key financial metrics of each eligible company over the past five years and identifies companies for possible exclusion that may pose excessively high financial risk in comparison to that company's industry peers and the thematic contributions of that company. The final weight of each remaining company within a thematic strategy is based upon a weighting factor calculated by KBC, which primarily considers whether the company operates in a Primary Industry or a Secondary Industry and, in the case of the former, the peer-relative thematic performance of that company. KBC's liquidity screen requires each company in any thematic strategy to satisfy the following criteria:

1. The company's equity securities or the company's ADR must be traded on a U.S. exchange or must be traded over-the-counter in the U.S.; and
2. On any of the 20 trading days that immediately precede the date on which a reconstitution is implemented, the equity securities or ADR of each company included in the thematic strategy must have a minimum market capitalization of at least $200 million and a 65-day average daily trading volume of at least 20,000 shares; *provided*, *however*, that up to ten percent of any thematic strategy (by portfolio weight) may be comprised of constituents that do not satisfy both thresholds, but, in the opinion of the KBC Investment Committee, have adequate liquidity given the capitalization of the company and provide other potential benefits such as portfolio diversification or significant thematic exposure.

KBC aims to maximize each client's exposure to each thematic strategy selected by that client across the full market cycle. Other than a small allocation to cash or cash-like financial instruments, such as money market mutual funds, KBC will remain fully-invested in each thematic strategy in rising and falling markets and will not attempt to identify entry and exit points for positions held in any client account or otherwise engage in any similar market timing activity.

KBC typically manages a global version and a U.S.-only version of each thematic strategy. KBC does not hedge the currency risk associated with its global thematic strategies and KBC's clients will therefore bear that risk. KBC does attempt to avoid significant exposure to any single foreign currency in each global thematic strategy, but such diversification will not help to mitigate losses from foreign currency exposure in a global economic environment that involves a general strengthening of the U.S. dollar against most or all foreign currencies.

To the extent the global version and/or U.S.-only version of each thematic strategy is comprised of a sufficient number of constituents, KBC also manages a variant of each such strategy that concentrates on the thematic leaders within each industry (each a "Leaders Strategy"). While KBC's standard strategies focus on those companies that are above average performers with respect to a particular theme in comparison to their industry peers, each Leaders Strategy will hold a smaller set of companies that have demonstrated even higher peer-relative thematic outperformance based on KBC's proprietary research. Therefore, in comparison to a standard Strategy, each Leaders Strategy will be more concentrated and will involve a higher degree of investment risk because each individual security will more significantly impact the performance of a Leaders Strategy. Only those clients who are willing and able to bear the additional risk associated with a portfolio that is less diversified should invest in a Leaders Strategy.

Description of Strategies

KBC is one of the first investment firms to offer an investment strategy focused on the welfare of animals. KBC's investment strategies seek to harness the power of compassion and the power of capital to provide sustained wellbeing for the planet by identifying those companies that factor animal welfare and the conservation of natural animal habitats into their business operations. As a pioneer of compassionate investment KBC aims to use investment strategies as a positive force to influence the role of corporations in society.

The KBC Animal Welfare Strategy ("AWS") is composed of companies that integrate animal welfare into their business operations in a sustainable manner by (i) developing and implementing production processes and/or distribution systems that treat animals with higher standards of care, (ii) preserving, and actively contributing to the health of, ecosystems and natural animal habitats by, among other things, efficiently using water, energy and other natural resources and minimizing air, water and soil pollution, (iii) helping to minimize the harm inflicted on animals by developing, manufacturing or distributing products or furnishing services that reduce, replace or refine the use of animals in their business operations and/or improve air, water and soil quality, or (iv) providing solutions to global challenges that adversely impact wildlife, the natural habitats of animals, or animals in captivity.

In general, companies included in the KBC Animal Welfare Strategy (i) manufacture or distribute products that use animals, animal products or animal product substitutes during the production process, (ii) conduct research or scientific investigations involving animals, animal products or animal product substitutes, (iii) provide services, including, without limitation, banking, financing, consulting and entertainment services, that have an impact on animal welfare, (iv) have business operations that are significantly linked to the health and vitality of animal habitats through activities such as natural resource use, waste management and environmental emissions, or (v) seek to improve animal welfare by developing or offering products or services that would benefit animals or improve public opinion about animals.

KBC also offers two strategies that are based upon components of the KBC Animal Welfare Strategy. These strategies are the KBC Animal Guardianship Strategy and the KBC Animal Conservation Strategy. The KBC Animal Guardianship Strategy focuses on those industries that have direct contact with animals in the scope of their business operations, such as animals in agriculture and laboratory animals used in research. The KBC Animal Conservation Strategy focuses on those industries that impact wildlife and natural animal habitats through their business operations. This latter strategy excludes companies with fossil fuel exposure absent very significant countervailing animal welfare contributions. As a result, approximately 90 percent of the KBC Animal Conservation Strategy by weight is comprised of companies that have no direct exposure to fossil fuels, and the fossil fuel exposure of most of the remaining companies is immaterial. Certain industries, such as the food and beverage industry and the chemicals industry, engage in business operations that have direct contact with animals and impact animal habitats and those industries are therefore included in both of these strategies.

C. Client Tailored Services and Client Imposed Restrictions

Reconstitution and Rebalancing

KBC will implement a full reconstitution of each Strategy at least once per calendar year to reflect KBC's then-current research regarding the applicable thematic strategy and may rebalance each Strategy up to three times per calendar year. Any rebalancing or reconstitution will occur on a schedule that will be determined by KBC.

KBC may also periodically make changes to the composition or constituent weights of each Strategy in order to reflect corporate developments that relate to a particular constituent or group of constituents included in that Strategy. In addition, KBC may periodically implement partial reconstitutions that impact one or more industries in order to reflect new thematic insights based on KBC's ongoing proprietary research.

Separately Managed Accounts

KBC provides investment advisory services to institutional and individual clients through separately managed accounts on a discretionary basis. Based on the thematic strategy selected by a client and data regarding the client's assets and investment objectives, investment guidelines are established for the client's account, which may include reasonable restrictions on investing in certain securities or industry sectors ("Investment Guidelines"). However, if the restrictions prevent KBC from properly servicing the client account, or if the restrictions would require KBC to deviate from its standard suite of services and products, KBC reserves the right to decline to enter into or terminate the advisory relationship. Upon request, KBC may agree to manage client accounts on a non-discretionary basis.

The suitability of any thematic strategy for a particular client is determined based solely upon the information provided by the client in response to an online, account-opening questionnaire and data-gathering process. KBC relies on this information to evaluate the client's assets, financial situation, investment objectives, risk tolerance, and investment time horizon ("Client Information"). KBC's suitability assessment and the appropriateness of the Investment Guidelines are therefore dependent upon the accuracy and completeness of the online information provided by the client.

To ensure that a particular thematic portfolio remains suitable for a client, KBC will:

1. provide each client with a quarterly written reminder to update, as necessary, the Client Information and/or the Investment Guidelines;
2. at least annually, contact each participating client to determine whether there have been any changes in the Client Information and/or the Investment Guidelines;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

KBC seeks to make investment decisions for each client in accordance with the fiduciary duties owed to that client and without consideration of KBC's economic, investment or other financial interests. To meet its fiduciary obligations, KBC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client accounts. Accordingly, it is KBC's policy to seek the fair and equitable allocation of each investment opportunity and transaction among those clients for whom such opportunity or transaction is suitable so as to avoid favoring one client over another over time.

The minimum amount to open an account is $4,000, which may be waived by KBC in its discretion. KBC reserves the right to close accounts with a balance of less than $3,000.

Licensing Arrangements

KBC also makes its Strategies available to other registered investment advisors for use with their clients pursuant to licensing agreements. KBC does not have any contractual or fiduciary relationship with those clients and the suitability determinations for those clients are made exclusively by the investment advisors who license KBC's Strategies. KBC's primary obligations under each licensing agreement is to make the selected Strategy and any updates available to the investment advisor in a timely manner, to advise the investment advisor of any changes to the description of the selected Strategy in a timely manner, and to manage the selected Strategy in accordance with its description.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. KBC does not participate in any wrap fee programs.

E. Assets Under Management

KBC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
$45,000	$0	March 2019

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees

Portfolio management fees are payable monthly in arrears pursuant to a written investment advisory agreement with each client. Such fees are negotiable and may vary to reflect circumstances that may apply to a specific client or account, including, without limitation, account size, type of client, thematic strategy, and any pre-existing relationship(s). Even within the same thematic strategy, different clients or accounts may have different fee structures. KBC will discount its fees by ten percent for accounts that are maintained by eleemosynary institutions or trusts.

The following table sets forth KBC's standard fee structure for each thematic strategy. Lower fees for comparable services may be available from other sources.

Average Daily Balance of Assets Under Management	Annual Fee Rate
$0 - $1,000,000	0.95%
$1,000,000.01 - $5,000,000	0.85%
$5,000,000.01 - $10,000,000	0.75%
Greater than $10,000,000	0.65%

For each monthly billing period, KBC uses the average daily balance of assets in a client's account, including all deposits and withdrawals during the period, to determine the applicable annual fee rate for that billing period. The monthly fee is then calculated by multiplying the average daily balance of assets in the client's account by the corresponding annual fee rate for that asset tier and dividing that product by twelve. Accordingly, the lowest annual fee rate is applied to all of the assets in the client's account in lieu of calculating a blended fee using the higher fee rates that correspond to each applicable asset tier. In the case of clients that have established more than one account in order to invest in multiple thematic portfolios, KBC will calculate the average daily balance of assets across all of the client's accounts that are created under the same client membership record. Certain types of accounts require the creation of a separate client membership record and such accounts will not be aggregated for purposes of client level billing. The types of accounts that will require creation of a separate client membership record include corporate, partnership, limited liability company, sole proprietorship, investment club, business trust, qualified retirement plan, and unincorporated organization accounts. Client level billing for these accounts will only aggregate fees for accounts created under that client membership record.

Each client's fee schedule is attached as Schedule A of the investment advisory agreement between the client and KBC. Clients may terminate the investment advisory agreement without penalty within five business days of signing the agreement and KBC will waive all accrued fees. KBC may terminate the investment advisory agreement within 15 business days of signing the agreement if KBC has determined that it does provide any investment advisory services that are suitable for the client and KBC will waive all accrued fees. Thereafter, clients and KBC may terminate the investment advisory agreement generally with 30 days' prior written notice.

Licensing Fees

Licensing fees are payable in accordance with the schedule and calculation methodology that the investment adviser applies to collect fees from its client. Licensing fees are negotiable and may vary to reflect circumstances that may apply to a specific client or account, including, without limitation, account size, type of client, thematic strategy, and any pre-existing relationship(s). Even within the same thematic strategy, different investment advisors or accounts may have different fee structures.

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn on a monthly basis directly from each client's account in accordance with the client's authorization included in the written investment advisory agreement. Fees are paid in arrears.

For fees deducted directly from client accounts, KBC will apply the following procedural safeguards:

1. KBC will have written authorization from the client to deduct advisory fees from the account held with a qualified custodian.
2. The custodian will send statements, at least quarterly, to the client showing all disbursements from the client's account, including the amount of the advisory fees.
3. Each time a fee is deducted KBC will send the qualified custodian notice of the amount of the fee to be deducted and will also send the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the period covered by the fee.

Payment of Licensing Fees

Licensing fees are paid by the investment adviser to KBC in accordance with the terms of the applicable licensing agreement. In certain circumstances, a third party may collect the fees from the investment adviser and make payment to KBC.

C. Client Responsibility for Third-Party Fees

Clients are solely responsible for the payment of all third-party fees, including, without limitation, custodian fees, brokerage fees and commissions, mark-ups, mark-downs, dealer spreads, mutual fund fees, ADR custody fees (sometimes referred to as depositary services fees) and other costs associated with the purchase and sale of assets. Third parties may also charge fees for services that are not directly related to the securities held in the Account, including, without limitation, fees for paper statements and wire transfers, annual IRA fees and account closing fees, and interest and taxes. All third-party fees are separate and distinct from the fees and expenses charged by KBC for the performance of investment management services, and Clients are solely responsible for the prompt payment of all third-party fees. To the extent a third-party broker-dealer or custodian performs services and is unable to collect fees from the client account those fees may be assessed against KBC. Clients are responsible for fully reimbursing KBC for all fees, foregone interest and related costs and expenses incurred by KBC as a result of any fees that are properly payable by a client and are assessed by a third party against KBC.

Please see Item 12 of this brochure for additional information regarding fees for services performed by third party broker-dealers and custodians.

D. Prepayment of Fees

KBC collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation for the Sale of Securities to Clients

Neither KBC nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

KBC does not accept performance-based fees or other fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

Item 7: Types of Clients

KBC generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Corporations
- Foundations
- Non-Profit Organizations

- ❖ Charitable Organizations
- ❖ Registered Investment Advisors

There is an account minimum of $4,000, which may be waived by KBC in its discretion. KBC reserves the right to close accounts with a balance of less than $3,000.

Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss

A. Methods of Analysis and Investment Strategies

Methods of Analysis

Thematic analysis is based primarily on in-depth research regarding corporate performance with respect to certain industry-specific key performance indicators ("KPIs") that are material to a particular thematic strategy. KBC utilizes this research to (i) measure the peer-relative thematic performance of companies operating in certain industries utilizing analytical frameworks based on KPIs that are specific to a particular thematic strategy and (ii) identify companies that are positively impacting a particular thematic strategy outside of their normal business operations and present compelling opportunities to meaningfully advance the objectives of the thematic strategy.

Sustainability analysis is based primarily on a comprehensive analysis of the diverse environmental, social and governance (ESG) challenges and opportunities linked to the activities of a company. This analysis provides a targeted evaluation of a company's ESG performance based on industry-specific key performance indicators.

Controversy analysis is based primarily on in-depth research regarding corporate actions that may have an adverse impact on a company's stakeholders. KBC conducts ongoing monitoring for controversies involving any constituent included in a thematic strategy and evaluates each controversy to determine if any action in respect of that company is warranted. KBC utilizes this analysis to assess the risks associated with the constituents of each thematic strategy and may remove companies from a thematic strategy if, in the opinion of KBC, the risks associated with the controversy substantially outweigh the company's contributions to the particular compassionate investing theme.

Financial risk analysis of a company involves the analysis of key financial statement information, an evaluation of its financial performance relative to industry peers and an assessment of its overall financial health. KBC utilizes this analysis to assess the financial risks associated with the constituents of each thematic strategy and may remove companies from a thematic strategy if, in the opinion of KBC, the financial risks of the company substantially outweigh the company's contributions to the particular compassionate investing theme.

The primary sources of research information used by KBC include third-party research, corporate sustainability reports, reports and studies prepared by non-governmental organizations and non-profit organizations, SEC filings, annual reports, company press releases, company websites, and newspapers, magazines and online reports.

Investment Strategies

Each thematic strategy, upon inception and at the time of each reconstitution, will usually be comprised of 25 to 200 securities. KBC applies pre-established single-stock and sector constraints to help manage the exposure of each thematic strategy to any individual security or sector.

The securities utilized by KBC in designing each thematic strategy are mainly mid-cap, large-cap and mega-cap equity securities and ADRs, but KBC may invest in other securities if KBC determines that such securities are consistent with the applicable thematic strategy. These other securities may include small-cap and micro-cap equity securities and ETFs. KBC only utilizes long positions in managing its portfolios. Approximately one percent of each thematic strategy may be invested in cash or cash equivalents, such as money market accounts.

KBC manages a global and U.S.-only variant of each thematic strategy unless KBC determines that there are an insufficient number of possible constituents for any such variant. KBC does not hedge the currency risk associated with its global thematic strategies and KBC's clients will therefore bear that risk. KBC does attempt to avoid significant exposure to any single foreign currency in each global thematic strategy, but such diversification will not help to mitigate losses or underperformance due to foreign currency exposure in a global economic environment that involves a general strengthening of the U.S. dollar against most or all foreign currencies.

Each Leaders Strategy managed by KBC is composed of a smaller set of companies that have demonstrated higher peer-relative animal welfare outperformance based on KBC's proprietary research. Therefore, in comparison to a standard Strategy, each Leaders Strategy will be more concentrated and will involve a higher degree of investment risk because each individual security will more significantly impact the performance of a Leaders Strategy.

KBC uses primarily medium- and long-term trading, but may engage in short-term trading if there is a significant change in the risk/reward outlook for a particular security.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. KBC's thematic strategies are not complete investment programs and the constituents of each thematic strategy are selected based on non-financial factors. There is no guarantee that any thematic strategy will be profitable or achieve its investment objective, and it is possible to lose money by investing in any thematic strategy. Each thematic strategy is intended for long-term investors and is not well-suited for short-term trading. KBC clients should therefore have a long-term investment perspective and be able to tolerate potentially sharp declines in value. An investment in a thematic strategy is not a deposit in a bank and is not insured.

B. Material Risks Involved

Methods of Analysis

Thematic analysis concentrates on factors that relate to compassionate investing themes for the purpose of enabling clients to invest in accordance with their personal values and interests. KBC's compassionate investing themes focus on corporate behaviors that significantly impact stakeholders other than shareholders. The thematic strategies developed by KBC focus on issues that present opportunities for companies to manage risks, develop new products or business lines, reduce costs and differentiate themselves from their peers by developing new business methodologies, but any impact on a company's financial statements as a result of these actions may be delayed or may fail to materialize. KBC's thematic analysis relies primarily on the development of analytical frameworks for Primary Industries, the output of which is dependent upon, among other things, the KPIs used in the frameworks, the weight placed on each KPI, changes in historical performance trends with respect to a particular KPI, and technical issues in the construction and implementation of the frameworks. For the foregoing reasons, client accounts that are invested in any thematic strategy bear the risk that the thematic strategy may prove to be unprofitable and may underperform accounts that are managed without regard to the applicable theme. Employing any KBC thematic strategy may also limit available investment opportunities and may increase or decrease exposure to certain industries, sectors, and geographic areas, which may positively or negatively impact investment performance depending on whether such industries, sectors or geographic areas are in or out of favor in the market. The thematic score of a particular company may decline over time, which could result in a client account having higher exposure to a company than would have been the case had the lower thematic score been known at the time of the most recent reconstitution. KBC's development of analytical frameworks for Primary Industries and its scoring of companies in accordance with those frameworks relies on data and information that may be incomplete, inaccurate or unavailable, which may result in an incorrect assessment of the materiality of KPIs to a particular industry or a company's performance with respect to those KPIs. Successful implementation of a thematic strategy will depend upon the skill of KBC's analysts in properly identifying and analyzing KPIs that are material to a company's performance with respect to the applicable thematic strategy.

Sustainability analysis assesses the ESG challenges and opportunities that arise from a company's business operations. Any impact on a company's financial statements as a result of management's response to ESG challenges and opportunities may be delayed or may fail to materialize. KBC's sustainability analysis involves substantial input from a third-party vendor, which maintains a database of several hundred industry-specific ESG key performance indicators. KBC is dependent upon the continued availability of this third-party information and, in the event such information were not available, it would be necessary for KBC to identify an alternative information provider and KBC might have to alter its current process for selecting the constituents of its thematic strategies in order to reflect the different services and capabilities of such alternative information provider. KBC's process relies on sustainability analysis to screen out poor ESG performers, however the necessary data to conduct sustainability analysis may be incomplete, inaccurate or unavailable, which may result in an incorrect assessment of the materiality of ESG key performance indicators to a particular industry or a company's performance with respect to material KPIs. Accordingly, KBC's application of sustainability analysis may cause it to incorrectly (i) include or exclude a company from a thematic strategy, (ii) limit available investment opportunities, or (iii) increase or decrease exposure to certain industries, sectors, and geographic areas, which may positively or negatively impact investment performance depending on whether such companies, investment opportunities, or exposures are in or out of favor in the market. Successful implementation of sustainability analysis will depend upon the skill of KBC's analysts and third-party vendor in properly identifying and analyzing KPIs that are material to corporate ESG performance.

Controversy analysis evaluates corporate actions that may have an adverse impact on a company's stakeholders. KBC conducts ongoing monitoring for controversies involving the constituents of each thematic strategy, but there is no guarantee that KBC will be able to identify all material controversies affecting each company. The evaluation of a corporate controversy involves a subjective assessment of the severity of that controversy, the potential impact of the controversy on stakeholders, the public's understanding of the controversy, the media's presentation of the controversy, and the company's ability to manage and address the controversy. KBC's evaluation of these aspects of a controversy may be inaccurate and may cause KBC to incorrectly (i) include or exclude a company from a thematic strategy, (ii) limit available investment opportunities, or (iii) increase or decrease exposure to certain industries, sectors, and geographic areas, which may positively or negatively impact investment performance depending on whether such companies, investment opportunities, or exposures are in or out of favor in the market. Successful implementation of controversy analysis will depend upon the skill of KBC's analysts in identifying and analyzing material corporate controversies.

Financial risk analysis concentrates on the overall financial health of a company based on the company's past financial performance, which is not a guarantee of the company's future financial performance. Changing conditions in the industry in which a company operates or the markets in which it competes may have significant adverse impacts on a company's ability to produce revenue and earnings, control costs, raise capital or otherwise sustain its operations. KBC makes subjective judgments as to whether a company's financial risk substantially outweighs the company's contributions to a particular compassionate investing theme and those judgments may be incorrect. Accordingly, KBC's application of financial risk analysis may cause it to incorrectly (i) include or exclude a company from a thematic strategy, (ii) limit available investment opportunities, or (iii) increase or decrease exposure to certain industries, sectors, and geographic areas, which may positively or negatively impact investment performance depending on whether such companies, investment opportunities, or exposures are in or out of favor in the market. Successful implementation of financial risk analysis will depend upon the skill of KBC's analysts in properly analyzing a company's financial metrics and those of its peers.

Investment Strategies

Diversification is a strategy that may help to reduce the volatility of portfolio investment returns. KBC's thematic strategies seek to hold equities issued by companies in different industries, but the portfolios will be heavily exposed to factors and events that affect equity securities in general. KBC's thematic portfolios will generally not have any exposure to asset classes other than equities, such as bonds or alternative investments, and a client's account will therefore not benefit from the diversification that exposure to these other asset classes might provide. Investing in a portfolio of equity securities that is diversified across different industries does not guarantee a profit or protect against a loss in a declining market.

Long-term trading is designed to capture market rates of both return and risk. A long-term investment strategy can expose clients to various types of risk that will typically surface during different intervals over the holding period. These risks include, but are not limited, to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short-term trading risks include liquidity risk, economic stability risk, and sudden and fluctuating changes in market sentiment, in addition to the long-term trading risks listed above. Frequent trading may affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. KBC's thematic strategies are not complete investment programs and the constituents of each thematic strategy are selected based on non-financial factors. There is no guarantee that any thematic strategy will be profitable or achieve its investment objective, and it is possible to lose money by investing in any thematic strategy. Each thematic strategy is intended for long-term investors and is not well-suited for short-term trading. KBC clients should therefore have a long-term investment perspective and be able to tolerate potentially sharp declines in value. An investment in a thematic strategy is not a deposit in a bank and is not insured.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. An investment in any KBC thematic strategy has the following primary risks.

Stock Market Risk. The stocks selected by KBC may decline in value as a result of general factors that impact the overall stock market, specific sectors of the stock market or particular securities, which may result in a loss to the client.

Securities Selection Risk. Equity securities selected by KBC may not perform to expectations. Consequently, portfolios managed by KBC may underperform compared to other portfolios.

Equity Securities Risk. Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions. The value of a company's share price may decline as a result of poor decisions made by management, lower demand for the company's services or products, or if the company's revenues fall short of expectations. Changing economic conditions may also cause equity securities to experience periods of turbulence and instability and may cause equity securities to decline in value over short or long periods of time. Investing primarily in issuers that fall within a particular investment style (e.g., growth, value, dividend-paying, etc.) also carries the risk that the category may be out of favor due to current market conditions or investor sentiment. Dividend-paying stocks and preferred stocks have the following additional risks:

1. Dividend-paying stocks involve the risk that the company may reduce or eliminate its dividend, which could adversely affect the value of the security and a client's ability to generate income. The market value of dividend-paying stocks is also generally more susceptible to rising interest rates than stocks that do not pay dividends, such as most growth stocks.

2. Preferred stocks may be adversely impacted by the issuer's ability to make payments on the preferred stock and the level of interest rates. The market value of a preferred stock generally decreases when interest rates rise.

Market Capitalization Risk. Investing primarily in issuers within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment. For example, securities issued by large-cap companies tend to be less volatile than securities issued by smaller companies. However, large-cap companies may be unable to attain the high growth rates of successful smaller companies, especially during strong economic periods, and may be unable to respond as quickly to competitive challenges. Small- and/or mid-cap companies, however, can be particularly sensitive to changing economic conditions since they do not have the financial resources or the well-established businesses of large-cap companies. Small-cap and mid-cap companies are more likely to have more limited product lines, fewer capital resources and less depth of management than larger companies. Relative to the stocks of large-cap companies, the stocks of small- and mid-cap companies are often thinly traded, and purchases and sales may result in higher transaction costs. Also, small-cap companies tend to perform poorly during times of economic stress. Prices of micro-cap securities are generally even more volatile and their markets are even less liquid relative to small-cap, mid-cap and large-cap securities.

Foreign Securities Risk. Investments in foreign companies and markets carry a number of economic, financial, political and social risks that are not typically associated with domestic companies. Certain other risks may also result from differences between regulations that apply to U.S. and foreign issuers and markets, and the potential for foreign markets to be less liquid and more volatile than U.S. markets. In addition, a foreign issuer may become subject to sanctions imposed by the United States or another country, which could result in the immediate freeze of the foreign issuer's assets or securities. The imposition of such sanctions could impair the market value of the securities of the foreign issuer and limit a client's ability to liquidate a position. U.S. government policies have at times, in the past, through imposition of currency controls and changes in tax policy as well as other restrictions, discouraged certain investments abroad by U.S. investors. In addition, foreign countries may impose withholding and taxes on dividends and interest. Foreign countries may also nationalize private property, which could cause securities that derive value from that property to become impaired or worthless. Foreign securities include American Depositary Receipts ("ADRs"). ADRs are certificates evidencing an ownership interest in shares issued by a foreign company that are held by a custodian bank in the company's home country. ADRs are U.S. dollar-denominated certificates issued by a U.S. bank and traded on exchanges or over-the-counter in the U.S. as domestic shares. KBC may invest in either sponsored or unsponsored ADRs. Unsponsored ADRs involve additional risks because U.S. reporting requirements do not apply and the issuing bank will recover shareholder distribution costs either from the payment of dividends or by assessing a fee that is ultimately payable by clients, which will reduce a client's total return.

Foreign Currency Risk. Securities that trade or are denominated in currencies other than the U.S. dollar may be adversely affected by fluctuations in currency exchange rates. When the U.S. dollar strengthens relative to a foreign currency, the U.S. dollar value of an investment denominated in that currency will typically fall. ADRs indirectly bear currency risk because they represent an interest in securities that are not denominated in U.S. dollars.

Emerging Markets Risk. The risks of investing in emerging market securities are greater than those of investing in securities of developed foreign countries. These risks include volatile currency exchange rates, periods of high inflation, increased risk of default, greater social, economic and political uncertainty and instability, less governmental supervision and regulation of securities markets, weaker auditing and financial reporting standards, lack of liquidity in the markets, and the significantly smaller market capitalizations of emerging market issuers.

Exchange-Traded Fund Risk. An ETF is an investment fund traded on stock exchanges, similar to stocks. Like any security, investing in an ETF carries the risk of capital loss. Areas of concern include the lack of product transparency, product complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" ("APs") as agents to facilitate the creation and redemption of ETF baskets in the primary market, there is a risk that an AP may decide to no longer participate for a particular ETF; however, that risk is mitigated by the fact that an ETF typically has multiple APs, new APs can fill vacancies created by withdrawing APs, and most investors purchase and sell ETFs in the secondary market without the involvement of an AP. Like other liquid securities, ETF prices change throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower that the net asset value of the ETF based on the aggregate market price of its cash and underlying component securities. An ETF is subject to the same market risks as those of its underlying component securities, and also has internal expenses that can lower investment returns.

Business Risk. Companies face a range of business risks, including strategic risk, operational risk, financial risk and reputational risk. Strategic risk relates to the possibility that a company may not be able to execute on its strategic plan due to changes in the business environment, including, but not limited to, adverse economic conditions, increased competition, technological changes, shifts in customer demand, and spikes in the costs of key inputs. Operational risk refers to the possibility that an unexpected failure affecting a company's systems, processes or employees will cause the company to be unable to continue its day-to-day operations. Financial risk refers to the possibility that a company may experience a sudden or unexpected change in the amount of money flowing into or out of the company, including, without limitation, the loss of a large client, the inability of a large client to pay amounts due, a significant increase in interest rates that causes the company's debt service payments to rise, or adverse fluctuations in foreign exchange rates. Reputational risk is the risk that a company's social license to operate may be impaired because the company has failed to adequately address the concerns of stakeholders, which may result in reduced revenues, diminished employee morale, less favorable terms from suppliers, negative publicity, litigation and the termination of relationships with advertisers, sponsors, vendors or other partners.

Regulatory, Political and Legislative Risk. Companies face a complex set of regulations and laws in each country in which they operate. The regulatory, political and legal environment can change rapidly and without warning, which can significantly impact and complicate a company's compliance efforts. Companies operating outside of the United States or those companies that conduct a substantial amount of their business outside of the United States may have heightened regulatory, political and legislative risk.

Liquidity Risk. Liquidity risk relates to the lack of marketability or liquidity for a specific security, such as when a security cannot be bought or sold quickly enough to prevent or minimize a loss due to a lack of sellers or buyers, respectively. Liquidity risk usually increases during periods of market turmoil or when traditional market participants decide not to trade certain securities or withdraw from certain markets. Illiquid securities may be difficult to value. In recent periods, central banks and governmental financial regulators, including the U.S. Federal Reserve Bank, have maintained historically low interest rates. Steps by central banks or regulators to tighten monetary policy could have a material adverse effect on market liquidity.

Interest Rate Risk. Changes in interest rates may increase volatility and adversely impact the value of equities, ADRs or ETFs held in a client account. For example, when interest rates rise, yields on dividend-paying stocks may become less attractive causing their market values to decline. In recent years, central banks and governmental financial regulators, including the U.S. Federal Reserve Bank, have maintained historically low interest rates. Amid an improving economy and the cessation of the Federal Reserve's quantitative easing program, the markets now face a heightened level of interest rate risk as a result of rising interest rates and increased volatility in interest rates. Further steps by central banks or regulators to tighten monetary policy could have a material adverse effect on asset prices, including the equities, ADRs or ETFs held in a client account.

Information Risk. Information about a security or issuer or the market might not be available, complete, accurate or comparable to information that is available about other securities, issuers or markets.

Transaction Risk. KBC may be unable to settle, or may experience a delay in settling, a transaction or the commissions and settlement expenses for a particular transaction may be higher than usual.

Opportunity Risk. KBC or a client may be unable to take advantage of an investment opportunity because the necessary assets are committed to less advantageous investments or strategies.

Market Disruption and Geopolitical Risk. Geopolitical and other events may disrupt securities markets and adversely affect global economies and markets, which could cause the investments held in a client account to decline in value or become illiquid. In the past, the U.S. and other countries have experienced significant disruptions to their financial markets impacting the liquidity and volatility of securities generally. While more recent economic indicators have shown improvement and financial markets have recovered, economic conditions could worsen quickly and disrupt the orderly functioning of these markets or adversely affect the value of securities traded in such markets, including securities held in a client account. During periods of extreme market volatility, prices of securities held in a client account may be negatively impacted due to imbalances between market participants seeking to sell the same or similar securities and market participants willing or able to buy such securities. As a result, the market prices of securities held in a client account could decline, at times without regard to the financial condition of, or specific events impacting, the issuer of a security.

Management and Operational Risk. Each thematic strategy relies on KBC's ability to achieve its investment objective. Each thematic strategy runs the risk that KBC's analytical frameworks for Primary Industries and/or investment techniques will fail to produce the desired results and may incur significant losses. The design of each industry framework, the scoring of individual companies on specific KPIs, and the evaluation of the overall thematic performance of those companies operating in Secondary Industries involve numerous subjective decisions that have the potential to materially affect the performance of the related thematic strategy. In addition, there can be no assurance that all of KBC's key personnel or consultants will continue to be associated with KBC for any length of time. The loss of their services could have an adverse impact on KBC's ability to achieve the investment objectives of any strategy. KBC also may not be able to effectively implement a thematic strategy or realize the objectives of the strategy if KBC's operations or the operations of other service providers are impaired such that they are unable to furnish essential services, such as research, custodial or brokerage services. Cyber-attacks, disruptions, or failures that affect service providers, counterparties, market participants, or issuers of securities could result in losses and may impair KBC's ability to implement a strategy or realize the objectives of a strategy.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There can be no assurance that KBC will realize a client's investment objectives and no inference to the contrary

is made by KBC. Prior to entering into an agreement with KBC, a client should carefully consider the impact that volatility will have on the prices of securities held in the client's account, including the likelihood that the value of the client's assets will fluctuate and at any time be worth more or less than the amount invested. KBC does not represent, guarantee or imply that the services or methods of analysis employed by KBC can or will predict future results, identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

FOR MASSACHUSETTS CLIENTS: Clients can obtain the disciplinary history, if any, of KBC and its representatives from the Massachusetts Securities Division upon request. Please also see below for a discussion of applicable disciplinary history.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither KBC nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither KBC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interests

Vicki Lynn Benjamin ("Ms. Benjamin") is currently employed full-time by Calvert Investments, Inc. ("Calvert") and its subsidiaries as President and Treasurer. She also serves on the Board of Directors of each such company. Her employment term currently extends through June 30, 2020. Ms. Benjamin also serves, on a volunteer basis, as a Director of the Karner Blue Center for a Humane Economy, Inc. ("the Center") through December 11, 2020 and as its Executive Vice President, Chief Operating Officer and Treasurer. The Center is a non-profit organization that is devoted to preventing animal cruelty and suffering by influencing the conduct of companies for the betterment of the planet and all of its inhabitants.

Andrew Kurt Niebler ("Mr. Niebler") is currently employed part-time by Calvert and its subsidiaries as Senior Vice President and General Counsel. His employment term extends through June 30, 2019. Mr. Niebler also serves, on a volunteer basis, as a Director of the Center through December 11, 2019 and as its Executive Vice President, Chief Legal Officer, Chief Compliance Officer and Secretary. Mr. Niebler also serves, on a volunteer basis, as a Director of the Mid-Atlantic Chapter of the Positive Coaching Alliance.

Ms. Benjamin and Mr. Niebler do not serve in the capacity of an investment adviser representative for Calvert and they do not receive any commissions from their employment with Calvert. Calvert is located at 4550 Montgomery Avenue, Suite 1000N, Bethesda, MD 20814. **Calvert and its affiliates have no relationship to KBC, and KBC's services and products are not provided, sponsored, overseen, or sanctioned by Calvert or any Calvert affiliate. Accordingly, Calvert has no obligation whatsoever to any KBC client.**

Ms. Benjamin is a certified public accountant and serves as the Treasurer and Tax Matters Partner of KBC. In order to avoid any potential conflicts between the accounting or tax advice that Ms. Benjamin provides to KBC and any incidental accounting or tax advice that Ms. Benjamin would provide to a client, it is the policy of KBC that Ms. Benjamin will not provide accounting or tax advice to any client; *provided*, *however*, that Ms. Benjamin may consider realized and unrealized capital gains and capital losses when managing any client account. Ms. Benjamin does not have signatory authority over any client account. Clients should consult their own accountants or tax professionals if they are in need of accounting or tax advice relating to the client's account with KBC or the services performed by KBC on behalf of the client.

Mr. Niebler is an attorney and serves as the General Counsel of KBC. In order to avoid any potential conflicts between the legal advice that Mr. Niebler provides to KBC and any incidental legal advice that Mr. Niebler would provide to a client, it is the policy of KBC that Mr. Niebler will not provide legal advice to any client. Clients should consult their own attorneys if they are in need of legal advice relating to the client's relationship with KBC or the services performed by KBC on behalf of the client.

The Center is a non-profit organization that is an affiliate of KBC because Ms. Benjamin and Mr. Niebler have the ability to exercise a controlling influence over the management of both entities. The Center is the first organization of its kind in the animal protection movement to focus exclusively on influencing the conduct of corporations to forge a humane economic order. The Center encourages corporations to honor their social responsibilities in a culture where consumers, investors, and other key stakeholders abhor cruelty and the degradation of the environment and embrace innovation as a means of eliminating both.

KBC and the Center recognize that there are many pathways for improving the lives of animals, but influencing corporations to embed animal protection values into their production practices, supply chains, marketing efforts, and research and development activities may be the most consequential. In the United States and abroad, there are billions of animals owned and affected by corporate behavior, and often times the uses are so normalized that few people treat their use as a moral problem. In so many cases, the treatment of the animals is hidden from view, including for the consumer. However, all of that has been changing in recent years, and corporations are beginning to recognize animal welfare as a risk factor and a consumer concern.

KBC and the Center operate as a tandem social enterprise to serve as a catalyst for greater examination of these questions and a trigger for actual changes in corporate conduct. By working together as a social enterprise they seek to foster genuinely "triple-bottom-line" organizations – those simultaneously seeking profits, social impact, and environmental sustainability. The Karner Blue social enterprise leverages the intellectual property and proprietary research of KBC to engage companies in a collaborative and cooperative process that leads them to embrace more humane business practices, recognizing that purging animal cruelty from their enterprises reduces institutional risks and better aligns their business operations with the values and expectations of their stakeholders.

In order to promote the successful operation of the Karner Blue social enterprise, KBC and the Center have entered into a Resources Sharing Agreement pursuant to which (i) KBC licenses its intellectual property to the Center at no cost and (ii) KBCHE leases its employees to KBC as needed, on a part-time basis to assist KBC with its operational needs in exchange for KBC's full payment for all leased employee hours and all related costs such as employee benefits and office space. KBC does not believe that this resource sharing arrangement, or the Karner Blue social enterprise in general, create any conflicts of interest for KBC clients.

All material conflicts of interest under California Code of Regulations Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

KBC does not utilize nor select third-party investment advisers. All assets are managed by KBC management.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

KBC has adopted a written Code of Ethics (the "Code") that establishes high ethical standards of business conduct for our employees and governs a number of potential conflicts of interest that KBC and its employees may encounter when providing investment advisory services. The Code is based on the principle that KBC owes a fiduciary duty to our clients. In adherence with the Code, KBC and its employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of KBC's clients. The Code seeks to place the interests of KBC's clients over the interests of the firm and any of its employees, and to comply with applicable federal and state securities laws and other applicable law.

KBC's Code covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. KBC's Code of Ethics is available to any client or prospective client upon request.

The Code requires KBC personnel who have access to client account information ("access persons") to report their personal securities holdings and transactions, subject to certain exceptions, and requires the President or Chief Compliance Officer ("CCO") to pre-approve certain investments. KBC personnel who are access persons are required to submit an annual report of brokerage accounts and holdings, subject to certain exceptions, along with an acknowledgement and certification stating that the individual will comply with the Code of Ethics. All access persons at KBC are required to submit quarterly transaction reports, subject to certain exceptions, that detail the individual's securities transactions for the quarter. All employees must also acknowledge, in writing, the terms of the Code of Ethics upon employment, annually, and as amended. All employees, managers, and officers of KBC must comply with the Code. The Code states that KBC personnel owe a fiduciary duty to, and must act in the best interest of, KBC and its clients. In addition, KBC personnel must avoid actions and activities that allow (or appear to allow) them or their family members to profit or benefit from their relationships with KBC and its clients.

KBC's Code of Ethics prohibits employees from engaging in transactions based on material nonpublic ("inside") information. In addition, KBC or any related person shall not, when purchasing or selling securities for their own accounts, prefer such person's own interest to that of a client of KBC.

KBC has instituted a policy of disciplinary actions to be taken with respect to any associated person who violates the Code.

B. Recommendations Involving Material Financial Interests

KBC does not recommend that clients buy or sell any security in which a related person to KBC or KBC has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of KBC may buy or sell securities for themselves at or around the same time as clients. To the extent these transactions occur before or after a representative recommends the same or similar securities to a KBC client, the potential arises for that representative to profit from his or her recommendations. Such transactions may therefore create a conflict of interest. KBC will always document any transactions that could be construed as a conflict of interest and will never engage in trading that operates to a client's disadvantage when the same or similar securities are being bought or sold.

KBC employees may have accounts that are managed by KBC on a discretionary basis. These accounts invest in the same thematic strategies that KBC recommends to its clients and are treated like any other client account. We may aggregate employee and client trades when possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be based on the commission schedule applicable to each account.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of KBC may buy or sell securities for themselves at or around the same time as clients. To the extent these transactions occur before or after a representative recommends the same or similar securities to a KBC client, the potential arises for that representative to profit from his or her recommendations. Such transactions may therefore create a conflict of interest. KBC will always document any transactions that could be construed as a conflict of interest and will never engage in trading that operates to a client's disadvantage when the same or similar securities are being bought or sold. See also Item 11.C above.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on KBC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and KBC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in KBC's research efforts. KBC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

As described under Item 4 above, KBC may have investment discretion to select the securities and amount of securities for your accounts that are managed by KBC (see also Item 16 below). KBC may also have discretionary authority from its clients to select the broker used and the commission rates to be paid. It is KBC's policy to seek best execution of orders on the most favorable terms for the client under the circumstances. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in the best execution on the most favorable terms for the client under the circumstances involves a number of largely judgmental considerations. Among these are the following:

1. the broker's efficiency in executing and clearing transactions;
2. the commission rate;
3. the size of the broker-dealer's spread;
4. the size and difficulty of the order;
5. the operational capabilities of the broker-dealer;
6. the nature of the market for the security; and
7. any research and other services provided by the broker-dealer.

Our recommendations and decisions are based on our determination of the suitability of the recommendation given the client's Investment Guidelines. When we have investment discretion, we select the security, the amount of the security, and the timing of the transaction. We then place the transaction without obtaining the client's specific consent on a transaction-by-transaction basis. Any limitation on that discretion is set forth in writing.

KBC may have an incentive to recommend a broker-dealer based on its interest in receiving research or other products or services rather than on the clients' interest in receiving most favorable execution under the circumstances.

KBC prefers that clients use the custodial and brokerage services of Folio Investments, Inc. ("Folio"), which is a SEC-registered online broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection

Corporation (see www.sipc.org for more information about SIPC and how it serves member firms and the investing public). In recommending Folio, KBC has taken into account Folio's ability to provide professional services, its reputation, its quality of execution services, and the cost of such services. Among other factors, as part of the standard package of services available to all advisers and their clients who use Folio as a custodian, Folio offers a unique "window trading" methodology for executing orders (described in detail on www.folioclient.com); a model manager exchange; advisory fee billing services; online access to the Folio platform to enter orders, view account information and use tax management functionality; and performance reports. KBC conducts periodic assessments of custodians involving a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers. While we recommend that you use Folio, the decision whether to do so is made by each client. Accounts with Folio are opened directly by each client by entering into an account agreement with Folio. KBC does not ordinarily open a Folio account for you, although KBC will assist you in doing so.

1. Research and Other Soft-Dollar Benefits

While KBC has no formal soft dollar program in which soft dollars are used to pay for third party services, KBC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). KBC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and KBC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. KBC benefits from soft dollar arrangements by not having to produce or pay for research, products or services, and KBC will have an incentive to recommend a broker-dealer based on receiving such research, product or services. Clients should be aware that KBC's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

KBC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

KBC clients who elect to open an account with Folio are unable to engage in directed brokerage. KBC does not have the ability to direct the executing broker that Folio should select to execute trades in client accounts. Folio also offers trading in fractional shares, which may require Folio to act in a principal capacity.

KBC clients who elect to open an account with a custodian and broker-dealer other than Folio may, subject to any limitations imposed by such custodian and/or broker-dealer, direct KBC to execute transactions through a specified broker-dealer. If a client directs brokerage, the client's direction with respect to the use of brokers supersedes any authority granted to KBC to select brokers. The client's direction to use a specified broker-dealer may result in higher commissions, which may result in a disparity between unrestricted and directed accounts. A client's direction may cause (i) the client to be unable to participate in block trades (unless KBC is able to engage in "step outs") and (ii) trades for the client and other directed accounts to be executed after trades for unrestricted accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. For the foregoing reasons, some investment advisers do not allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

KBC does not aggregate purchases and sales across client accounts maintained with Folio. However, orders are aggregated by Folio as part of its patented "window trade" process. Instead of being executed immediately, Folio window orders are processed one or more times per day and executed generally around 11 a.m. ET and 2 p.m. ET. In the window trade process, Folio aggregates orders designated for trading in the window based on the ticker symbol of each security and whether it is a buy or sell order. An aggregated order may include any combination of orders from the accounts of various clients of KBC, accounts maintained by Folio that are not advised by KBC, and Folio's firm account. Folio generally routes aggregated orders to a market maker for execution or to a mutual fund company for fulfillment. Folio may also execute window orders entirely by using its own inventory of securities. All Folio customers receive the same execution price for any given window trade.

With respect to KBC clients who elect to open an account with a custodian and broker-dealer other than Folio, when KBC buys or sells the same security on behalf of more than one client it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such a case, KBC would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; *provided*, *however*, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. KBC would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for KBC's advisory services provided on an ongoing basis are reviewed at least annually by Vicki Lynn Benjamin, President and Treasurer, or Andrew Kurt Niebler, Executive Vice President, General Counsel & Chief Compliance Officer, with respect to both the Client Information and the Investment Guidelines. All accounts at KBC are assigned to one of these reviewers.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of KBC's advisory services provided on an ongoing basis will receive a written report at least once per quarter detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. KBC does not separately provide reports to its clients.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

Other than soft dollar benefits as described in Item 12 above, KBC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to KBC clients.

B. Compensation to Non–Advisory Personnel for Client Referrals

KBC may enter into written agreements to retain third parties to act as solicitors for KBC's investment management services. In accordance with each agreement, KBC oversees the activities of each third-party solicitor and will ensure that he or she is properly registered in all jurisdictions where such registration is required. All solicitor compensation will be fully disclosed to each referred client to the extent required by applicable law. Third party solicitors are paid a portion of the advisory fee that KBC receives for performing investment management services on behalf of a referred client. Clients who are referred to KBC by a third-party solicitor do not pay any additional fees due to the involvement of a third-party solicitor.

Item 15: Custody

When advisory fees are deducted directly from a client account by the custodian, KBC will be deemed to have limited custody of the client's assets and must have written authorization from the client to deduct fees from the account. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. See Item 5.B for additional information.

Item 16: Investment Discretion

KBC provides discretionary and non-discretionary investment advisory services to clients. Currently, non-discretionary investment advisory services are not available for accounts maintained at Folio. The investment management agreement with each client establishes the discretionary authority for trading. Where investment discretion has been granted, KBC generally manages the client's account and makes investment decisions without consultation with the client as to when securities are to be bought or sold for the account, the total amount of securities to be bought or sold, the specific securities to be bought or sold, and the price per share. In some instances, KBC's discretionary authority in making these determinations may be limited by conditions imposed by the client's Investment Guidelines or in written client instructions otherwise provided to KBC. Clients may impose reasonable investment restrictions with respect to certain securities or types of securities.

Item 17: Voting Client Securities (Proxy Voting)

KBC acknowledges its fiduciary obligation to vote proxies on behalf of those clients that have delegated that responsibility to it, or for which it is deemed to have, proxy voting authority. KBC will vote proxies on behalf of a client solely in the best interest of the relevant client and has established general guidelines for voting proxies. KBC may also abstain from voting if, based on factors such as the expense or difficulty of voting a proxy, it determines that a client's interests are better served by abstaining. Further, because proxy proposals and individual company facts and circumstances may vary, KBC may vote in a manner that is contrary to the general guidelines if it believes that doing so would be in a client's best interest to do so. If a proxy proposal presents a conflict of interest between KBC and a client, then KBC will disclose the conflict of interest to the client prior to the proxy vote and, if participating in the vote, will vote in accordance with the client's wishes.

Clients may obtain a complete copy of the proxy voting policies and procedures by contacting KBC in writing and requesting such information. Each client may also request, by contacting KBC in writing, information concerning the manner in which proxy votes have been cast with respect to portfolio securities held by that client during the prior annual period.

Item 18: Financial Information

A. Balance Sheet

KBC neither requires nor solicits prepayment of more than $500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither KBC nor its management has any financial condition that is likely to reasonably impair KBC’s ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

KBC has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements for State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

The education and business backgrounds of KBC's current management persons, Vicki Lynn Benjamin and Andrew Kurt Niebler, can be found on the Form ADV Part 2B brochure supplements for those individuals.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

C. Calculation of Performance-Based Fees and Degree of Risk to Clients

KBC does not accept performance-based fees or other fees based on a share of capital gains on, or capital appreciation of, the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

There are no civil, self-regulatory organization, or arbitration proceedings to report under this section.

E. Material Relationships That Management Persons Have with Issuers of Securities (If Any)

KBC's management persons do not have any relationships or arrangements with any issuer of securities that is not listed in Item 10.C of Part 2A.