



**STALEY CAPITAL**  
AN INVESTMENT ADVISORY FIRM

**FORM ADV PART 2 BROCHURE**

**STALEY CAPITAL ADVISERS, INC.**

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**MARCH 31, 2026**

This Brochure provides information about the qualifications and business practices of Staley Capital Advisers, Inc. (“Staley Capital”). If you have any questions about the contents of this Brochure, please contact us at 412-394-1292 or 888-256-4743 or through our website listed above. Additional information about Staley Capital is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

*Registration with the SEC does not imply a certain level of skill or training.*

## **Item 2: MATERIAL CHANGES**

This Form ADV Part 2A Brochure dated March 31, 2026, contains the following changes since the last version filed on March 31, 2025. Clients and prospective clients should review this Brochure carefully.

- Item 4: Advisory Business – Revised with the firm’s current organizational update that is disclosed under our Form ADV Part 1A Brochure, Item 10 Directors/Officer.
- Item 8: Methods of Analysis, Strategy, Risks – no material changes, edited and rearranged to be more reader-friendly and concise.
- Item 11 Code of Ethics: Revised the summary for Safeguarding Client Information with additional information on our enhanced controls and reporting obligations for the protection of client data.
- Item 12 Brokerage Practices – modified language for clarity on the relationship with our primary custodian.

In addition to the above changes, various format enhancements were made throughout the Brochure.

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**Brochure Supplement:** The Brochure Supplement to Form ADV Part 2 provides information about the portfolio manager(s) responsible for managing the assets within your account(s) and other employees who are registered as Investment Adviser Representatives with our firm.

#### **Item 4: ADVISORY BUSINESS**

Staley Capital Advisers, Inc. (“Staley Capital”, the “firm” or “adviser”) is an investment management S-corporation founded in Pennsylvania in May 1996 by John A. Staley IV. Staley Capital registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser in September 1996 and is also filed as an investment adviser with the Pennsylvania Securities Commission. The firm maintains its headquarters in Pittsburgh, Pennsylvania.

In 2024, Brian McNerney became the President of the firm and James Roberge the Chief Investment Officer. John Staley completed a phase of his succession plan with the sale of his firm ownership equity to the existing firm shareholders as of December 31, 2025. There are no changes to the firm’s investment advisory business. John remains the founding principal (“Founder”) of the firm.

Staley Capital is independently owned and operated and has no affiliation with any investment entities, intermediaries or service providers.

Staley Capital offers its investment management services across two distinct areas:

- The firm’s **private account** area provides tailored portfolio management to high net-worth individuals and families, retirement plans, endowments and corporations. Each private account is assigned to a portfolio manager who is responsible for investment, oversight, understanding each client’s goals, financial profile and risk tolerance, as well as any restrictions applicable to the client’s accounts. Although clients can provide input, private account clients typically grant us full discretion to decide the securities to purchase or sell for their accounts, when and at what price to transact, and which broker-dealer executes the trades. Private client accounts are invested in a wide range of security types depending on the client’s unique profile. Some of the most common holdings across these accounts include common and preferred stock, corporate bonds, municipal bonds, government bonds, cash equivalents, mutual funds, and exchange-traded funds. Because we are solely an investment adviser we can consider the full universe of securities and investment products when making investment decisions on our clients’ behalf without worrying about the impact on firm revenue. For more information about the firm’s strategies and risks associated with various types of investments, *see Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.*
- Staley Capital is also the general partner and investment adviser to Forum Capital Partners, LP, a **limited partnership fund** (“Forum” or “private fund”) which is offered only to investors meeting suitability requirements as defined from time to time by the SEC (“accredited investors”). Staley Capital has complete discretion over the investment program for the fund. Forum’s portfolio consists primarily of long and short publicly-traded common stocks.

***Investment Committee:*** Staley Capital has an investment committee which meets informally often, and more formally on a quarterly basis to discuss economic conditions, asset allocation, industry sectors, and specific securities. Members of the investment committee are John A. Staley IV, James Roberge, Brian McInerney, Michael Friday, William Stotz, Dean Kartsonas, Christopher Pretsch, Andrew Roberge, Graham Friday, and our Chief Compliance Officer Natalie Baldauff. The committee's considerations are not binding on the individual portfolio managers as each client account is unique; portfolio managers are responsible for applying these strategies to their clients' individual portfolios as they deem appropriate. Our clients, even if they have similar goals, typically have different portfolio characteristics and holdings because of when an account was established, whether the account is taxable or tax-sheltered, and the timing and size of contributions to and withdrawals from their accounts, all of which are important factors that are considered among investment committee decisions.

Biographical information on our portfolio management team can be found in the ADV *Part 2B Brochure Supplement*.

***Assets Under Management:*** As of December 31, 2025, Staley Capital managed approximately \$3,022,622,966 on a discretionary basis for private account clients and approximately \$81,779,520 limited partnership discretionary assets.

## **Item 5: FEES AND COMPENSATION**

Staley Capital is compensated for its investment management services by charging advisory fees (otherwise known as "management fees") to its clients. Our only form of compensation is from management fees. We do not charge fees based on performance.

***Private Account Clients Fees:*** Staley Capital's separately managed account clients pay asset-based fees, which means that the fee is based on an annual percentage of the client's assets under management. Fee arrangements are established in written agreements between Staley Capital and the client. The client grants authority to Staley Capital to debit the fee payment directly from their account, or clients can choose an alternative billing method.

The management fee billing process is done on a quarterly basis and paid in arrears. The fee amount is calculated by taking one-fourth of the annual fee percentage of a client's market value as of the last business day of the calendar quarter.

Our fee schedule for accounts initiated from November 2012 to present is:

| <u>Amount of Assets at quarter-end</u> | <u>Annual Percentage</u> |
|--|--------------------------|
| First \$3 million                      | 0.75%                    |
| Next \$7 million                       | 0.55%                    |
| Additional Assets                      | 0.35%                    |

Please refer to **APPENDIX A** of this brochure for a full list of our historical fee schedules contracted for accounts prior to November 2012. As a result of the legacy contracts, clients with similar situations and portfolios pay different fee schedules. Fees can be negotiated to a lower rate, or a flat percentage fee rate depending on the number, size, and complexity of accounts within a relationship; as of 12/31/2025 flat percentage fees charged ranged from 0.125% to 0.55%. There are arrangements where we waive or reduce the fees for clients on portfolio assets, or for certain accounts maintained as a courtesy to existing clients that require minimal oversight. We also do this for Staley Capital employees, their family members and related entities.

If a client relationship is terminated, the client's account(s) are valued as of the last day under management by the firm. The final advisory fee is calculated based on this asset value and prorated for the number of days under management during the calendar quarter.

Clients receive a copy of the quarterly fee calculation from Staley Capital and are encouraged to contact us with any questions. Clients for whom advisory fees are directly debited from their accounts should note their broker/custodian makes payment to us based on our invoice and does not independently calculate the amount of the fee to be deducted.

***Private Fund Fees:*** Staley Capital earns a management and administrative fee from its private limited partnership fund (Forum) in the amount of 1.5% per annum, on a quarterly basis. Forum is also responsible for payment of any legal, accounting or other expenses for services provided to the partnership. Investors in Forum are referred to the limited partnership offering documents for complete information on the services provided and the fees charged.

When we calculate account asset values, we rely on security prices provided by either third-party broker/custodians or fund sponsors. Although rare, there are circumstances where security prices may either not be available or may be deemed by Staley Capital to be incorrect. In these situations, we make a good faith determination as to the appropriate valuation of the security. Valuation is not an exact science, and such situations pose a potential conflict of interest as higher security valuations result in higher advisory fees and a better performance record for Staley Capital. To mitigate this conflict, we adopted valuation policies and procedures reasonably designed to ensure client portfolios are fairly valued and advisory fees correctly calculated. The valuation procedures require multiple members of our Investment Committee to review and approve any price established by Staley Capital independent of a third-party broker/custodian or fund sponsor.

***Other Fees and Expenses:*** Staley Capital portfolio managers incorporate third-party mutual funds, exchange-traded funds, or other pooled investment vehicles such as private partnerships to gain exposure to certain asset classes in client portfolios. These third-party funds have embedded management fees and other operating

expenses charged by their investment advisers and service providers, which are separate expenses clients incur in addition to the investment management fees paid to Staley Capital.

As previously mentioned, Staley Capital does not have any affiliation with any third-party funds or their advisers or service providers and receives no fees from them. A client can invest in third-party funds and other pooled investment vehicles without our services. In that case, the client would not have our assistance in evaluating which funds are most appropriate for his or her objectives, financial situation and overall investment portfolio. Information with respect to the fees charged by a specific third-party fund is public information that can be found in either the fund's prospectus or offering documents.

Private account clients and our private fund are subject to transaction and account fees charged by their broker/custodian, as well as any commissions payable to brokers who effect transactions on behalf of their account(s). [Further information about commissions to brokers appears under *Item 12: Brokerage Practices.*]

***Compensation for Referrals:*** New business referrals are considered (along with job performance) in the determination of compensation for one Staley Capital employee. All employee compensation is paid solely out of Staley Capital's assets and has no impact on the fees paid by our clients.

## **Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Staley Capital does not charge performance-based fees.

We receive higher advisory fees on assets invested in Forum than we charge our private account clients [see *Item 5: Fees and Compensation*]. Staley Capital maintains an investment in Forum and some of our portfolio managers and their relatives maintain personal investments. Therefore, the conflict of interest exists where we have a financial interest in suggesting this investment to appropriate clients. Private investment funds and Forum are offered only to clients whom we believe meet regulatory eligibility criteria and for whom such an investment is deemed suitable.

For a discussion on how we allocate trades among various accounts, see *Item 16: Investment Discretion.*

## **Item 7: TYPES OF CLIENTS**

Staley Capital provides portfolio management services to wealthy families, individuals, endowments, trusts and institutional accounts such as charitable organizations and profit-sharing plans. We prefer new private account relationships have at least \$3 million in assets under our management or have the potential to reach this level within a reasonable time period; however, each relationship is unique and is evaluated accordingly.

As previously mentioned, Staley Capital also manages Forum, an investment-related limited partnership offered exclusively to accredited investors meeting regulatory suitability requirements, and executive officers of Staley Capital. A capital commitment of at least \$1 million is typically expected from a subscriber to Forum, although the general partner may either modify or waive this requirement as described in the limited partnership offering documents. Regardless of size, Staley Capital reserves the right to accept or decline any private account or subscription to Forum.

## **Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Analysis**

Staley Capital's overriding investment philosophy is to build portfolios appropriate for each of our clients. Our process focuses on two key components: asset allocation and security selection to employ a long-term, relative value-driven investment strategy, while also seeking to take tactical advantage of opportunities produced by periods of extreme market volatility. In this regard, our investment style is best characterized as an active strategy that incorporates passive investments. Generally, we include allocations to large-cap growth and value, small-caps, international (developed and emerging markets), fixed income and alternative assets. A portfolio is often allocated to high quality common stocks and diversified across industries.

Every aspect of our analyses, investment strategies and trade executions are planned coordinated and communicated. Staley Capital's investment committee utilizes multiple resources to evaluate the quality and desirability of a given security. We receive research and investment ideas from various brokers [*see Item 12: Brokerage Practices*] and subscribe to several independent analytical services and publications. We purchase services such as Bloomberg terminals that provide real-time access to economic data, earnings, and press releases, and beneficial ownership filings. Portfolio managers participate in webcasts and conference calls with company management. We also conduct ongoing fundamental research on the companies we invest in. Our assessment of company management is an important factor in the decision to invest or remain invested in common stocks.

Staley Capital manages the exposure to these various asset categories based on our view of the relative value offered by each. Our process results in many similarities across client portfolios, but also some distinct differences. For example, a client's need for income will influence both asset allocation and security selection. Clients should carefully consider and discuss thoroughly with their portfolio manager the amount of portfolio fluctuation they can withstand. Past performance of any strategy or security is no guarantee of future results.

- **Equities:** Staley Capital's core equity selection process emphasizes value characteristics and quality. The equity allocation may be comprised of common stocks, preferred stocks, real estate investment trust vehicles (REITs)

and domestic and international mutual funds and exchange-traded funds. A core group of common stocks diversified across industries is typically held across client accounts. We seek to identify companies holding a strong position within a given industry based upon the company's historical financial performance and outstanding and established products, services or management. Additional consideration is given to companies with a significant shareholder who has demonstrated superior investment expertise, as well as companies involved in various corporate activities such as mergers, spinoffs, and takeovers.

- **Fixed-Income Securities:** In seeking opportunities within fixed-income asset classes, Staley Capital employs macroeconomic and fundamental analysis to manage credit and interest rate exposure. Fixed-income exposure is obtained through direct bond securities, mutual funds or exchange-traded funds to provide client accounts taxable or a tax-free income stream, or to temper volatility associated with equities. In making individual bond purchases, we take into consideration the term structure of interest rates as well as income tax rates and credit spreads. We consider, but do not solely rely on, ratings published by Nationally Recognized Statistical Rating Organizations (NRSROs). Cash awaiting investment opportunities is often invested in short-term fixed income funds.
- **Third-Party Mutual Funds, Exchange-Traded Funds and Other Pooled Vehicles:** We often incorporate third-party mutual funds and exchange-traded funds (collectively, "funds") in client portfolios to provide diversification within an asset class or, across assets for smaller accounts. We screen third-party fund products based on their ability to provide such diversification, but also their niche expertise, performance record, fee profile, investment discipline.

In lieu of direct investments in non-U.S. markets, we will utilize certain funds to gain equity or fixed income exposure to international markets. Where appropriate, commodity-based funds or arbitrage funds are used to complement a portfolio's more traditional investments. These funds can be effective means of capturing the return characteristics of "style" categories, such as large-capitalization growth, large-capitalization value, small-capitalization growth and small-capitalization value. We also purchase or sell real estate investment trusts (known as "REITs"), collateralized mortgage-backed securities, and publicly traded master limited partnerships in client accounts.

### **Investment Strategies**

In determining the appropriate balance among equities, fixed income, cash, and alternative investments, portfolio managers factor in their clients' objectives, risk profile, time horizon, liquidity needs. In appropriate circumstances, Staley Capital managers who have clients with multiple accounts under management will aggregate the accounts together for portfolio construction unless the accounts have unique objectives or restrictions. Fully invested client accounts can often be characterized by

one of, or a blend of the following descriptions:

- ***Diversified Growth:*** A portfolio pursuing this strategy typically has a long-term investment horizon, with the greatest risk therefore being the impact of inflation on purchasing power. The equity focused strategy offers significant diversification across markets and is appropriate for long-term investors with minimal anticipated portfolio distributions. This portfolio will, at times, experience significant volatility within shorter time horizons.
- ***Growth and Income:*** This objective calls for portfolios to be highly diversified across asset classes, including fixed income, for clients who require portfolio distributions to support lifestyle, outside investments, or required IRA (individual retirement account) distributions. These portfolios will be managed for with the goal of growth in assets while also maintaining liquidity and generating cash flow for withdrawals. This strategy may also be appropriate as a core portfolio for more risk averse long-term investors willing to forego expected returns to temper short-term portfolio fluctuations.
- ***Concentrated Equity:*** This strategy, which is consistent with a long-term horizon, focuses on security selection and will hold larger positions in fifteen to twenty common stocks. These positions are sometimes complemented by mutual funds or exchange-traded funds targeting exposure to specific categories such as domestic small cap or emerging market equities. These portfolios carry greater company-specific risk relative to the more diversified strategies we describe herein.
- ***Dividend and Income:*** This strategy prioritizes generating current cash flow at the expense of portfolio growth. These portfolios are typically of intermediate to short duration with the goal of supporting a client's ongoing liquidity requirements. The specific blend between equity and fixed income investments will be dependent upon market opportunities and the interest rate environment.
- ***Capital Preservation:*** The primary objective is safety and income. These portfolios will hold money market funds and short-term investment grade debt instruments.

In limited cases, we suggest an investment in Forum. We receive higher advisory fees on assets invested in Forum [see *Item 5: Fees and Compensation*] and therefore have a financial interest in suggesting this investment to appropriate clients. Private investment funds are offered only to clients whom we believe meet regulatory eligibility criteria and for whom such an investment is deemed suitable.

**Limited Partnership:** Forum is a concentrated long/short equity portfolio. For further information about the fund's investment strategies and risks, limited partners should refer to Forum's offering documents.

## **Risks**

Investing in securities involves a risk of loss all clients should be prepared to bear. Investments in securities are subject to various market and business risks. Staley Capital cannot guarantee the results of any investment decision or advice provided.

**Portfolio Allocation Risk:** Our portfolio managers determine the appropriate portfolio balance and allocation among asset classes based upon each client's individual needs and risk tolerance. Portfolio manager expectations for the equity and fixed-income allocations partially reflect the historical returns, risk and correlations of the categories. The success of our portfolio strategy could be impacted if these historical tendencies break down. Similarly, relative value strategies such as growth versus value, large cap versus small cap, and emerging markets versus developed markets, could potentially lead to underperformance if our analysis proves to be incorrect.

**Stock and Stock Market Risk:** The value of an equity security depends on the company's fundamentals and will rise and fall based on public perception of the company's performance, of various market sectors and of the overall stock market. Equity securities can be subject to wide and sudden fluctuations in market value. We attempt to select undervalued stocks, but our assessment of a particular stock, or our timing, may be incorrect. We generally view stocks as inherently long-term investments.

Companies with similar characteristics are often grouped together in industry categories called sectors. Economic, business or other developments often affect various sectors differently. It is difficult for any given stock to perform well during either widespread or prolonged declines in its sector or in the stock market as a whole. A client invested 100% in equities who unexpectedly requires liquidity could suffer losses if the client's stock positions need to be sold at an inopportune time in the market.

Small- and mid-sized companies generally offer greater potential for capital appreciation than larger, more established companies, but they often involve greater risk of loss and price fluctuation. Small cap stocks also tend to be less liquid, meaning it could be more difficult to buy or sell a small cap stock at an acceptable price, particularly in periods of market volatility.

Securities that trade on an exchange are subject to the possibility of exchange-related actions such as delisting or trade stoppages.

**Fixed-Income Risk:** Fixed income securities (otherwise known as debt securities) are subject to a variety of risks. Bond prices tend to move inversely with changes in interest rates, and those with longer maturities or effective durations may be more sensitive to these changes than shorter-term instruments. Bonds can be subject to prepayment risk, the chance that a bond is prepaid ("called") by their issuer, which

negatively impacts the anticipated cash flows. When a bond is called, it may not be possible to replace it with a bond of equal characteristics.

Another risk to consider is the loss of principal repayment if the issuer defaults or declares bankruptcy. These risks are considered greater for companies whose bonds are either uninsured or are rated lower than investment grade (i.e., junk bonds).

Fixed-income security transactions are not subject to exchange rules and pricing is less transparent than that of publicly traded equities. In addition, debt securities have risk with respect to income as well.

**Concentration and Liquidity Risk:** Some of the portfolios we manage have a concentrated number of investments. Concentration amplifies the impact on the portfolio if there is a negative or positive event relative to a particular holdings. Larger positions in a security which either trades infrequently or trades in small quantities can impact our ability to sell at the desired time and price.

**Mutual Funds and Exchange-Traded Funds Risks:** Investing in either a mutual fund or an exchange-traded fund (“ETF”) presents the same primary risks as a direct investment in the underlying equity or fixed-income securities or, in some cases, the underlying commodity. There is also risk a fund will deviate from the objective or index which it is designed to follow, or the fund manager’s investment strategy will be unsuccessful.

ETFs are subject to additional risks: an active trading market may not always exist for an ETF’s shares, ETF shares sometimes trade above or below their actual net asset value, and securities that trade on an exchange are subject to certain exchange-related actions such as delisting or trade stoppages.

Detailed discussion of the risks associated with a specific third-party fund can be found in the fund’s prospectus.

**Real Estate Investment Trusts Risk:** Real Estate Investment Trusts (“REITs”) lease, operate and finance commercial real estate and are subject to the risks associated with ownership of real estate. These may include physical risks to property such as weather and natural disasters; limited diversification if properties are in a narrow geographic area or of a single property type; changes in real estate values, property taxes and interest rates; and changes in cash flow of underlying real estate assets.

**Foreign Investments Risk:** Foreign economic and political conditions are sometimes less favorable, or more volatile, than those in the United States. Some foreign jurisdictions impose fewer requirements on companies with respect to their reporting of financial results and other significant events. In addition, currency exchange rates fluctuate. These risks are thought to be heightened in developing or emerging market countries. Further, in emerging markets, there is greater potential for nationalization, expropriation, or diplomatic developments which could adversely affect the economies of such countries, or the value of any investments in those

countries.

**Investment Risk in Private Funds or Partnerships:** Private funds or partnerships, including Forum, can present special risks, including heightened risk of loss, limited liquidity, volatile performance, higher fees, limited transparency, subjective valuations, and limited regulatory oversight. Detailed discussion of the risks associated with a specific private fund or partnership can be found in the entity's offering documents. (Investors in Forum are also referred to the limited partnership offering documents for additional information regarding Forum's investment strategies and risks.)

**Options:** In order to gain either extra income or price protection, we occasionally sell either exchange-traded call or put options on specific securities. The writer (seller) of a call option receives a premium (fee) for promising to sell the underlying security to the call option buyer for a specified price by a specified date. While this transaction generates income for the seller, the seller takes the risk that he may be forced to sell the security at an unfavorable time and price. If the seller does not own the securities (uncovered call options), the seller has the further risk of needing to purchase the security in the open market in order to provide it to the call option buyer as promised. In this case, the seller's losses are theoretically unlimited as there is no limit to the cost that may be incurred to purchase the security in the open market.

If we write (or sell) a put option, we receive a premium for agreeing to buy a security at a specified price by a specified date. In this case, we run the risk of being forced to purchase the security from the buyer of the put option at an unfavorable time or price.

We can also buy exchange-traded call and put options. In either of these transactions, the buyer's risk is limited to the loss of the premium paid to purchase the option.

#### **Item 9: DISCIPLINARY INFORMATION**

None.

#### **Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

None.

#### **Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

Staley Capital has adopted a Code of Ethics ("Code") to set forth standards of business conduct and to always put our clients' interests ahead of our own. The Code and its associated policies and procedures are reasonably designed to uphold our fiduciary obligation to all of our clients and to practice the fundamental principles of openness, integrity, honesty and trust. Staley Capital principals and employees (all of whom are

“Access Persons”) must comply with the Code and are required to adhere to the highest ethical standards. The Code establishes rules with respect to:

- Internal reporting of possible violations of the Code, associated policies and procedures, federal securities laws, or client investment guidelines and whistleblower protections of such reporting;
- Execution and reporting of Access Person personal transactions and holdings;
- Appropriate trading in client accounts;
- Use of material, non-public information (insider trading);
- Creation and/or circulation of rumors related to securities issued by public companies;
- Safeguarding confidential client information; use of electronic communications and social media;
- Gifts & entertainment;
- Handling client complaints;
- Access Persons’ reporting of outside business activities;
- Making political contributions; and
- Creation and maintenance of required records.

All Access Persons must certify annually that they have read and understand all provisions of the Code and the firm’s compliance policies and procedures, and that they will comply with all such requirements therein.

The Code is supplemented with specific compliance policies and procedures designed to address the potential and actual conflicts of interest in the investment advisory business.

***Gifts & Entertainment:*** Our investment team is permitted to attend certain opportunities such as educational conferences offered or paid for by issuers or brokers portfolio managers participate in opportunities offered and paid for by either issuers or brokers. Similarly, our operations and administrative teams receive opportunities to attend training programs sponsored by broker/custodians. In situations in which an issuer of a security, a broker or a custodian pays for transportation, accommodations, and/or “tuition,” a potential conflict of interest is created.

Staley Capital believes participation in such events provides portfolio managers the opportunity to conduct valuable due diligence of issuers and/or their products and provides knowledge about paperwork and processes that enables our operations staff to assist our clients more efficiently. Brokers and/or issuers of securities occasionally invite our personnel to meals and entertainment events and sometimes give gifts to our staff on holidays or special occasions. Our Code requires the value of any such training opportunity, entertainment, or gift to be reasonable with respect to the nature of the event and the actual or potential business relationship between the parties. Other than the advisory fees it earns from the private fund Forum,, Staley Capital receives no fees from issuers of securities in which client assets are invested.

***Material Non-Public Information:*** The Code provides that, to the extent we learn information about a company, and the information is not publicly available and is

material in nature, our ability to transact on behalf of clients in securities issued by the company will be restricted as well as in employee personal securities accounts.

***Participation or Interest in Client Transactions:*** Because our policies allow Access Persons to invest in the same securities at the same time as clients, Access Persons may encounter conflicts of interest between their personal investment activity and their duty to clients.

Consistent with Staley Capital's obligation of best execution, the personal accounts of Access Persons and related parties are included with client accounts at the same broker/custodian in aggregated (block) trades. In such situations, all participating accounts receive the same average trade price, less any commission/fee charged by the broker/custodian. Access Persons may also trade independently of client accounts if the trade size is unlikely to impact the execution quality of client trades; however, this evaluation is subjective, and it is possible client trade prices could be negatively impacted. It is also possible Access Persons receive better execution prices on certain transactions.

Family members of certain Access Persons are employed by brokerage firms, and we occasionally transact through these firms and/or purchase their fund products. While this creates a potential conflict of interest, we believe the risk to be minimal as the brokerage firms in question are large, none of the family members work on the broker's trading desk, and none of the family members receive compensation based on our transactions. Commission activity is reviewed at least annually by both the Investment Committee and our compliance officer.

Access Persons sometimes make personal investments in business ventures or funds affiliated with a Staley Capital client or in which a Staley Capital client has independently invested. They occasionally share information about such business ventures with friends and family members, some of whom are clients of Staley Capital. In these situations, Access Persons invest on the same terms and receive the same benefits as other non-affiliated investors in the particular enterprise. These interests are not offered or available through Staley Capital. It is possible that Access Persons will be inclined to show preferential treatment to clients who participate with them in outside business ventures or funds, or who provide them information about such opportunities. Our Code of Ethics requires all Access Persons to place the interests of each client ahead of their own, but there can be no assurance a conflict will not occur as a result of such investments.

Certain Access Persons serve as directors of profit and non-profit entities and/or as trustees for accounts managed by Staley Capital.

Solely for convenience, Access Persons use their Staley Capital email accounts, telephones and letterhead to send and receive information regarding such ventures; however, either discussion of or participation in any such business venture is outside of the scope of the client's relationship with Staley Capital, is not governed by the client's Investment Advisory Agreement with Staley Capital, and will not result in any

form of compensation to either Staley Capital or any of its principals. Clients and other investors must conduct their own due diligence and make an independent decision with respect to any such investment.

Staley Capital and certain Access Persons and their related parties have substantial personal investments in Forum, and Staley Capital receives a higher investment advisory fee on assets invested in Forum. We therefore have an incentive to recommend our private account clients invest in Forum. It is Staley Capital's policy to offer Forum only to clients who meet regulatory eligibility standards, who have limited need for liquidity, and for whom such an investment is otherwise deemed suitable and desirable from an asset allocation/diversification perspective.

**Personal Trading:** Staley Capital has adopted a Personal Trading Policy and Procedures ("Personal Trading") to supplement our Code of Ethics and provides requirements that Access Persons must follow to mitigate the actual or potential conflicts of interest between their personal investment activities and their fiduciary duty to their clients.

The Code prohibits certain types of trading activity and, along with our trading policies and procedures, requires all trading in a client account to be in the client's best interest [*Refer to Item 12: Brokerage Practices*]. Access Persons and their related parties have personal accounts which either hold or transact in the same securities (including related securities such as warrants and options) held or transacted within client accounts. Some Access Persons manage accounts of family members, some of whom are clients of Staley Capital. In accordance with our trade allocation policies and procedures and our obligation of best execution, the personal accounts of Access Persons and related parties are included with client accounts at the same broker/custodian in aggregated (block) trades. In such situations, all participating accounts receive the same average trade price, less any commission/fee charged by the broker/custodian. Access Persons may also trade independently of client accounts if the trade size is unlikely to impact the execution quality of client trades; however, this evaluation is subjective, and it is possible client trade prices could be negatively impacted. It is also possible Access Persons receive better execution prices on certain transactions.

Staley Capital's Chief Compliance Officer monitors personal trading activities of Access Persons and certain of their related parties. Access Persons are prohibited from trading certain types of securities. Additionally, they must receive pre-approval from compliance to trade in any securities deemed to create a conflict of interest, including investments in non-public securities. It is possible a non-public company will become a public company at some point, which could create a conflict if we wanted to transact in stock for client accounts.

Access Persons must provide timely documentation and attestations of certain personal trading activity to Staley Capital's Chief Compliance Officer.

**Safeguarding Confidential Client Information:** The nature of our investment advisory business dictates that our firm has access to confidential and other non-

public information stored on the applications used to service our existing and potential clients. Staley Capital takes protection of personal data very seriously and we have taken reasonable steps to mitigate and contain the impacts of cybersecurity incidents and information data breaches. We do not offer any of our clients a security guarantee to protect them against data breaches and other forms of security incidents that affect their accounts.

Our firm has implemented written policies and procedures reasonably designed to address cybersecurity risks, including the establishment of administrative, technical, and physical safeguards through our third-party managed services provider; independent auditing of our cybersecurity program, mandatory employee training and oversight of third-party service providers. We also maintain comprehensive incident response measures for detecting, responding to, containing, investigating, and recovering from the unauthorized access or use of our client data. It also part of our firm policy to notify affected individuals as soon as possible and no later within thirty (30) days after determining that confidential information was or is reasonably likely to have been accessed or used without authorization, and if applicable, that we receive and act upon third-party vendor breach notifications within 72 hours of discovery.

We acknowledge that despite our efforts to be proactive, the potential for a cyber-event is real and such an event poses harm to the personal confidential information of our clients. Similarly, such an event could hinder our ability to oversee your investments for a period of time.

We are also required and make every effort to provide adequate disclosure to clients regarding the types of sensitive information that we have access to in order to provide investment advisory services to client accounts. A copy of the Staley Capital Client Privacy Notice must be provided to every person who signs an Investment Advisory Agreement, including subscription agreements on behalf of Forum Capital Partners. Copies of this policy are provided on an annual basis to every client.

## **Item 12: BROKERAGE PRACTICES**

Staley Capital is independently owned and operated and is not affiliated with any broker or custodian. We have complete discretion over the selection of brokers to execute securities transactions for all of our clients, unless a client specifically requests otherwise according to their investment advisory contract. In keeping with our fiduciary duty, we act in our clients' best interests, which also means when we trade on behalf of our clients' portfolios, we seek best execution, the most favorable overall execution for clients.

In determining the best execution, we look at overall execution quality of the brokers we choose to trade with and cannot select brokers based on personal conflicts of interest. (All Staley Capital employees are required to disclose any broker-dealer or financial institutional relationships by the employee and their immediate family. *See Item 11: Code of Ethics*). We consider a number of factors in addition to a favorable

trade price, including other transaction costs, the broker's effectiveness at executing and processing orders, the broker's access to funds, markets and buyers/sellers, the quality and quantity of investment ideas and investment research the broker provides, the level and quality of client support the broker provides, and the broker's reputation for integrity and reliability. We sometimes consider other services provided by brokers which are of direct benefit to Staley Capital, such as assistance in servicing client accounts or with other aspects of our business such as compliance or back-office operations, as detailed throughout this section.

**Services Provided by Brokerage Firms:**

Some of the brokers we have relationships with provide services other than actual trade execution and settlement. For example, some brokers provide investment research, including analysis of securities, issuers, industries, and the economy; investment ideas; and alerts regarding the availability of securities, buyers or sellers ("Proprietary Research"). Proprietary Research is made available to us on the basis of the trading relationship Staley Capital has with the providing broker; it is not available for direct purchase. We believe access to independent research is important to our investment decision making process. In addition, certain brokers give us direct access to their trading desks through proprietary trading systems. Proprietary Research provides a benefit to clients, at least indirectly. However, it sometimes benefits clients other than or in addition to those clients whose accounts executed and paid for the trades. Staley Capital's Access Persons benefit from Proprietary Research to the extent such information is utilized in managing their personal investments. Finally, as noted above, some brokers provide services which help us manage our business. These services are of direct benefit to Staley Capital, but do not provide a direct benefit to clients.

To the extent research or other services provided by brokers replaces research or services Staley Capital would otherwise have to create/pay for, our expenses are reduced. We therefore have an incentive to select brokers based on our interest in receiving these benefits rather than on our clients' interest in getting the most favorable trade execution. Clients sometimes pay higher overall costs than would otherwise be available if the portfolio manager makes a good faith determination that the value of the research, brokerage and other services provided by a broker is reasonable relative to the overall cost of the trade.

***Private Account Clients:*** For ease of administration and containment of client costs, Staley Capital recommends, but does not require that our clients use Charles Schwab & Co., Inc., ("Schwab"), a registered broker-dealer and member SIPC, to hold (custody) client assets and execute transactions.

Conflicts of interest associated with this arrangement are described throughout this section and in *Item 14: Client Referrals and Other Compensation*. Schwab is one of the largest providers of brokerage services to the independent adviser industry, providing web-based operational and technological support and client reporting.

Schwab holds virtually all of our separately managed account assets and buys and

sells securities based on instruction from Staley Capital.

When we consider whether the terms that a broker/custodian provides are, overall, the most advantageous to our clients when compared with other industry competitors, we look for the following factors: reputation, financial strength, stability, capacity to buy and sell trades for clients accounts, automatic investment of excess cash, security pricing and client reporting, breadth of available mutual funds and other investments (some of which are generally available only to institutional investors and/or require a significant minimum initial investment); quality of client service, investment research tools, and other services assist our firm in the management and administration of our clients' accounts. Additionally, when we utilize a single broker/custodian in the manner we use Schwab enables us to aggregate trades in the same security. Aggregating trades gives us better control over the flow of the orders into the market and helps us to ensure all accounts are treated in a fair and equitable manner. It also increases our operational efficiency.

Schwab is compensated for these services through transaction or asset-based fees on securities trades either executed through Schwab or settled in Schwab accounts. Schwab earns money on cash invested through the bank-sweep cash feature and also receives fees as an adviser, distributor or shareholder administrator when clients are invested in certain mutual funds. These Schwab fees are paid by the mutual funds and therefore, indirectly by clients invested in the funds, and are exclusive of and in addition to, Staley Capital's investment management fees.

Schwab has a variety of pricing tiers for retail and institutional clients, and these price tiers may be modified at any time. It is therefore possible Staley Capital private account clients will pay higher Schwab fees than other Schwab clients. In limited circumstances, Staley Capital has reimbursed clients for certain Schwab fees assessed to their accounts.

Schwab provides us access to their proprietary trade execution platform at no charge and their institutional trading platform Thinkpipes. Schwab provides electronic access to client trade confirmations and account statements as well as daily prices for securities held in client accounts and also facilitates payment of our quarterly advisory fees directly from client accounts. Staley Capital works with a team of Schwab service representatives who facilitate administration of client accounts as needed.

Schwab also makes available services directly of benefit to Staley Capital, including consulting, publications, and conferences on topics such as practice management, information technology, regulatory compliance, and marketing. Schwab has paid "tuition" for our staff members to attend industry conferences and training programs. Schwab typically makes these services available to us at no charge, on an unsolicited basis. Access to the services is not contingent upon Staley Capital committing any specific amount of either custody or trading business to Schwab.

Although unlikely, it is possible our recommendation clients maintain their assets at Schwab is influenced in part by the availability of some of the foregoing services and benefits and not solely on the nature, cost or quality of custody and brokerage services

provided to clients.

Staley Capital reserves the right to execute trades with other brokers when we believe better overall execution is available elsewhere and will do so when necessary. In this situation Schwab clients pay a trade-away fee to Schwab in addition to the compensation the client pays to the executing broker.

Subject to acceptance by Staley Capital, private account clients may select a broker/custodian other than Schwab. In this case, clients should review the information provided by their selected service provider with respect to trade fees and other account charges. When possible, such clients will be asked to open trading accounts at Schwab and will then be able to participate in aggregated trades on the same terms as other Staley Capital clients. Client accounts with Schwab as the qualified custodian into account agreements with Schwab. Similarly, clients who wish to use different broker/custodian than Schwab open and enter into account agreements with the particular institution. Staley Capital will provide assistance as needed, but we will not open an account on your behalf.

***Limited Partnership Private Fund:*** Forum designated Jefferies LLC (“Jefferies”), a registered broker-dealer based in New York, NY as the prime broker/custodian for the fund.

Jefferies processes securities transactions, facilitates trade settlement and clearance, and is responsible for custody, i.e., safeguarding of Forum’s cash and securities. They provide us with daily cash management and accounting support, including security pricing and secure online access to their portfolio reporting portal, transaction records and equities-related research.

Jefferies is also responsible for extending credit on margin, facilitating short sales by locating securities to borrow, and lending certain securities held in the portfolio.

Jefferies does not bill Forum for these services, but is instead compensated by Forum through trade commissions, transaction fees, margin fees, short-borrow fees, and Rule 12b-1 distribution and shareholder service fees on cash invested in designated third-party mutual funds. Forum also has the access to Jefferies’ securities lending program, whereby Jefferies is compensated from the proceeds of the securities on loan and may also benefit from revenue-sharing arrangements with and compensates Jefferies from the proceeds of the securities on loan, and may benefit from may also benefit from revenue-sharing arrangements with various fund providers. As noted below, we utilize Jefferies’ Outsourced Desk to execute certain Forum trades in order to minimize Forum’s overall costs.

Forum trades through outsourced trading desks at Jefferies LLC and Meraki Global Advisors LLC (“Outsourced Desk(s)”). Outsourced Desks receive a commission on each trade they execute. When we direct a trade to a different broker who has provided research or other assistance, the commission paid to the Outsourced Desk is in addition to the commission paid to the executing broker. We believe Outsourced Desks add value to our investment management process by enabling us to better

capitalize on market opportunities, find liquidity and discover price.

Forum has no formal arrangement with any broker for receipt of research or payment of a defined amount of commissions. When we believe investment research and/or investment ideas provided by a broker are of significant value, we direct the Outsourced Desk to trade with that broker, provided the commission costs are reasonable relative to the value of research and/or ideas received. In such situations, Forum pays higher commission rates than would otherwise be available.

### **Directed Brokerage**

Staley Capital private account clients have the option to use a different broker or custodian instead of Schwab, however we are likely to have less influence on costs and transaction quality and have less ability to assist with administrative tasks such as account paperwork. In situations where we are required to trade through other broker/custodians, it is our process place those trade orders after the aggregated trades are executed at Schwab, which may or may not cause those accounts to transact at less favorable prices than those obtained for accounts maintained at Schwab. Schwab can also charge client accounts that trade with a different broker other than Schwab an administrative “trade away” fee.

### **Trade Aggregation**

When we buy or sell the same security for multiple private accounts utilizing the same custodian or executing broker, as we have determined by using Schwab to execute our private client account transactions, we place the order in the aggregate (i.e., group together) across our client accounts. This practice allows us to maximize our efficiency and provides us better overall control of the order flow into the market which is consistent with our duty to seek best execution on behalf of our clients’ trades. We may place our order either all at once, or in smaller blocks throughout the day to monitor our impact on the security price. At the close of the trading day, we receive an average price for all of the trades and all clients who participated in the aggregated trade receive the same average trade price, less any fees assessed by their custodian if applicable.

Trades can be aggregated only when they are executed through the same broker. As a result, Forum does not participate in aggregated trades at Schwab. Similarly, private accounts that custody away from Schwab are only able to participate in aggregated Schwab trades if they are eligible to open a trading (delivery versus payment) account at Schwab. Even with a DVP account, in limited situations these accounts will still trade after the private accounts custodied at Schwab. If a custodian other than Schwab holds assets for multiple accounts under our management, these accounts may be traded on an aggregated basis through that custodian.

In situations where private account clients must pre-approve transactions, they are exempt from participating in an aggregated trade if their approval is received after the aggregated order has been placed. Clients who request a specific transaction in

their account may also trade separately. Similarly, when a large number of trades need to be executed for a single client account (for instance, when a client needs to raise cash), the trades are typically executed as one separate order.

### **Item 13: REVIEW OF ACCOUNTS**

***Private Accounts:*** Each private account relationship is assigned to a portfolio manager who is responsible for the day-to-day management and continuous review of the account. The firm Founder, its President, Chief Investment Officer and Portfolio Managers all regularly review transaction reports which all trading activity in the private accounts. Accounts are more formally reviewed on a quarterly basis in preparing the quarterly client reports

The firm's investment committee reviews and discusses various investment opportunities and the client profile they are most suitable for. [For information about the Investment Committee and its members, see *Item 4: Advisory Business and the Staley Capital ADV Part 2 Brochure Supplement.*] Importantly, portfolio managers are available to discuss client accounts at any time, and encourages clients to keep us informed of any changes in personal circumstances as these can impact your financial goals, liquidity needs, or risk tolerance.

***Limited Partnership:*** Two portfolio managers are responsible for providing day-to-day management and continuous review of Forum. In addition, our President reviews a daily partnership investment report which includes performance information, and actively participates in day-to-day investment activity within the partnership.

***Other Activities:*** Some of the portfolio managers also serve as Board members for certain private companies and non-profit entities, none of which are affiliated with Staley Capital, but some of which are affiliated with our private account clients. The Forum portfolio managers and our President are also involved with certain private investment activities. The amount of time and attention which Staley Capital applies to client accounts may be impacted by the amount of time and attention devoted to these other activities.

Staley Capital has adopted policies and procedures reasonably designed to ensure compliance with the respective investment policies of each private account and the limited partnership.

### **Item 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Although we have never done so, Staley Capital can pay a third party ("Solicitor") for client referrals. All such payments will be made out of Staley Capital's assets and will not impact client accounts beyond the possibility we may be less likely to negotiate fees in such situations. The amounts of these payments could be significant and could create an incentive for the Solicitor to recommend Staley Capital. Prior to entering into an investment management agreement with Staley Capital (a subscription agreement in the case of Forum), the referred client will receive a written document explaining the arrangement between Staley Capital and the Solicitor and specifying any compensation the Solicitor will receive from Staley Capital.

Staley Capital does not receive any compensation other than the investment advisory fees our clients pay to us. However, as we disclosed in *Item 12: Brokerage Practices* certain broker/custodians and issuers of securities provide products and services that benefit us.

### **Item 15: CUSTODY**

Staley Capital does not maintain physical custody of client assets and will not intentionally take custody of either client cash or securities. All client assets are held at an independent third-party qualified custodian, typically a bank or broker. However, Staley Capital is deemed to have custody of client assets when we have the ability to withdraw assets from a client account, for example, when we debit advisory fees from client accounts or with respect to our position as general partner to Forum.

As discussed above under *Item 12: Brokerage Practices* private account clients select a qualified custodian to hold custody of their assets. Private account clients receive trade confirmations and account statements directly from their custodian. Clients may choose to receive these documents either in hard copy format or electronically. Most of our clients receive written quarterly reports from Staley Capital and a copy of their management fee calculation. Clients are encouraged to carefully review their custodian account statements, compare them to the reports prepared by Staley Capital and notify us of any discrepancies.

Investors in Forum receive quarterly reports from Staley Capital and on an annual basis, receive independently audited financial statements. Upon request, investors can receive a monthly update on their investment. Forum's primary custodian is Jefferies LLC. Forum occasionally lends securities pursuant to a Master Securities Loan Agreement between Forum and Jefferies; when securities are out on loan, collateral valued at 100% of the loaned security market value is maintained at U.S. Bank.

### **Item 16: INVESTMENT DISCRETION**

Staley Capital has complete discretion with respect to the selection, timing and size of investments for the majority of private accounts managed. Staley Capital develops investment strategies reflective of clients' individual investment objectives, risk tolerance and cash-flow requirements.

There are situations in which clients have input into specific investment decisions made with respect to their accounts. For example, some clients are subject to employer-dictated constraints with respect to the purchase of certain securities. Other clients may prefer not to sell certain legacy holdings due to anticipated tax consequences. Institutional clients such as not-for-profit organizations or corporations typically provide more formal investment guidelines for the management of their assets. On an exception basis, clients may request the portfolio manager either buy or sell a given security based on their personal feelings with

respect to an investment. However, Staley Capital typically buys and sells securities for client accounts without either prior notification to or discussion with the client.

Clients may make additions to/withdrawals from their private accounts at any time by contacting either Staley Capital or their broker/custodian. However, we typically design our portfolios as long-term investments and unanticipated asset withdrawals may impair the achievement of your specific investment objectives. Further, if you withdraw an amount that exceeds the level of uninvested cash in your account, your custodian may charge you overdraft (margin) fees. Private account clients may terminate Staley Capital's services at any time without penalty. In this situation, final advisory fees will be prorated and based on assets as of the last day of active management.

Staley Capital also maintains full investment discretion with respect to Forum's assets. Investors in Forum are referred to the limited partnership offering documents for complete information with respect to the timing of contributions and withdrawals.

### **Trade Allocation**

Staley Capital provides investment advisory services for various clients. We may give advice or take action with respect to one client which differs from the advice given or action taken on behalf of another client, provided that over a period of time, to the extent practicable, opportunities are allocated to each client on a fair and equitable basis relative to other similarly situated client accounts. Differences in clients' objectives, risk tolerance and the frequency and amount of client deposits and withdrawals may result in significantly different performance across portfolios. We don't expect client portfolios to be identical. Rather, we expect each portfolio manager to: 1) manage portfolios in accordance with each client's investment objectives, 2) make the best investment decisions for each client according to that client's individual situation, and 3) act in a manner such that no client is advantaged or disadvantaged at the expense or benefit of another client.

When transactions are suitable for more than one client, we attempt to allocate opportunities on a fair and consistent basis. As discussed under *Item 12: Brokerage Practices - Trade Aggregation*, private account transactions executed through Schwab are typically aggregated to maximize efficiency and allow for better overall control of the order flow into the market. Private accounts held in custody elsewhere may not be eligible to participate in aggregated trades and will therefore trade after the aggregated trade is completed at Schwab. The separately managed accounts and Forum trade through different brokers but can buy or sell the same security when deemed appropriate. In such situations, our investment committee discusses and coordinates the appropriate and fair side-by-side trading strategy prior to initiating transactions.

When we buy or sell securities that trade with an overall outstanding number of shares (otherwise known as "thinly traded" securities) for multiple accounts, trading often occurs over several days as it may not be possible to trade a quantity sufficient to fill all client allocations in one day. Many factors are considered in making trade

allocation decisions, including account investment objective, client risk tolerance, client investment time horizon, availability of cash in an account, client tax sensitivity, and transaction costs.

When allocating trades, we make every effort to ensure all clients are treated fairly, but it is possible that preference is given to larger or more profitable client relationships or to accounts related to Access Persons. We have adopted a Code of Ethics and Trade Allocation Policy and Procedures (“Code” and “Allocation Policy”) reasonably designed to ensure fair and equitable treatment for all client accounts. The Allocation Policy provides guidance with respect to the allocation of investment opportunities among client accounts, including Forum and Access Persons’ related accounts. The Allocation Policy also establishes provisions for oversight of the allocation process. However, because client portfolios are individualized, allocation decisions are subjective and there are conflicts of interest inherent in the process. There can be no assurance that account performance will not be impacted by the manner in which trades are entered into and allocated. [see *Item 11: Code of Ethics*, *Item 12: Brokerage Practices*].

### **Item 17: VOTING CLIENT SECURITIES**

Public companies domiciled in the United States typically hold proxy meetings annually, affording shareholders the opportunity to vote for Board members, ratify the selection of auditors, and vote on other business. Staley Capital typically has authority to vote proxies for private accounts and for Forum. Due to operational limitations, clients cannot request us to vote their shares in a specific proxy solicitation in a particular manner. However, private account clients can choose to vote their own proxies by instructing their broker/custodian to send proxies directly to their attention.

Staley Capital maintains Proxy Voting Policies and Procedures (herein, “proxy policy”) which require proxies are voted in a timely manner and in the best economic interest of each client. Staley Capital Proxy Voting Coordinators are responsible for ensuring that proxies are voted, and appropriate records maintained. As previously mentioned in *Item 8, Methods of Analysis, Strategies and Risk*, our assessment of company management is an important factor in the decision to invest or remain invested. Further, we believe that company management is typically in the best position to determine a course of action on most technical and administrative issues. As a result, Staley Capital supports company management on most proxy proposals.

Staley Capital utilizes the services of Broadridge Investor Communications Solutions, Inc.(Broadridge) and their proprietary ProxyEdge system (“ProxyEdge”) to cast proxy ballots and maintain proxy records on behalf of clients who both delegate voting authority to us and utilize a custodian like Schwab that provides aggregated client feeds to Broadridge. Votes are cast based on the Broadridge Shareholder Value Template (“ShareholderValue”). ShareholderValue annually captures the voting decisions of more than 25 large U.S. fund companies and then applies these parameters to upcoming proxy ballots. We elect to use ShareholderValue recommendations as they reflect a voting philosophy that is aligned with ours – the

goal is to maximize shareholder value while generally supporting the decision-making authority of company management. ShareholderValue also eliminates conflicts of interest that may be a factor when relying on a third-party service to independently evaluate each proxy issue. Staley Capital oversees this process via real-time access to Broadridge data and will override a ShareholderValue recommendation if we deem it appropriate to do so.

For clients with custodians unable to provide feeds to Broadridge, we process the proxies in-house. Our Proxy Voting Coordinator reviews and votes proxies with the goal of maximizing shareholder value, as described above. The Coordinator engages members of Staley Capital's Investment Committee and the Chief Compliance Officer as appropriate and sometimes consults the ShareholderValue recommendations prior to voting.

Most of the proxies for Forum are also voted in-house as this account holds few securities and depends upon the custodian ability provide aggregated fees to ProxyEdge. In general, voting decisions for Forum will be consistent with votes cast by Broadridge on behalf of private accounts; although it is not often, there can be times where the votes diverge.

Staley Capital elects not to vote proxies in certain circumstances. For instance, foreign proxies are not voted if we believe local practices such as transaction restrictions might be detrimental to a client's interests.

The Proxy Policy also addresses conflicts of interest. For example, in a merger solicitation, private account clients might hold shares of the acquiring company and Forum might hold shares of the company being acquired. In such a scenario, we may vote one set of shares in favor of the merger and the other against the same merger if we deem the proposal to be advantageous to only one of the companies. If we are voting such proxies in-house or we override a vote cast by Broadridge in a conflict situation, the issue will be reviewed with multiple members of the Investment Committee prior to any vote being cast. When Broadridge votes the proxy directly, there is no conflict relative to the situation as they are evaluating each proxy independently based on the Shareholder Value template.

A summary of the Proxy Policy is provided to all new clients. You may obtain a copy of the Proxy Policy, as well as information regarding proxies voted on behalf of your accounts, by contacting us at 412-394-1292 or 1-888-256-4743.

#### **Item 18: FINANCIAL INFORMATION**

Staley Capital is unaware of any financial condition likely to impair its ability to meet our contractual commitments to clients.

#### **Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.

## APPENDIX A

### Staley Capital Advisers, Inc: Private Managed Account Fee Schedule

In connection with our disclosures under Item 5 Fees and Compensation, this Appendix lists the tiered fee schedules with private account clients since the firm's inception pursuant to each client's advisory contract. Where appropriate, breakpoints are applied based on the aggregate value of clients' related accounts, such as clients who are members of the same household.

The current fee schedule applicable to relationships initiated after November 2012 is:

| <u>Amount of Assets at quarter-end</u> | <u>Annual Percentage</u> |
|--|--------------------------|
| First \$3 million                      | 0.75%                    |
| Next \$7 million                       | 0.55%                    |
| Additional Assets                      | 0.35%                    |

Fees for private account relationships initiated between June 2007 and November 2012 are based on the following fee schedule:

| <u>Amount of Assets at quarter-end</u> | <u>Annual Percentage</u> |
|--|--------------------------|
| First \$3 million                      | 0.75%                    |
| Next \$7 million                       | 0.50%                    |
| Additional Assets                      | 0.25%                    |

Private account relationships in existence prior to June 1, 2007, typically pay fees based on the following standard schedule:

| <u>Amount of Assets at quarter-end</u> | <u>Annual Percentage</u> |
|--|--------------------------|
| First \$3 million                      | 0.625%                   |
| Next \$2 million                       | 0.500%                   |
| Next \$5 million                       | 0.375%                   |
| Additional Assets                      | 0.250%                   |