MCELHENNY SHEFFIELD

CAPITAL MANAGEMENT

FIRM BROCHURE

MCELHENNY SHEFFIELD CAPITAL MANAGEMENT, LLC

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This Form ADV Part 2 ("**Brochure**") provides information about the qualifications and business practices of McElhenny Sheffield Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (214) 922-9200 or bruce@mscm.net. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

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

March 29, 2024

Item 2 <u>Material Changes</u>

The following material changes have been made to this Brochure since the last annual update on March 10, 2023:

October 11, 2023 Other-than-Annual Update

- Item 9: The Brochure was amended to include a settlement that the SEC offered, and MSCM agreed to accept, relating to alleged violations of Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-1(d) thereunder regarding the use of hypothetical performance information on MSCM's public website.

- Item 8: Certain risks of investing were added.

- Item 13: The Brochure was amended to clarify the types of reviews that are conducted of Client accounts.

March 29, 2024 Annual Update

- Item 4: Description of Quantitative Models, Tactical Strategies, Trading Discretion, and Model Portfolios were enhanced. RAUM and AUM was updated.

- Item 5: Disclosures pertaining to the receipt of compensation relating to the Fund were added.

- Item 6: Disclosures with respect to Performance-Based Fees were enhanced.

- Item 7: Disclosures with respect to types of Clients were enhanced.

- Item 8: Certain risks of investing were added.

- Item 12: Brokerage Execution disclosures were enhanced, include trade allocation practices and the handling of trade errors.

This Brochure will be delivered to Clients. A copy of this Brochure, as well as MSCM's Form CRS disclosure for retail Clients, is available for download from SEC's website at www.adviserinfo.sec.gov.

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Item 4 Advisory Business

A. Principal Owners and Firm Background

McElhenny Sheffield Capital Management, LLC ("**MSCM**" or "**Adviser**"), a Texas limited liability company, is majority owned and controlled by its founder, Bruce McElhenny Fraser Jr. and his family. Mr. Fraser (the "**Principal**") is the Managing Member, Managing Partner (functional title), and Chief Compliance Officer of MSCM. MSCM was founded by Mr. Fraser in 2000 and has its principal place of business in Dallas, Texas. Additional information relating to MSCM's ownership can be found on Schedule A of MSCM's Form ADV Part 1.

B. Types of Advisory Services

The Adviser currently provides investment management services primarily through separately managed accounts ("**Separately Managed Accounts"**) for individuals, high net worth individuals, businesses and other institutions or entities, including as a sub-adviser to other investment advisers (collectively the "**Clients"**). MSCM provides the following tactical exchange-traded fund ("**ETF**") strategies ("**Tactical Strategies**"): (1) Trend Plus, (2) Sector Rotation, (3) TPSR, (4) Trend X, and (5) other customized strategies based on a rules-based process managed by MSCM in the following styles: trend following, momentum, or a blend of trend following and momentum. Trend following seeks to participate in market upside while avoiding market downside. Momentum investing seeks to capitalize on sectors and market segments with strong momentum while avoiding markets that exhibit weakness.

MSCM also provides other investment advisory services providing investment advice on equities, debt, options, futures, ETFs and mutual funds for Separately Managed Accounts. In selecting investment opportunities, MSCM's representatives will select what is believed to be the best opportunity for the Client based on various considerations which potentially will not be based on lowest price (e.g., trading volume and trading history of one ETF over another).

The Tactical Strategies use proprietary quantitative algorithms ("**Quantitative Models**") that are momentum or trend based and assist portfolio managers in determining what market exposure or which sectors and/or ETFs to allocate to within each Tactical Strategy. The Tactical Strategies seek to achieve their investment objectives while adhering to explicit risk controls that allow the portfolios to move to defensive positions of cash or non-equity asset classes during periods of elevated risk or market drawdowns. Trading activity is directed by outputs from the Quantitative Models that are developed and maintained by portfolio managers Bruce Fraser and Grant Morris (the "**Portfolio Managers**").

The Quantitative Models are updated each day with the relevant market data and recalculated with the new data set. The Quantitative Model output is the market exposure and allocation that each Tactical Strategy should have each day. The spreadsheets are maintained for error-checking of the input data, model calculations, and output signals. Changes in allocations necessitate trades that are executed by the portfolio managers through block trading, which ensures that each Separately Managed Account assigned to the Quantitative Model receives the same execution at each Custodian.

The trades indicated by the models are overridden only when extraordinary circumstances demand human intervention. The Portfolio Managers are the only persons that have the authority to override the Quantitative Models' recommendations, but they would only exercise this authority in a time of extreme market duress, or if a trade indicated by the Quantitative Models appears erroneous. The ongoing process includes constant monitoring of market and economic conditions as well as aggregate portfolio risks. To the extent recommendations are overridden or changes are made to the Quantitative Models, the Portfolio Managers will document such modifications and actions taken.

MSCM's trading strategies and Quantitative Models are revised from time to time as a result of ongoing research and development. The strategies and systems used by us in the future can differ significantly from those presently used, due to changes resulting from this research. In any event, the Firm will document when major changes are made to strategies and systems utilized.

The Tactical Strategies that we deploy on behalf of Clients are highly complex. The successful deployment of the Tactical Strategies requires sophisticated mathematical calculations and complex computer programs. Although we intend to use good faith efforts to carry out such calculations and programs correctly and to use them effectively, there can be no assurance that we will successfully do so. Errors can occur in designing, writing, testing, monitoring, and/or implementing such calculations and programs, including errors in the manner in which such calculations and programs function together. Any such error can be difficult to detect, will potentially not be detected for a significant period of time, and can have a material adverse effect on Clients. This risk can be exacerbated by the fact that the Tactical Strategies deployed by us is expected to include executing multiple trades over a particular time period, which can result in many trades being affected by any such error before it can be detected and corrected. In addition, such calculations and programs are dependent upon accurate market and other data, and inaccuracies in or any corruption of such data (or errors in incorporating such data) can have a material adverse effect on the results of such calculations and programs. Moreover, the effectiveness of such calculations and programs can diminish over time, including as a result of market changes and changes in the behavior of other market participants. In the event we determine that there is diminishing effectiveness, the Portfolio Managers will review the data and make certain changes to the program and/or the manner in which it is implemented. Any such changes can also increase the likelihood of the errors described above.

The complexity of the components of the Tactical Strategies that apply to such calculations and programs, and the interactions among such components, can make it difficult or impossible to detect the source of any weakness or failure in such components and/or such calculations and programs before material losses are incurred. For example, it can be difficult or impossible to distinguish unexpected trading results caused by market activity from unexpected trading results caused by an error in the applicable calculations or programs. The mathematical calculations and computer programs utilized by us are subject to inherent limitations and can potentially be improved upon as experience is gained, strategies are refined, and markets change. However, there can be no assurances that we would be able to or will make any such improvements, and our inability or failure to do so can have a material adverse effect on Clients.

We carry out our investment process and risk control procedures, in part, by applying Quantitative Models developed by the Portfolio Managers. Because our trading methods are proprietary, an investor will not be able to determine specific details of our methods or whether Quantitative Models are being followed. As a result, the Portfolio Managers will monitor the program daily, and back test the equations as needed.

MSCM is the discretionary sub-adviser of the actively managed McElhenny Sheffield Managed Risk ETF ("**MSMR Fund**" or "**Fund**"), an ETF organized to invest in shares of other ETFs ("**Underlying Investments**") that reflect MSCM's trend following and momentum strategies. MSCM will generally allocate approximately 50% of the Fund's assets to each of its Trend Plus and Sector Rotation strategies, although such allocations can potentially vary over time in response to market movements. Please see the Fund's Prospectus and Statement of Additional Information ("**SAI**") for additional information about the Tactical Strategies and disclosures relating to the Fund. Prior to making any investment in the Fund, Clients should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment. Because investments in the Fund involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity, and suitability. The Fund assets are managed on a discretionary basis with MSCM, as subadvisor providing supervisory management services and assisting the Fund adviser in the coordination of trade orders. The Fund's investment adviser is responsible for trade execution.

MSCM also offers model portfolio services to third parties ("**Model Portfolios**") that use the Model Portfolios to provide investment advisory services to their clients on an investment platform or through other arrangements supervised by the third party. For the Model Portfolios, MSCM delivers the Model Portfolios and is not responsible for the coordination of trade orders or execution.

Additionally, the Adviser provides financial planning services for Clients. Clients receive a written or an electronic report, providing the Client with a financial plan designed to achieve their stated financial goals and objectives. The Client and Adviser will work together to select the specific areas to cover. In general, the financial plan will generally address any or all of the following areas of concern: business planning, cash flow and debt management, college savings, employee benefits optimization, estate planning, retirement planning, and investment analysis.

C. Tailoring of Advisory Services

The investment strategy of each account is tailored to the objectives of the respective Client. Pursuant to the respective investment management agreements between the Adviser and the Clients ("**IMA**"), the Adviser is generally granted investment discretion with respect to the Separately Managed Accounts. However, such discretion is limited based on the particular investment objectives, preferences, guidelines and restrictions outlined in each Client's IMA and for certain Clients, MSCM does not have discretion or involvement with trade placement and execution, as discussed above.

With respect to the financial planning services, specific Client financial plans and their implementation are dependent upon the Client Investment Policy Statement which outlines each Client's current situation (income, tax levels and risk tolerance levels) and is used to construct a Client-specific plan to aid in the selection of a portfolio that matches restrictions, needs and targets.

D. Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2024, the Adviser had $439.0 million in assets under management representing $419.4 million in regulatory assets under management managed on a discretionary basis, subject to limitations set forth in each Client's IMA, and $19.6 million of assets managed for Model Portfolios that are not included in regulatory assets under management.

Item 5 Fees and Compensation

A. Compensation

1. Management Fee

Our standard IMA provides for a management fee ("**Management Fee**") of up to 2% per annum of the value of the account subject to the IMA. One-twelfth (1/12) of the annual Management Fee will be debited against each Client account at the beginning of each month. The Adviser, in its sole discretion, reduces or waives all or any part of the Management Fee and certain Clients do not pay a separate asset management fee for Separately Managed Accounts investing in the Fund. Management Fees are negotiable.

When MSCM acts as an investment adviser, MSCM is required to act in the Client's best interest and not put its interests ahead of Clients. At the same time, the way MSCM makes money creates some conflicts with Client interests. Here are some examples:

- MSCM has an incentive to increase the assets in Separately Managed Accounts to increase fees. MSCM charges asset-based fees and therefore makes more money when there is an increase in the assets in Separately Managed Accounts. Therefore, MSCM has an incentive to recommend increasing the assets in Separately Managed Accounts. MSCM's financial professionals earn compensation based upon a portion of the revenue MSCM earns from Clients for providing Clients with advisory services. As a result, MSCM's financial professionals have a financial incentive to not reduce fees.

- Clients pay MSCM's fee monthly even if there is limited or no investment activity in the Client account. Clients pay fees and costs whether Clients make or lose money on their investments. Fees and costs will reduce any amount of money Clients make on their investments over time.

- MSCM has an incentive to recommend margin accounts to permit borrowing money for a Client account. Additionally, for margin loans, the purchase of securities in the account will result in increased asset-based fees, which provides an incentive for MSCM to recommend the use of margin.

- MSCM earns higher management fees when MSCM invests Separately Managed Accounts in the Fund. The receipt of additional compensation from the Fund provides an incentive for MSCM to invest Client assets in the Fund. The fees charged for financial advisory services, together with fees paid to MSCM indirectly through the Fund, can be higher than the fees charged by other investment advisers for similar investment advisory services. Clients can independently and directly invest in the Fund through other financial services firms/broker-dealers.

2. MSMR Fund Sub-Advisory Fee

As sub-adviser to the Fund, MSCM is paid a fee by the adviser of the Fund, which is calculated daily and paid monthly, at an annual rate based on the average daily net assets of the Fund of 0.74% for the first six months of the Fund's operations, 0.69% for the next six months of the Fund's operations, and 0.64% after the first year of the Fund's operations. Such fees are disclosed in the Fund prospectus.

MSCM recommends, when it is determined to be appropriate for Clients, that Clients invest in the Fund for which it serves as sub-adviser and for which MSCM is paid a fee by the adviser of the Fund. MSCM's portfolio managers of the ETF each receive compensation based on firm revenue which includes the sub-adviser fee paid by the Fund. The compensation is not based on referral of Clients or securities transactions. MSCM does not have an ownership or sales interest in the Fund.

Under normal circumstances and in accordance with the Client's established Investment Plan and risk tolerance MSCM will recommend investments that include the Fund. Clients investing in the Fund will be subject to both the Fund's management fees (a portion of which are payable to MSCM and indirectly MSCM's portfolio managers, as sub-adviser to the Fund) and MSCM's Management Fee. The receipt of additional compensation from the Fund provides an incentive for MSCM to invest Client assets in the Fund. This conflict of interest is disclosed to clients in this Form ADV and also in the Client IMA which is signed by the Client at the outset of a working relationship. The fees charged for portfolio management services, together with fees paid to MSCM indirectly through the Fund, can be higher than the fees charged by other investment advisers for similar investment advisory services. Clients can also independently invest in Fund shares through other financial services firms/broker- dealers.

3. Performance-Based Fee

For certain Clients for which the Adviser manages the entire investment account in our Trend X strategy, the Adviser will charge a quarterly fee, subject to a high-water mark (a "**Performance-Based Fee**"). With respect to such Clients, Performance-Based Fees will be up to 20% based on the net profits generated in the Client's portfolio during the quarter (subject to the aforementioned high-water mark).

The Adviser, in its sole discretion, reduces or waives all or any part of the Performance-Based Fee. Performance-Based Fees are negotiable. Clients will only be charged a Performance-based Fee if they meet the definition of "**Qualified Client**" as defined in Rule 205-3 under the Investment Advisers Act of 1940. Performance-Based Fees payable to Adviser, if any, will generally be debited against each Client account at the beginning of each quarter.

4. Financial Planning Services Fee

Financial Planning will generally be offered on either a fixed-fee basis or on an hourly basis at an approximate rate of $250 per hour, depending on the nature of the specified services. Fees will be determined on a case-by-case basis with the fee based on the complexity of the situation and the needs of the Client. The fixed fee will generally be up to $5,000. The fixed fee or hourly rate will be agreed upon before the start of any work. Financial planning fees are negotiable.

B. How Fees Are Collected

The Adviser will direct the custodian (the "**Custodian**") of each Client account, with the authorization of the Client, to withdraw funds to pay the Adviser's management and Performance-Based Fees. One-twelfth (1/12) of the annual Management Fee will be debited against each Client account at the beginning of each month. The Performance-Based Fees payable to Adviser, if any, will generally be debited against each Client account at the beginning of each quarter.

With respect to any Clients for whom the Adviser currently provides investment management services, the Adviser will direct the Custodian of each Client account, with the authorization of the Client, to withdraw funds to pay the Adviser's financial planning fees. With respect to any Clients for whom the Adviser does not currently provide investment management services, the Client will generally pay the Adviser via check.

C. Other Fees or Expenses

Separately Managed Accounts will bear their own expenses, including but not limited to, transaction, exchange, wire transfer, and margin interest expenses. Clients will pay transaction fees, and other transaction-related third-party costs and expenses incurred in the management of Client assets. By way of example, these costs include charges imposed by Custodians, and others, such as custodial fees, deferred sales charges, wire transfer and electronic fund fees, and other fees and taxes on custodial brokerage accounts and securities transactions. Some investments (e.g., mutual funds, ETFs, and variable annuities) impose additional fees that will reduce the value of a Client's investment over time. Client investment in ETFs and other investment vehicles, including the Fund, will generally be subject to <u>both</u> the investment vehicles' management fees (with respect to the Fund, a portion of which are payable to MSCM, as sub-adviser) and MSCM's management fee. The Adviser, in its sole discretion, reduces or waives all or any part of the Management Fee and certain Clients do not pay a separate asset management fee for investment in the Fund.

D. Advance Payment

Management Fees are generally payable in advance. If a Client terminates the advisory contract prior to the end of the billing period, the Adviser will refund any prepaid fee on a prorated basis. The amount of the refund will be calculated using the value of the Client's investment on the last trading day of the prior billing period.

E. Compensation for Sales of Securities

Neither MSCM nor any of its officers, Members, employees, and investment adviser representatives as well as to any other person who provides investment advice on behalf of the Adviser and who is subject to the Adviser's supervision and control ("**Supervised Persons**") accept compensation for the sale of securities or other investment products.

F. Retirement Accounts

We are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act of 1974 ("**ERISA**") and/or the Internal Revenue Code ("**IRC**"), as applicable, when we provide investment advice regarding portfolio assets held in an IRA, Roth IRA, Archer Medical Savings Account, a Plan covered by ERISA, or a plan described in Section 4975(e)(1)(A) of the IRC (collectively referred to collectively sometimes herein as ("**Retirement Accounts**").

To ensure that MSCM will adhere to fiduciary norms and basic standards of fair dealing, we are required to give advice that is in the "best interest" of a Retirement Account Client. The best interest standard has two chief components, prudence, and loyalty. Under the prudence standard, the advice must meet a professional standard of care and under the loyalty standard, our advice must be based on the interests of our Retirement Account Clients, rather than the potential competing financial interest of MSCM.

To address the conflicts of interest with respect to our compensation, we are required to act in your best interest and not put our interest ahead of yours. To this end, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);

- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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

As explained above, the Adviser charges Performance-Based Fees with respect to certain strategies for certain Qualified Clients. The Adviser manages both accounts that are charged a Performance-Based Fee and accounts that are not charged a Performance-Based Fee ("**Side-by-Side Management**"). The Adviser has an incentive to favor accounts that are charged a Performance-Based Fee and has adopted reasonable controls (e.g., trade aggregation) to ensure that Performance-Based Fee clients are not favored over other Clients. Charging a Performance-Based Fee creates an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the account.

Item 7 Types of Clients

MSCM, in its sole discretion, manages Clients with different objectives, higher or lower fees and different fee structures than what is described in this brochure. MSCM provides investment management services to individuals, high net worth individuals, businesses and other institutions or entities, including Retirement Accounts, primarily through Separately Managed Accounts over which MSCM has discretion. The Adviser also provides financial planning services for Clients, serves as a sub-adviser to other investment advisers, and offers Model Portfolios to other investment advisers and financial platforms.

There are no material limitations and no minimum requirements for Separately Managed Clients to open an account or establish an advisory relationship. Separately Managed Accounts will be managed in accordance with the investment objectives, guidelines, restrictions, and other information provided by the Separately Managed Account Client to the Adviser in the Suitability Questionnaire, which is included in the IMA. Notwithstanding any provisions in the IMA, federal and state securities laws impose liability under certain circumstances on persons who act in good faith and nothing in the IMA purports to waive or limit any rights that Clients have under those laws.

MSCM charges Qualified Clients a Performance-Based Fee with respect to certain strategies, such as MSCM's Trend X strategy. However, to comply with SEC Rule 205-3, MSCM will only charge a Performance-Based Fee to Qualified Clients.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. Analysis and Strategies

MSCM provides investment advisory services to Separately Managed Accounts based on the investment objectives, guidelines, restrictions, and other information provided by the Separately Managed Account and according to investment mandates provided by other Clients. The overall objective in managing Clients is to seek to achieve capital appreciation by investing in and trading securities consisting of equity and equity related securities that are publicly traded on U.S. exchanges. MSCM will invest Clients in a wide range of securities and other financial instruments including, but not limited to, exchange listed and over the-counter equity securities, preferred stocks, convertible securities, exchange-traded funds, warrants, rights, options, corporate and municipal debt securities, and U.S. government securities. Clients managed by MSCM own long positions and potentially sell short positions.

MSCM's strategies are heavily dependent on proprietary Quantitative Models as well as information and data supplied by third parties. The Adviser uses a variety of methods for analyzing and designing Client portfolios including fundamental analysis and standard risk assessment tools. The sources used for financial analysis and research include financial publications, prospectuses, annual reports and internet data sources.

B. Material Risks

Investing in securities involves risk of loss that Clients should be prepared to bear. All investments in securities include a risk of loss of a Client's principal investment as well as any previously realized or unrealized profits. Stock and bond markets fluctuate substantially over time. In addition to market risk, certain other risk factors potentially affect the performance of Clients accounts over time, including interest rate risk, inflation risk, currency risk, liquidity risk and sociopolitical risk, among others. The various risks summarized below are not the only risks associated with the Adviser's investment strategies and processes. Clients are urged to consult with independent financial, legal and tax advisors. Certain of the risks are summarized as follows:

- Commodity-Linked Derivatives: To the extent Tactical Strategies invest in Gold ETFs, the Tactical Strategy is exposed to commodity-linked derivatives. The value of a commodity-linked derivative investment typically is based upon the price movements of an underlying physical commodity (e.g., gold), and can be affected by changes in overall market movements, volatility of the market, changes in interest rates, or factors affecting a particular industry or commodity (e.g., drought, floods, weather, embargoes, tariffs and international economic, political and regulatory developments). Investments in commodity-linked derivatives can be subject to greater volatility than investments that are not derivative-based. Commodity-linked derivatives also can be subject to credit and interest rate risks that in general affect the values of debt securities.

- Competition: The investment management industry, in general, and the markets in which the Adviser trades are extremely competitive. In pursuing its trading methods and strategies, the Adviser will compete with investment firms, including many of the larger investment advisory and private investment firms, as well as institutional investors and, in certain circumstances, market makers, banks and broker-dealers. As a result of such competition, market opportunities in which the Tactical Strategies seek to capitalize can be short-lived or disappear and profit potential can be materially reduced. There can be no assurance that the Adviser will be able to find suitable opportunities consistent with its investment approach.

- Currency Exchange Rates: To the extent the Tactical Strategies invest in U.S. Dollar ETFs, changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the strategy. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment can also change quickly, unpredictably, and without warning, and you can lose money.

- Cybersecurity Breaches and Identity Theft: Information and technology systems of the Adviser, portfolio companies in which Clients are invested and the Adviser's service providers can be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time, or cease to function properly, the Adviser, a portfolio company in which Clients are invested and/or a service provider can have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason can cause significant interruptions in the Adviser, a portfolio company in which an account is invested and/or a service provider's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to Clients. Such a failure can harm the Adviser's, a portfolio company's (in which Clients are invested) or a service provider's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- Derivatives: Credit default swaps and similar derivative instruments used for hedging purposes present risks that are different from traditional securities. There is a risk that the derivative will not correlate well to the security it is hedging. Further, it can be difficult to unwind derivative positions due to illiquidity in the markets. To the extent the Tactical Strategies invest in U.S. Dollar ETFs or Gold ETFs, the strategy is exposed, through those Underlying Investments, to derivative instruments, including forward currency contracts (with respect to U.S. Dollar ETFs) or futures contracts that correlate to the investment returns of physical gold (with respect to Gold ETFs). A U.S. Dollar ETF's or Gold ETF's use of derivatives can reduce its returns or increase volatility. Derivatives can also be subject to counterparty risk, which is the risk that the other party in the transaction will not fulfill its contractual obligation. Counterparty risk for over-the counter ("OTC") derivatives is generally higher than that for derivatives traded on an exchange or through a clearing house. A risk of a U.S. Dollar ETF or Gold ETF's use of derivatives is that the fluctuations in their values will potentially not correlate perfectly with the value of the underlying asset, the performance of the asset class to which the U.S. Dollar ETF or Gold ETF seeks exposure or the performance of the overall markets. The possible lack of a liquid secondary market for derivatives and the resulting inability of the U.S. Dollar ETF or Gold ETF to sell or otherwise close a derivatives position can expose the U.S. Dollar ETF or Gold ETF to losses and can make derivatives more difficult for the U.S. Dollar ETF or Gold ETF to value accurately. A U.S. Dollar ETF or Gold ETF can also suffer losses related to its derivatives positions as a result of unanticipated market movements, or movements between the time of periodic reallocations of strategy assets, which losses are potentially unlimited. Certain derivatives can give rise to a form of leverage and can expose the U.S. Dollar ETF or Gold ETF to greater risk and increase its costs. The impact of U.S. and global regulation of derivatives can make derivatives more costly, can limit the availability of derivatives, can delay or restrict the exercise by the U.S. Dollar ETF or Gold ETF of termination rights or remedies upon a counterparty default under derivatives held by the U.S. Dollar ETF or

Gold ETF (which can result in losses), or can otherwise adversely affect the value or performance of derivatives.

- *Futures Contracts.* To the extent the Tactical Strategies invest in Gold ETFs, the strategy is exposed to exchange-traded futures contracts. Futures are standardized contracts that obligate a purchaser to take delivery, and a seller to make delivery, of a specific amount of an asset at a specified future date at a specified price. Unlike equities, which typically entitle the holder to a continuing ownership stake in an issuer, futures contracts normally specify a certain date for settlement in cash based on the level of the reference rate. The primary risks associated with the use of futures contracts are: (1) the imperfect correlation between the change in market value of the instruments held by a Gold ETF and the price of the futures contract; (2) possible lack of a liquid secondary market for a futures contract and the resulting inability to close a futures contract when desired; (3) losses caused by unanticipated market movements, which are potentially unlimited; (4) the inability of the Gold ETF's investment adviser to predict correctly the direction of prices and other economic factors; and (5) the possibility that the counterparty will default in the performance of its obligations.

- *Forward Currency Contracts.* To the extent the Tactical Strategies invest in U.S. Dollar ETFs, the strategy is exposed to forward currency contracts. A forward foreign currency exchange contract ("forward contract") involves an obligation to purchase or sell a specific currency at a future date, which can be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are principally traded in the interbank market conducted directly between currency traders (usually large commercial banks) and their customers. Forward contracts are contracts between parties in which one party agrees to make a payment to the other party (the counterparty) based on the market value or level of a specified currency. In return, the counterparty agrees to make payment to the first party based on the return of a different specified currency. A forward contract generally has no margin deposit requirement, and no commissions are charged at any stage for trades. These contracts typically are settled by physical delivery of the underlying currency or currencies in the amount of the full contract value. The primary risks associated with the use of forward currency contracts are: (1) the success of the ability of the U.S. Dollar ETF's investment adviser to predict movements in the prices of individual currencies, fluctuations in markets and movements in interest rates; (2) the imperfect correlation between the change in market value of the instruments held by a U.S. Dollar ETF and the price of the forward contract; and (3) the possibility that the counterparty will default in the performance of its obligations.

- <u>Discretion; Investment Judgment</u>: The Adviser generally has broad discretion with respect to the investment program of Clients the Adviser manages, which involves assets that will be affected by various business, financial market, or legal uncertainties. Profitability depends to a great extent upon correctly evaluating these uncertainties in order to assess the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that can affect the value or return on investments. In addition, changing market and economic conditions can lead to Client losses.

- Diversification: Certain portfolios held by Clients are not necessarily widely diversified. Thus, a Client's account can be subject to more rapid changes in value than would be the case if the account were required to maintain a wide diversification among companies, securities and types of securities. This limited diversity can expose a Client's account to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in the Client's investments. The Fund is considered to be non-diversified, which means that it can invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. As a result, the Fund will be more exposed to the risks associated with and developments affecting an individual issuer or a smaller number of issuers than a fund that invests more widely. This can increase the Fund's volatility and cause the performance of a relatively smaller number of issuers to have a greater impact on the Fund's performance.

- Dividend-Paying Securities: There is no guarantee that issuers of the securities held by Underlying Investments will declare dividends in the future or that, if declared, they will either remain at current levels or increase over time. The strategy can also underperform similar strategies that invest without considering a company's dividend payments. Companies that pay dividends historically will potentially not participate in a broad market advance to the same extent as other companies that do not pay dividends. Such companies can also be sensitive to a sharp rise in interest rates or an economic downturn that leads to the elimination or reduction of dividend payments to investors.

- Equity Markets: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; local, regional or global events (e.g., acts of terrorism or war); and global or regional political, economic, public health (e.g., pandemics), and banking crises. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer because common stockholders, or holders of equivalent interests, generally have inferior rights to receive payments from issuers in comparison with the rights of preferred stockholders, bondholders, and other creditors of such issuers.

- ETFs:

  - *Authorized Participants, Market Makers, and Liquidity Providers Concentration.* ETFs have a limited number of financial institutions that act as Authorized Participants ("**APs**"). In addition, there can be a limited number of market makers and/or liquidity providers in the marketplace. To the extent either of the following events occur, ETF shares can trade at a material discount to NAV and possibly face delisting: (1) APs exit the business or otherwise become unable to process creation and/or redemption orders and no other APs step forward to perform these services, or (2) market makers and/or liquidity providers exit the business or significantly reduce their business activities and no other entities step forward to perform their functions.

  - *Costs of Buying or Selling ETF Shares.* Investors buying or selling ETF shares in the secondary market will pay brokerage commissions or other charges imposed by broker-dealers, as determined by that broker-dealer. Brokerage commissions are often a fixed amount and can be a significant proportional cost for investors seeking to buy or sell relatively small amounts of ETF Shares. In addition, secondary market investors will also incur the cost of the difference between the price at which an investor is willing to buy ETF shares (the "bid" price) and the price at which an investor is willing to sell ETF shares (the "ask" price). This difference in bid and ask prices is often referred to as the "spread" or "bid-ask spread." The bid-ask spread varies over time for ETF shares based on trading volume and market liquidity, and the spread is generally lower if ETF shares have more trading volume and market liquidity and higher if ETF shares have little trading volume and market liquidity. Further, a relatively small investor base in the ETF, asset swings in the ETF, and/or increased market volatility can cause increased bid-ask spreads. Due to the costs of buying or selling ETF shares, including bid-ask spreads, frequent trading of ETF shares can significantly reduce investment results and an investment in ETF shares will potentially not be advisable for investors who anticipate regularly making small investments.

- *ETF Shares Could Trade at Prices Other Than NAV.* As with all ETFs, ETF shares can be bought and sold in the secondary market at market prices. Although it is expected that the market price of ETF shares will approximate the ETF's NAV, there can be times when the market price of ETF shares is more than the NAV intra-day (premium) or less than the NAV intra-day (discount) due to supply and demand of ETF shares or during periods of market volatility. This risk is heightened in times of market volatility or periods of steep market declines. The market price of ETF shares during the trading day, like the price of any exchange traded security, includes a "bid-ask" spread charged by the exchange specialist, market makers or other participants that trade the ETF shares. In times of severe market disruption, the bid-ask spread can increase significantly. At those times, ETF shares are most likely to be traded at a discount to NAV, and the discount is likely to be greatest when the price of ETF shares is falling fastest, which can be the time that you most want to sell your ETF shares. The Adviser believes that, under normal market conditions, large market price discounts or premiums to NAV will not be sustained because of arbitrage opportunities.

- *Trading*. Although ETF shares are listed for trading on a stock exchange and can be listed or traded on U.S. and non-U.S. stock exchanges, there can be no assurance that an active trading market for ETF shares will develop or be maintained. Trading in ETF shares can be halted due to market conditions or for reasons that, in the view of the stock exchange, make trading in ETF shares inadvisable. In addition, trading in ETF shares on the stock exchange is subject to trading halts caused by extraordinary market volatility pursuant to the stock exchange "circuit breaker" rules, which temporarily halt trading on the stock exchange when a decline in the S&P 500® Index during a single day reaches certain thresholds (e.g., 7%, 13%, and 20%). Additional rules applicable to the stock exchange can halt trading in ETF shares when extraordinary volatility causes sudden, significant swings in the market price of ETF shares. There can be no assurance that ETF shares will trade with any volume, or at all, on any stock exchange. In stressed market conditions, the liquidity of ETF shares can begin to mirror the liquidity of the ETF's underlying portfolio holdings, which can be significantly less liquid than the ETF shares, and this can lead to differences between the market price of the ETF shares and the underlying value of those ETF shares.

- <u>Fixed Income Securities</u>: Fixed income securities (e.g., bonds and certain asset-backed securities), involve certain risks, which include:

  - *Calls.* During periods of falling interest rates, an issuer of a callable bond held by an Underlying Investment can "call" or repay the security before its stated maturity, and the Underlying Investment can have to reinvest the proceeds in securities with lower yields, which would result in a decline in that fund's income, or in securities with greater risks or with other less favorable features.

- *Credit.* Credit risk refers to the possibility that the issuer of a security will not be able to make principal and interest payments when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness can also affect the value of the Underlying Investment's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

- *Duration.* Prices of fixed income securities with longer durations are more sensitive to interest rate changes than those with shorter durations.

- *Events.* Event risk is the risk that corporate issuers can undergo restructurings, such as mergers, leveraged buyouts, takeovers, or similar events financed by increased debt. As a result of the added debt, the credit quality and market value of a company's bonds and/or other debt securities can decline significantly.

- *Extensions.* When interest rates rise, certain obligations will be paid off by the obligor more slowly than anticipated, causing the value of these securities to fall. Rising interest rates tend to extend the duration of securities, making them more sensitive to future changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than the value of shorter-term securities. As a result, in a period of rising interest rates, securities can exhibit additional volatility and can lose value.

- *Interest Rates.* Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. An Underlying Investment can take steps to attempt to reduce the exposure of its portfolio to interest rate changes; however, there can be no guarantee that a Fund will take such actions or that the Fund will be successful in reducing the impact of interest rate changes on the portfolio. Changes in government intervention can have adverse effects on investments, volatility, and illiquidity in debt markets.

- *Maturity.* The value of fixed income investments is also dependent on their maturity. Generally, the longer the maturity of a fixed income security, the greater its sensitivity to changes in interest rates.

- *Prepayment.* When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and an Underlying Investment can have to invest the proceeds in securities with lower yields. In periods of falling interest rates, the rate of prepayments tends to increase (as does price fluctuation) as borrowers are motivated to pay off debt and refinance at new lower rates. During such periods, reinvestment of the prepayment proceeds by the management team will generally be at lower rates of return than the return on the assets that were prepaid. Prepayment reduces the yield to maturity and the average life of the security.

- *Variable and Floating Rate Instruments.* The absence of an active market for these securities can make it difficult for the Underlying Investment to dispose of them if the issuer defaults.

- Government Obligations: The Tactical Strategies can invest in securities issued by the U.S. government either directly or through investments in Underlying Investments that invest in such securities. Downgrades can increase volatility in domestic and foreign financial markets, result in higher interest rates, lower prices of U.S. Treasury securities and increase the costs of different kinds of debt. Any controversy or ongoing uncertainty regarding the statutory debt ceiling negotiations can impact the U.S. long-term sovereign credit rating and can cause market uncertainty. As a result, market prices and yields of securities supported by the full faith and credit of the U.S. government can be adversely affected.

- High Portfolio Turnover: The Tactical Strategies can frequently buy and sell portfolio securities and other assets to rebalance the strategy's exposure to specific securities. Higher portfolio turnover can result in higher levels of transaction costs and generating greater tax liabilities. Portfolio turnover risk can cause the strategy's performance to be less than you expect.

- Investment Due Diligence and Research; Reliance on Corporate Management and Financial Reporting: In certain instances, due diligence information available to the Adviser at the time of an investment decision is limited, and the Adviser can have neither access to adequately granular information nor adequate time to analyze the information necessary for a complete evaluation of the investment opportunity. It is also possible that the due diligence and research conducted does not reveal all the relevant facts and information that are necessary to evaluate such investment opportunity. In the worst-case scenario, information can be manipulated or fraudulent. Clients can incur material losses as a result of the misconduct or incompetence of such individuals and/or a substantial inaccuracy in such information.

- Macroeconomics: Fluctuations in interest rates can cause investment prices to fluctuate. The inflation rate can increase, causing a decrease in purchasing power. Returns will be affected by general economic and market conditions such as economic uncertainty, commodity prices, currency rates, changes in credit availability, and changes in laws and many others.

- Management: The Tactical Strategies are actively managed and potentially will not meet its investment objective based on the Adviser's success or failure to implement investment strategies.

- Margin: When Clients invest on margin, Clients are borrowing money from their Custodian to buy stocks and use their investment as collateral. This allows Clients to increase their purchasing power and own more stock without fully paying for it. However, it also exposes Clients to the potential for higher losses. In volatile markets, Client who put up an initial margin payment for a can, from time-to-time, be required to provide additional cash if the price of the stock falls. Margin accounts can be very risky and they are not suitable for everyone. Before opening a margin account, Clients should fully understand that: (1) Clients can lose more money than the Client has invested, (2) Clients potentially will have to deposit additional cash or securities in their account on short notice to cover market losses, (3) Clients can be forced to sell some or all of their securities when falling stock prices reduce the value of their securities and (4) the Client's Custodian can potentially sell some or all of the Client's securities without consulting the Client to pay off the loan it made to the Client.

- Market Capitalization:

    - *Large-Capitalization Investing.* The securities of large-capitalization companies can be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion. Large-capitalization companies can also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes.

    - *Mid-Capitalization Investing.* The securities of mid-capitalization companies can be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies, but they can also be subject to slower growth than small-capitalization companies during times of economic expansion. The securities of mid-capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than large capitalization stocks or the stock market as a whole, but they can also be nimbler and more responsive to new challenges than large-capitalization companies. Some mid-capitalization companies have limited product lines, markets, financial resources, and management personnel and tend to concentrate on fewer geographical markets relative to large-capitalization companies.

    - *Small-Capitalization Investing.* The securities of small-capitalization companies can be more vulnerable to adverse issuer, market, political, or economic developments than securities of larger-capitalization companies. The securities of small capitalization companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than larger capitalization stocks or the stock market as a whole. Some small capitalization companies have limited product lines, markets, and financial and managerial resources and tend to concentrate on fewer geographical markets relative to larger capitalization companies. There is typically less publicly available information concerning smaller-capitalization companies than for larger, more established companies. Small-capitalization companies also can be particularly sensitive to changes in interest rates, government regulation, borrowing costs and earnings.

- Market Risks in General: The Tactical Strategies are subject to market risk, including, but not limited to, changes in the regulatory environment, "flights to quality" and "credit squeezes." The particular or general types of market conditions in which losses can be incurred or unexpected performance volatility can be experienced cannot be predicted, and the Adviser's strategies can materially underperform other investment funds or accounts with substantially similar investment objectives and approaches.

- Potential Loss of Investment: Any investment in securities involves risk. There can be no assurance that the Adviser's strategy will achieve the Client's investment objectives or that Clients will not lose all or substantially all of their investment.

- Quantitative Models and Data Risk: MSCM's strategies are heavily dependent on Quantitative Models as well as information and data supplied by third parties. When Quantitative Models and data supplied by third parties prove to be incorrect or incomplete, any decisions made in reliance thereon can lead to securities being purchased, held, or sold that would not have been purchased, held, or sold had the Models and Data been correct and complete. The Quantitative Models are predictive in nature. The use of Quantitative Models have inherent risks (e.g., Quantitative Models can incorrectly forecast future behavior, leading to potential losses on a cash flow and/or a mark-to-market basis). In addition, in unforeseen or certain low-probability scenarios (often involving a market disruption of some kind), Quantitative Models can produce unexpected results, which can result in losses. Furthermore, because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on Quantitative Models can depend heavily on the accuracy and reliability of the supplied historical data. All Quantitative Models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. However, even if market data is input correctly, Quantitative Model prices will often differ substantially from market prices, especially for instruments with complex characteristics, such as derivative instruments. See Item 4. Advisory Services for further information about Quantitative Model risks.

- Reliance on Key Persons: Clients are substantially dependent on the services of the Principal and the Portfolio Managers. In the event of the death, disability, departure or insolvency of the Principal and Portfolio Managers or the complete transfer of his interest in the Adviser, the management of Clients can be adversely affected.

- Sectors: To the extent the Tactical Strategies invest more heavily in particular sectors of the economy, performance will be especially sensitive to developments that significantly affect those sectors. The strategy can invest a significant portion of its assets in the certain sectors and, therefore, the performance of the strategy can be negatively impacted by events affecting each sectors.

- Sector Rotation Strategy: The Sector Rotation strategy uses a variety of market indicators to seek to identify the industries, sectors, or asset classes that are likely to outperform during a given quarter. Such indicators are evaluated on a quarterly basis and can be unable to predict events or conditions that arise during a quarter and lead the previously-selected industries, sectors, or asset classes to underperform other industries, sectors, or asset classes over the entire quarter. Additionally, the strategy relies on macroeconomic indicators to identify significant downturns in the market, and such indicators can fail to correctly or timely identify such downturns. In such event, the strategy can continue to be exposed to Underlying Investments that can lose significant value during downturns. There can be no guarantee that the Sector Rotation strategy will correctly or timely identify the industries, sectors, or asset classes that will outperform during a given quarter.

- Sociopolitical Risks: Natural disasters (e.g., earthquakes or weather), acts of war, terrorism and armed conflicts can negatively impact portfolio and asset values.

- Trend-Based Strategy: The trend-based strategies (Trend, Trend Plus, and Trend X) use a variety of market indicators and stop levels to seek to identify upward or downward trends in the U.S. equity markets. To the extent such indicators or stop levels fail to give timely notice of a downward trending market, the strategies can continue to be exposed to Underlying Investments that can lose significant value during such downward periods. Similarly, if the indicators fail to timely identify a reversal of a downward trending market, the strategies can continue to be exposed to defensive ETFs at a time when there is significant appreciation in the equity markets. Either scenario can result in the strategy underperforming other strategies that do not employ a trend-based strategy, and there can be no guarantee that the trend-based strategies will correctly or timely identify market trends. Additionally, the Trend X strategy uses levered ETFs and the use of leverage in a strategy will increase volatility and can exacerbate the movements of the account values in both directions up and down, depending on market movements.

Item 9 Disciplinary Information

On September 11, 2023, the SEC offered, and MSCM agreed to accept, a settlement relating to alleged violations of Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-1(d) thereunder. The SEC alleged that MSCM advertised hypothetical performance on MSCM's public website without adopting and implementing policies and procedures reasonably designed to ensure that hypothetical performance was relevant to the likely financial situation and investment objectives of the intended audience. As part of MSCM's settlement with the SEC, MSCM, without admitting or denying the SEC's findings, agreed to pay a civil monetary penalty and evaluate, update, and review MSCM's applicable policies and procedures concerning advertisements that include hypothetical performance. MSCM also proactively engaged a new compliance consultant to conduct an independent compliance program review and provide ongoing consulting support to ensure that MSCM is in full compliance with regulatory requirements.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Neither MSCM nor the Principal is registered as broker-dealer or registered representative of a broker-dealer, nor do they have any pending application to register.

B. Futures and Commodities Registration

Neither MSCM nor the Principal is registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated party of any of those, nor do they have any pending application to register as such.

C. Affiliates

MSCM is affiliated with Elkhorn Capital Partners, LLC ("**Elkhorn**"), a sponsor and manager of real estate investments that are not organized as private funds. As Elkhorn is not providing advice on securities or private funds, Elkhorn is not a registered investment adviser. Elkhorn is wholly owned by the Principal and provides services to certain accredited investors. Although Elkhorn is in the business of investing in real estate and MSCM is in the business of investing in securities, certain conflicts can arise between Elkhorn and MSCM concerning the allocation of time and effort on the part certain Supervised Persons between Elkhorn and MSCM. The Principal has a material financial interest in Elkhorn and dedicates a significant portion of his business time to Elkhorn. Certain other Supervised Persons are involved in the operations of Elkhorn to a limited extent. The Principal ensures that appropriate resources are dedicated to MSCM at all times. Clients can potentially invest in real estate partnerships sponsored by Elkhorn, however, neither MSCM nor any of its Supervised Persons actively solicit or refer Clients to invest in Elkhorn.

D. Conflicts of Interest

MSCM is not compensated for recommending or selecting other investment advisers for its Clients. MSCM also has no other business relationships with any investment advisers that create any material conflict of interest other than the conflicts of interest discussed above with respect to MSCM serving as sub-adviser to the Fund.

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

A. Code of Ethics and Personal Trading Policy

MSCM has adopted a code of ethics and personal trading policy ("**Code of Ethics**") that complies with SEC Rule 204A-1 under the Investment Advisers Act of 1940 and applies to all of its Supervised Persons. MSCM prohibits our Supervised Persons from using or attempting to use their position at MSCM to obtain improper benefits for themselves or any other person.

MSCM's Code of Ethics permits its Supervised Persons to invest for their personal accounts, subject to certain guidelines and restrictions. Personal securities transactions by Supervised Persons must be conducted in accordance with the requirements of MSCM's Code of Ethics. Among other things, MSCM's policies require that certain personal securities transactions by Supervised Persons be approved in advance by MSCM's compliance department. Supervised Persons must report certain personal securities holdings upon employment and periodically thereafter. MSCM's Code of Ethics prohibits Supervised Persons from trading while in possession of information concerning trades for Clients, also called "front-running."

MSCM has also adopted policies and procedures designed to prevent Supervised Persons from being unduly influenced in their decisions by receipt of gifts, business entertainment or other inducements by third parties (e.g., as trading counterparties, vendors or investors). MSCM will provide a copy of its Code of Ethics to Clients or prospective Clients upon request.

B. Affiliated and Outside Business Activities

MSCM Supervised Persons are required to disclose any outside business activities that can create a potential conflict of interest between the Supervised Person's interests and those of Clients. Reasonable controls, mitigants and disclosures are developed to address potential and actual conflicts of interest.

C. Participation or Interest in Client Transactions and Personal Trading

By reason of MSCM's or its Supervised Persons' business or investment activities, Supervised Persons acquire confidential information, and, in such event, MSCM and the Supervised Persons are restricted, as appropriate, from acting upon such confidential information for personal gain. Subject to MSCM's Code of Ethics, Supervised Persons are permitted trade for their own accounts in securities that are recommended to and/or purchased for Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our Supervised Persons will not interfere with (1) making decisions in the best interest of Clients and (2) implementing such decisions while, at the same time, allowing Supervised Persons to invest for their own accounts.

Item 12 Brokerage Practices

A. Selecting and Recommending Broker-Dealers

MSCM is generally authorized to make the following determinations in accordance with each Separately Managed Accounts' objectives and restrictions without obtaining prior consent from the Client: (1) which securities or instruments to buy or sell and (2) the total amount of securities or instruments to buy or sell.

MSCM typically recommends to Separately Managed Accounts that they establish their securities account(s) with Charles Schwab ("**Schwab**") or Raymond James & Associates, Inc. ("**RJA**" and collectively "**Custodians**"), members of the New York Stock Exchange and the Securities Investor Protection

Corporation ("**SIPC**"). In selecting their Custodian, Clients are authorizing the Custodian's affiliated broker-dealers to execute trades as the custodial arrangement does not permit MSCM to trade with other broker-dealers.

MSCM recommends these Custodians based on reputation, financial strength and stability, and the efficiency of execution provided by their affiliated broker-dealers. MSCM believes that using a broker dealer affiliated with these Custodians allows for MSCM to achieve best execution for its Clients, but there is no guarantee that this results in the lowest cost. MSCM generally considers a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future and other matters involved in the receipt of brokerage services generally other than lowest cost.

MSCM is not affiliated with the Custodians. The Custodians offer various services to MSCM, which include custody of securities, trade execution and clearance and settlement of transactions. MSCM receives some benefits from the Custodians, which benefits MSCM and some or all Clients of MSCM. MSCM has an incentive to recommend these Custodians due to the services they provide MSCM.

1. <u>Research and Other Soft Dollar Benefits</u>

Custodians provide MSCM, without cost, software and support which allows MSCM to better monitor and service Client accounts, including assistance with invoicing, trade execution and recordkeeping. Custodians provide services to MSCM, including research, execution, brokerage, custody and access to ETFs, mutual funds and other investments. Additionally, other services provided assist MSCM in managing and administering Client accounts. These services are provided based in part on the assets held by the respective Custodians, and as such, create an incentive for MSCM to direct Clients to their custodial platforms.

MSCM has an incentive to recommend these Custodians due to the services they provide MSCM. Beyond those services, MSCM does not currently receive or anticipate receiving research or other soft dollar benefits from brokers or third parties in connection with Client securities transactions. To the extent MSCM receives other "soft dollar" benefits, it will only do so within the Section 28(e) safe harbor provided by the Investment Advisers Act of 1940.

2. <u>Brokerage for Client Referrals</u>

MSCM does not receive Client referrals from a broker dealer or third party. Thus, MSCM does not have an incentive to select or recommend a Custodian or broker dealer based upon its interest in receiving Client referrals.

3. <u>Directed Brokerage</u>

MSCM and the Custodian account set up does not permit Clients to direct brokerage to a designated broker-dealer other than the Custodian's affiliate broker-dealer. By selecting the Custodian, the Client is directing its brokerage to the Custodian's affiliate broker-dealer.

B. Aggregation of Orders

When possible, MSCM will aggregate the purchase or sale of securities for various Clients at each Custodian. When trades are aggregated, the average execution price will be applied to each participating Client account. Aggregation should lead to lower transactional costs, thereby saving the Clients money. Trades are not able to be aggregated across more than one Custodian and certain Clients, including Clients for which MSCM does not execute trades, are not included in aggregated trades.

C. Trade Allocation Practices

The ETFs traded in the Tactical Strategies are widely traded and not subject to price sensitivity. Accordingly, there is no need for MSCM to develop a trade allocation rotation methodology. Accordingly, in placing orders for Clients for which it is responsible for trade execution, communicating changes in Model Portfolios, and transmitting trade orders to the Fund's investment adviser there is no specified manner for communication of the orders and changes. The Adviser periodically reviews its trade allocation practices to ensure fairness to Clients.

D. Trade Errors

The Adviser and its representatives must exercise prudence in making and implementing investment decisions on behalf of Clients. Errors can occur either in the investment decision-making process (e.g., a purchase of a security or an amount of security that violates a Client's investment restrictions) or in the trading process (e.g., a buy order executed as a sell, the purchase or sale of a security other than what was intended, or trading an incorrect quantity of securities) ("**Trade Errors**"). Internal or clerical mistakes that affect the investment or trading process and have a financial impact to a Client will also be treated as Trade Errors.

A Trade Error will generally be defined as a transaction that is executed in a manner that was not intentional and results in corrective action being taken. Any mistakes that do not affect the investment decision-making or trading process or cause a violation of a Client's investment policies or restrictions, and do not cause gain or loss to the Client, will not be treated as Trade Errors. Quantitative Model errors are generally not Trade Errors.

Broker dealers will generally be held responsible for a portion of any loss resulting from a Trade Error if the actions of such broker-dealer contributed to the error or the loss. Broker dealers will potentially assist the Adviser in rectifying a Trade Error on favorable terms if their actions or inactions contributed to the Trade Error or the resulting loss. A broker-dealer will potentially absorb the loss from a Trade Error caused by the broker-dealer. However, we will not direct brokerage commissions to broker-dealers, or to enter into other reciprocal arrangements with broker-dealers, in order to induce a broker-dealer to absorb a loss from a Trade Error caused by the Adviser.

Item 13 <u>Review of Accounts</u>

A. Review of Clients

The Supervised Person responsible for managing a Client will conduct reviews on a periodic basis to ensure that the account is being managed in alignment with the investment mandate. The Principal or another management person of the Adviser will periodically review the Clients for risk, performance, and suitability.

B. Frequency of Review

The Supervised Person responsible for managing a Client will generally conduct reviews on a quarterly basis. Oversight reviews are generally conducted on an annual basis.

C. Content and Frequency of Regular Reports

The Custodian of the accounts will provide the Clients with monthly unaudited performance information.

Item 14 <u>Client Referrals and Other Compensation</u>

A. Other Compensation

No person, other than each Client, provides an economic benefit to MSCM in exchange for providing investment advice or other advisory services to such Client.

B. Third-Party Solicitors

MSCM has not entered nor does it plan on entering into any agreement with a solicitor that provides for compensation to be paid to such solicitor for referring Clients to MSCM.

Item 15 <u>Custody</u>

MSCM is deemed to have custody of Clients' cash and securities because MSCM is authorized to direct the Custodian of the account to withdraw funds to pay MSCM's fees. All Client cash and securities are maintained with a Custodian. MSCM participates in the Custodian platforms and generally recommends to Clients that they establish their brokerage account(s) at broker dealers affiliated with the Custodian.

The designated assets of each Client shall be held by the Custodian pursuant to a custody agreement that is acceptable to the Client. The Custodian shall at all times be responsible for the physical custody of the assets of the account; for the collection of interest, dividends and other income attributable to the assets of the account; and for the exercise of rights and tenders on assets of the account. Adviser shall not be responsible for any loss incurred by reason of any act or omission of the Custodian. Adviser issues such instructions to the Custodian as appropriate in connection with the settlement of transactions initiated by Adviser. Clients will receive brokerage statements no less than quarterly from the Custodian. Clients should carefully review those statements and, if applicable, compare those statements to any statements or reports you receive from us.

Item 16 <u>Investment Discretion</u>

Subject to any limitations set forth in the IMA and only during the term of IMA, as designated by the Client, MSCM shall have full discretionary power and authority, without prior consultation with or notification of Client, to buy, sell (including short sales), exchange, convert and otherwise trade in securities of every kind and nature, including, without limitation, equities, bonds, notes, debentures, trust receipts, financial futures contracts, over-the-counter derivative instruments, commodities, commodities futures, exchange traded funds, securities of foreign issues (including American Depository Receipts) and other securities of whatever kind or nature of any person, corporation, government or entity, whether readily marketable or not, and rights and options relating thereto, including put and call options written by the account or by others, on margin or otherwise, for such prices and on such terms as MSCM, in its sole discretion, deems advisable and in the best interests of Client. Client shall furnish Adviser with all additional powers of attorney and other documentation, if any, necessary to appoint Adviser as agent and attorney-in-fact with respect to the account, but such powers shall not be construed to authorize Adviser to take any action not authorized by the IMA.

Item 17 Voting Client Securities

MSCM does not have any authority to and does not vote proxies on behalf of Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in Client portfolios. To this end, MSCM will instruct the Custodian to forward all proxy material directly to the Client. MSCM shall forward any proxy materials it receives that pertain to the assets in Client accounts to the respective Clients, or to the adviser(s) for an employee benefit plan covered by ERISA. Clients can contact MSCM at 214-922-9200 with any questions.

Item 18 Financial Information

A. Prepayment of Fees

MSCM does not require or solicit prepayment of more than $1,200 in fees per Client, six months or more in advance.

B. Potential Financial Impairment

There is currently no financial condition which is reasonably likely to impair MSCM's ability to meet its contractual commitments or to provide advisory services to its Clients.

C. Bankruptcy

MSCM has never been the subject of a bankruptcy petition.

Other Information - <u>Privacy Notice</u>

What Does McElhenny Sheffield do with your Personal Information?	
Why?	Financial companies choose how they share your personal information. Federal laws, and certain state privacy laws, give consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and income • Transaction or loss history and account transactions • Assets and Investment Experience
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons we choose to share and whether you can limit this sharing.
Who?	McElhenny Sheffield Capital Management is an SEC registered investment adviser. Registration does not imply a certain level of skill or training.
How we protect your personal information?	• To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. • We train our employees to protect customer information. • We require independent contractors and outside companies who work with us to adhere to strict privacy standards through their contracts with us. • We continually seek to enhance our security tools and processes.
Why can't I limit all sharing?	Federal law gives you the right to limit: (1) sharing for affiliates' everyday business purposes – information about your creditworthiness, (2) affiliates from using your information to market to you, and (3) sharing for nonaffiliates to market to you. We do not share information in a manner that you could limit. Accordingly, we are not required to offer and do not offer an opt-out. State laws and individual companies could potentially give you additional rights. Your choice for a joint account will apply to everyone on your account unless you tell us otherwise.
Other Important Information	• *California residents*: We will not share information we collect about you with companies outside of McElhenny Sheffield Capital Management, unless the law allows. For example, we may share information with your consent or to service your accounts. • *Vermont residents:* If your account has a Vermont billing address, we will automatically treat your account as if you have directed us not to share information about your creditworthiness with our Affiliates.
Questions?	Call (214) 922-9200 or email: info@mscm.net

Reasons we can share your personal information	Do we share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account, respond to court orders, regulatory examinations, and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes—information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share