

**Part 2A of FORM ADV: Firm 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 ensure it remains current. The information provided below summarizes the material changes that have occurred since the firm's last annual update on March 16, 2022.

There are no material changes since the firm's last annual update of this brochure.

Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes	ii
Item 3: Table of Contents	iii
Item 4: Advisory Business	4
Item 5: Fees and Compensation.....	5
Proprietary Mutual Fund Fees.....	5
Portfolio Management Fees.....	6
Licensing Fees	7
Client Responsibility for Additional Fees	7
Item 6: Performance-Based Fees and Side-By-Side Management	7
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss	8
Methods of Analysis.....	8
Investment Strategies	9
Material Risks.....	10
Item 9: Disciplinary Information	12
Item 10: Other Financial Industry Activities and Affiliations.....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12: Brokerage Practices	14
Research and Other Soft-Dollar Benefits.....	15
Clients Directing Which Broker-Dealer/Custodian to Use.....	15
Aggregating (Block) Trading for Multiple Client Accounts.....	16
Trade Errors.....	16
Item 13: Review of Accounts.....	16
Item 14: Client Referrals and Other Compensation.....	16
Item 15: Custody	17
Item 16: Investment Discretion.....	17
Item 17: Voting Client Securities (Proxy Voting)	17
Item 18: Financial Information.....	18

Item 4: Advisory Business

Karner Blue Capital, LLC (hereinafter “KBC”) is a limited liability company organized under the laws of the State of Maryland. In January 2018, the firm registered as an investment adviser with the State of Maryland and then, effective as of September 6, 2019, the firm registered with the Securities and Exchange Commission and withdrew its state registrations. The firm is owned by two single-member limited liability companies: VLB KBC LLC, which owns 57 percent of KBC, and AKN KBC LLC, which owns 43 percent of KBC. Vicki Lynn Benjamin owns 100 percent of VLB KBC LLC and Andrew Kurt Niebler owns 100 percent of AKN KBC LLC. KBC’s Members have appointed Ms. Benjamin and Mr. Niebler as the firm’s Managers who act through the Management Committee to control the day-to-day activities of the firm other than the firm’s investment activity, which is controlled by the Investment Committee. The Investment Committee is comprised of Ms. Benjamin, Mr. Niebler and Robert Baumbach, CFA.

KBC has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$10,693,959	\$0	December 31, 2021

KBC develops environmental, social and governance (“ESG”) investment strategies based on 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 a range of thematic strategies including a Biodiversity Impact Strategy, a Conservation Strategy, an Animal Guardianship Strategy, a Vegan Momentum Strategy and a Blue Impact Strategy. These strategies are subject to change in number and description at KBC’s sole discretion.

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 strategy.

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 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 provides portfolio management services to the Karner Blue Biodiversity Impact Fund, which is a registered investment company (mutual fund). The fund’s management style, objective and constraints, and other relevant facts and features are described in the fund prospectus which should be considered carefully before investing.

KBC also provides investment advisory services through separately managed accounts (each, an “SMA”) 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 SMA client is determined based solely upon the information provided by the client in response to an 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 information provided by the client.

Additionally, KBC makes its strategies available to other registered investment advisers for use with their clients pursuant to licensing agreements. KBC does not have any contractual or fiduciary relationship with the other advisers’ underlying clients. The suitability determinations for those clients are made exclusively by the investment advisers 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 adviser in a timely manner, to advise the investment adviser 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.

KBC periodically reallocates each strategy to reflect KBC’s then-current research regarding the applicable strategy. Any rebalancing or reallocation will occur on a schedule that will be determined by KBC in its sole discretion.

Item 5: Fees and Compensation

Either party, without penalty, may terminate the advisory agreement, subject to the terms of any advisory agreement in force at that time. Should either party terminate the advisory agreement before the end of a billing period, any unpaid fees for services provided will become due and payable immediately. Advisory fees for the final month are prorated, based upon the number of calendar days in the month that the advisory agreement was in effect.

Proprietary Mutual Fund Fees

KBC receives an investment management fee based on the average daily net asset value of the Karner Blue Biodiversity Impact Fund. This fee is 0.80% annually, less any fee reduction or expense reimbursement by KBC. Specific information regarding fund fees can be found in the fund prospectus and statement of additional information.

Portfolio Management Fees

Portfolio management fees are payable monthly in arrears pursuant to a written investment advisory agreement with each client. The advisory fees for the initial month are prorated, based upon the number of calendar days in the month that the advisory agreement is in effect. 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 strategy, different clients or accounts may have different fee structures. Negotiated fees may be lower than the fees stated below. KBC will discount its fees by ten percent for accounts that are maintained by charitable 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 - \$2,000,000	0.95%
\$2,000,000.01 - \$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 advisory fees. KBC may terminate the investment advisory agreement within 15 business days of

signing the agreement if KBC has determined that it does not 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.

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.

Licensing Fees

Licensing fees are paid by third-party investment advisers to KBC in accordance with the terms of the applicable licensing agreement. Licensing fees are negotiable and may vary to reflect circumstances that may apply to a specific third-party investment adviser, including, without limitation, assets covered by the license, thematic strategy, level of service required, and any pre-existing relationship(s). Even within the same strategy, different third-party investment advisers may have different fee structures. Comparable services for lower fees may be available from other sources. In certain circumstances, a separate party may collect the fees from the third-party investment adviser and make payment to KBC.

Client Responsibility for Additional Fees

In addition to the advisory fees paid to KBC, 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, ETF fees, ADR custody fees (sometimes referred to as depository 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.

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

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 offers advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations
- ❖ Foundations
- ❖ Non-Profit Organizations
- ❖ Charitable Organizations
- ❖ Registered Investment Advisers
- ❖ Registered Investment Companies

There is an account minimum of \$1,000,000, which may be waived by KBC in its sole discretion. KBC reserves the right to close accounts with a balance of less than \$500,000.

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

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 measure the peer-relative thematic performance of companies operating in certain industries utilizing analytical frameworks that integrate applicable KPIs. KBC also utilizes this research to identify companies that it believes present compelling opportunities to meaningfully advance the objectives of a particular thematic strategy as a result of their positive impact on the thematic strategy outside of their normal business operations.

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 metrics and an assessment of its financial performance, overall financial health and sustainable competitive advantages relative to industry peers. Companies are evaluated using a Quality at a Reasonable Price (QARP) investment strategy with an emphasis on balanced growth, profitability, and balance sheet characteristics. Constituents may be removed 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

The Karner Blue Global Biodiversity Impact Strategy is a diversified multi-cap core discipline that invests in U.S.-listed equity securities and American Depositary Receipts of global companies that, based on Karner Blue Capital's proprietary research, are leaders in their industries with respect to protecting biodiversity, mitigating climate change and improving animal welfare.

The Karner Blue Global Conservation Strategy is a diversified multi-cap core discipline that primarily invests in U.S.-listed equity securities and American Depositary Receipts of global companies that, based on Karner Blue Capital's proprietary research, are leaders in their industries with respect to the incorporation of policies and procedures that address animal conservation, biodiversity, and climate change considerations. The portfolio is comprised of companies that have no direct exposure to fossil fuels or that are conscientiously working to eliminate fossil fuels from their product portfolio.

The Karner Blue Global Animal Guardianship Strategy is a diversified multi-cap core discipline that primarily invests in U.S.-listed equity securities and American Depositary Receipts of global companies that, based on Karner Blue Capital's proprietary research, are leaders in their industries with respect to the incorporation of policies and procedures that address animal welfare and the health and well-being of captive animals used for business purposes.

The Karner Blue Global Vegan Momentum Strategy is a diversified multi-cap core discipline that invests in U.S.-listed equity securities and American Depositary Receipts of global companies that, based on Karner Blue Capital's proprietary research, are leaders in their industries with respect to the future realization of a plant-based economy.

The Karner Blue Capital Global Blue Impact Strategy is a diversified multi-cap core discipline that primarily invests in U.S.-listed equity securities and American Depositary Receipts of global companies that, based on Karner Blue Capital's proprietary research, are leaders in their industries with respect to protecting marine ecosystems, mitigating ocean impacts, and improving ocean biodiversity. Relative to the other four Strategies described above the Global Blue Impact Strategy is more highly concentrated and will involve a higher degree of investment risk because each individual security will more significantly impact its performance. Only those clients who are willing and able to bear the additional risk associated with a portfolio that is less diversified should invest in the Global Blue Impact 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 country in each global thematic strategy, but a strategy may nevertheless have significant exposure to the euro because many of the developed countries that are the focus of KBC's non-

U.S. investment exposure are members of the eurozone. 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.

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 strategy. These other securities may include small-cap and micro-cap equity securities and ETFs. KBC limits the exposure of each thematic strategy to any individual security or industry and only utilizes long positions in managing its portfolios.

KBC manages U.S.-only variants of the Biodiversity Impact Strategy, Conservation Strategy, and Animal Guardianship Strategy. To the extent the global version or U.S.-only version of a thematic strategy is comprised of a sufficient number of securities, KBC also manages a variant of each such strategy that concentrates on the thematic pacesetters within each industry (each a "Pacesetters 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 Pacesetters 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 Pacesetters 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 Pacesetters 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 Pacesetters 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.

Material Risks

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 or countries, 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.

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.

Foreign Securities Risk. Investments in foreign companies and markets carry economic, financial, political and social risks that are not typically associated with domestic companies.

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.

Emerging Markets Risk. The risks of investing in emerging market securities are greater than those of investing in securities of developed foreign countries.

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.

Business Risk. Companies face a range of business risks, including strategic risk, operational risk, financial risk and reputational risk.

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.

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.

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.

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, such as pandemics, 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.

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

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 companies 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.

For a detailed list of risks associated with investing in the Karner Blue Biodiversity Impact Fund, please refer to the fund prospectus and statement of additional information, which can be obtained from the Fund's website or upon request.

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 securities within each strategy are selected based on non-financial factors. There is no guarantee that any strategy will be profitable or achieve its investment objective, and it is possible to lose money by investing in any investment strategy. Each 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.

Item 9: Disciplinary Information

KBC has no legal or disciplinary events to report that are material to the firm's investment advisory services or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

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. Additionally,

Ms. Benjamin provides accounting/consulting services to an unrelated SEC-registered investment advisor. This advisor is not a client of KBC. In order to avoid any conflicts, Ms. Benjamin has signed confidentiality and non-disclosure agreements and is prohibited from providing any information about KBC to the advisor and vice versa. The advisor has also undertaken obligations to limit the type of information that it provides to Ms. Benjamin, and she will not be considered an access person of the advisor. KBC's Chief Compliance Officer supervises this outside business activity by obtaining quarterly certifications from Ms. Benjamin stating that, during the relevant period, she has performed the accounting/consulting services in compliance with all of her obligations and has disclosed any known violations. Ms. Benjamin also serves as a board member for Biodiversity for a Livable Climate, a 501(c)(3) non-profit organization that seeks to promote nature solutions to the climate and biodiversity crises through education, policy and outreach. This non-profit is not a client of KBC. Ms. Benjamin is compensated for the accounting/consulting services she performs and is not compensated for her service as a board member.

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.

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

We have adopted a Code of Ethics (the "Code") to address the conduct of KBC's staff. The Code focuses on our fiduciary duty to you, personal securities transactions of the firm's staff, insider trading, gifts and entertainment and conflicts of interest. The Code includes, but is not limited to, our position on the following topics:

- ❖ The duty to always place the interests of our clients first;
- ❖ All personal securities transactions must be conducted in a manner consistent with the Code and to avoid any actual or perceived conflict of interest, or any abuse of a KBC's staff position of trust and responsibility;
- ❖ KBC's staff may not take inappropriate advantage of their positions;
- ❖ Information concerning a client's financial information, personal information and security holdings are confidential and should be kept secure; and
- ❖ Independence in the investment decision-making process is important.

We will provide a copy of the Code to a client or any prospective client upon request.

When purchasing shares of the Karner Blue Biodiversity Impact Fund for our clients, a conflict of interest exists to the extent that the total compensation to us is increased, based on the investment management fee that we receive on the fund. This conflict of interest is addressed by excluding

any assets invested in the fund from the SMA asset-based fee calculations. All clients are informed of KBC's relationship to the fund and SMA clients are not required to purchase the fund.

We also purchase and sell securities in the Karner Blue Biodiversity Impact Fund that are also purchased and sold for individual client accounts. We have developed trading policies and procedures in order to protect your interests in these instances.

KBC's staff is permitted to engage in personal securities transactions. These transactions create potential conflicts of interest if they were to trade in advance in a security that is owned by a client or considered for purchase or sale on behalf of a client. We have adopted policies and procedures that are reasonably designed to effect transactions for you in a manner consistent with the fiduciary duty owed to you as a client. KBC's staff who buys or sells the same securities bought or sold for a client may do so only if they comply with our written policies and procedures.

Item 12: Brokerage Practices

Custodians/broker-dealers are selected or 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. This does not mean that the client will necessarily pay the lowest commission or commission equivalent. In addition to best execution, KBC also considers 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 does not charge a premium or commission on transactions beyond the actual cost imposed by the broker-dealer/custodian.

Unless directed otherwise by the client in writing, KBC has the investment discretion to select the securities and amount of securities for client accounts. KBC also has discretionary authority from the Karner Blue Biodiversity Impact Fund to select the broker used and the commission rates to be paid. While SMA clients choose their own broker-dealer/custodian, they typically follow KBC's recommendation and the firm has the discretion to negotiate the related fees. 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, KBC considers at least the following:

- ❖ the size, type and difficulty of the transaction;
- ❖ the nature of the market for the security;
- ❖ the reputation, experience and financial stability of the broker;
- ❖ the quality of service;
- ❖ the commission rate;
- ❖ the risk involved in positioning a block of securities; and
- ❖ any research and other services provided by the broker.

KBC has 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 an 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; 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. These services are not based upon the number or size of transactions.

KBC conducts periodic assessments of custodians involving a review of the range and quality of services and the 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 open a Folio account for you, although KBC will assist you in doing so.

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 receives research, products, or other services from custodians and broker-dealers that those entities generally make available to their clients (“broker-dealer benefits”). There can be no assurance that any particular broker-dealer benefits received by KBC will be used for the benefit of a client’s account. KBC’s receipt of broker-dealer benefits means that it does not have to produce or pay for those benefits itself, and KBC will therefore have an incentive to recommend a broker-dealer based on receiving such benefits. KBC will only 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. These soft-dollar arrangements, if entered into, may result in higher commissions charged to the client.

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.

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.

Trade Errors

It is KBC’s policy that a client must not be disadvantaged for trade errors attributed to the firm. Trades are amended to reflect the original intent of the purchase or sale. If this change results in a loss, KBC will reimburse this loss. If this change results in a gain, that gain is applied to the client account.

Item 13: Review of Accounts

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. All accounts at KBC are assigned to one of these reviewers. Additionally, 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).

Item 14: Client Referrals and Other Compensation

KBC may enter into written agreements to retain third parties to act as solicitors for KBC’s investment management services. Currently, KBC does not have any active solicitor relationships. In accordance with any such agreement, KBC will oversee 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

KBC must have written authorization from SMA clients to deduct advisory fees from their accounts. When advisory fees are calculated by KBC and deducted from a client account by the custodian, KBC is deemed to have limited custody of the client's assets. Clients will receive statements from their custodian reflecting the account activity and holdings at least quarterly. Clients should carefully review the statements received from the custodian and verify that the transactions in the account are accurate and consistent with their stated objectives.

Item 16: Investment Discretion

KBC offers 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. 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

KBC is not aware of any financial condition that is reasonably likely to impair the firm's ability to meet its contractual commitments to its clients.