



**Westwood**  
Management®

**PART 2A OF FORM ADV  
FIRM BROCHURE**

**BROADMARK ASSET MANAGEMENT LLC**

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**March 31, 2026**

This Brochure provides information about the qualifications and business practices of Broadmark Asset Management LLC (“Broadmark” or the “Firm”) an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact Broadmark at (214) 956-6900 or [info@broadmarkasset.com](mailto:info@broadmarkasset.com). This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about Broadmark also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## **ITEM 2 - MATERIAL CHANGES**

Broadmark is required to identify and discuss any material changes made to the Brochure since the last update. This Form ADV Part 2A contains certain revisions to the previous version submitted March 31, 2025 that are intended to update information about Broadmark's business:

### **Item 4 – Advisory Services**

- As of March 31, 2026, Salient Advisors, L.P., an affiliated adviser, is expected to be removed as the adviser to the Westwood Broadmark Tactical Plus Fund. Broadmark, the current sub-adviser, is expected to be the adviser and manager of the Westwood Broadmark Tactical Plus Fund.

### **Item 5 – Fees and Compensation and Throughout:**

- Relabeled and clarified definitions used to describe relationships and shared services among Broadmark and affiliated entities

### **Item 12 – Brokerage Practices**

- Updated the disclosure to more clearly reflect the use of shared services and employees with Broadmark's affiliates
- Updated to reflect the revised role and structure of Westwood's Trade Order Management Committee

## **ITEM 3 - TABLE OF CONTENTS**

### **Table of Contents**

ITEM 5 -FEES AND COMPENSATION .....	5
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
ITEM 7 - TYPES OF CLIENTS .....	7
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	7
ITEM 9 – DISCIPLINARY INFORMATION .....	19
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	19
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	21
ITEM 12 - BROKERAGE PRACTICES .....	22
ITEM 13 - REVIEW OF ACCOUNTS .....	27
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION.....	27
ITEM 15 - CUSTODY .....	27
ITEM 16 - INVESTMENT DISCRETION .....	27
ITEM 17 - VOTING CLIENT SECURITIES .....	28
ITEM 18 - FINANCIAL INFORMATION.....	28

## ITEM 4 - ADVISORY BUSINESS

Broadmark Asset Management LLC (“Broadmark” or the “Firm”) is an SEC registered investment adviser and CFTC registered commodity trading advisor and commodity pool operator. Broadmark’s majority owner is Westwood Holdings Group, Inc., (“WHG”) a publicly held company listed on the New York Stock Exchange since July 1, 2002. WHG’s other subsidiaries include the following entities: Westwood Management Corp. (“Westwood Management”), Salient Advisors, LP (“Salient Advisors”) an SEC-registered investment adviser and CFTC-registered commodity pool operator; Salient Capital, LP (“Salient Capital”), an SEC-registered broker-dealer; Westwood Advisors, L.L.C. (“Westwood Advisors”), an SEC-registered investment adviser; Westwood Trust, a Texas-chartered trust company headquartered in Dallas, Texas. Salient Advisors, Salient Capital, Westwood Management, Westwood Advisors and Westwood Trust are wholly owned by WHG. Broadmark is a majority-owned subsidiary of WHG. In addition, WHG owns 50% of The Salient Zarvona Energy Fund GP, LP, an SEC-registered investment adviser and private fund sponsor. As of March 31, 2026, Salient Advisors is expected to be removed as the adviser to the Westwood Tactical Plus Fund, deregistered as a commodity pool operator, and renamed Westwood Private Capital Partners, LP and eventually to take the management and oversight of Westwood Management’s alternative investment funds from Westwood Advisors. Broadmark is expected to be the registered investment adviser and manager to the Westwood Tactical Plus Fund.

Broadmark provides advisory services on a discretionary basis to clients, which include institutions with separately managed accounts and registered investment companies. Broadmark’s top-down, directional investment strategy seeks to address stock market risk and to capitalize on persistent, recurring market inefficiency, in part by managing the ongoing net exposure to the broad equity market at a substantially reduced level of volatility.

Broadmark provides advice to clients based on specific investment objectives and strategies. Under certain circumstances, Broadmark may agree to tailor advisory services to the needs of clients. Broadmark is currently providing a customized long/short strategy to sophisticated investors and institutional investors. Under certain circumstances, clients may impose restrictions on investing in certain securities or certain types of securities.

Broadmark also provides investment advisory services as a sub-adviser on a non-discretionary basis in connection with a number of Separately Managed Account (“SMA”)/Unified Managed Account (“UMA”) platforms sponsored by broker-dealers and other financial institutions (“SMA/UMA Sponsors”) not affiliated with Broadmark. There are several differences between how Broadmark manages SMA/UMA platform accounts and other client accounts. For example, as a sub-adviser, Broadmark provides investment direction to its affiliate, Westwood Management. Westwood Management acts as adviser to SMA/UMA accounts and Westwood Management, not Broadmark, is responsible for the trade execution and for account administration of these SMA/UMA accounts.

As of December 31, 2025, Broadmark had approximately \$238,352,315 of client assets under management on a discretionary basis.

As of December 31, 2025, Broadmark had approximately \$442,969,623 of assets under advisement for SMA, UMA, and Wrap Fee accounts on platforms sponsored by unaffiliated broker-dealers. Broadmark provides model or asset allocation updates that are consistent with Broadmark's strategy, but the ultimate discretion to implement those models is exercised by the sponsors. Broadmark does not provide any continuous or ongoing investment management for these assets under advisement.

## **ITEM 5 -FEES AND COMPENSATION**

Broadmark charges fees to each different client type according to the following schedule:

### **Broadmark's Directly Advised Separately Managed Accounts**

#### **Asset-Based Compensation**

Investment management fees (as an annual % of assets) have primarily ranged from 1% - 2%.

Investment management fees are charged each month in arrears based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments) on the last day of the month. If a new client account is established during a month or a client makes an addition to its account during a month, the investment management fee will be prorated for the number of days remaining in the month. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a month, the fee payable to Broadmark will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the month in which the investment management arrangement was in effect or such amount was in the account.

These fees are negotiable based on the size of the account, investment strategy employed, whether or not performance-based fees are also charged, and the services to be performed.

#### **Performance-Based Compensation**

Broadmark is paid performance-based fees, which is compensation that is based on a share of capital appreciation of the assets of a client (including net unrealized appreciation or depreciation of investments and cash, cash equivalents, accrued interest and accrued dividends). This compensation is paid to Broadmark and ranges from 25% - 35%.

These fees are negotiable based on the size of the account, investment strategy employed, whether or not investment management fees are also charged, and the services to be performed.

Broadmark does not deduct the investment management fee or performance-based fees from client accounts. Rather, Broadmark bills clients directly.

#### **Broadmark's Sub-Advisory Accounts**

Broadmark also receives compensation for providing sub-advisory services, including:

Westwood Management serves as the investment adviser to Westwood Broadmark Tactical Growth Fund, a diversified series of the Ultimus Managers Trust, an open-end management investment company commonly known as a mutual fund. Westwood has engaged Broadmark to act as sub-adviser and provide day-to-day management to this Fund. Westwood Management pays Broadmark directly for our services. Sub-advisory fees are computed daily and paid monthly to Broadmark for the Westwood Broadmark Tactical Growth Fund, at the annual rate of 0.60% on the first \$1 billion of assets and 0.55% on assets in excess of \$1 billion.

Westwood Broadmark Tactical Plus Fund is a diversified series of the Ultimus Managers Trust, an open-end management investment company registered under the Investment Company Act of 1940. Salient Advisors, L.P. (“Salient”) is the investment adviser to the Fund and has engaged Broadmark to act as sub-adviser and provide day-to-day management to this Fund. Salient pays Broadmark directly for our services. Sub-advisory fees are computed daily and paid monthly to Broadmark for the Westwood Broadmark Tactical Plus Fund, at the annual rate of 0.725% of the average daily net assets. Salient Advisors, L.P. is an affiliate of Broadmark and is a wholly owned subsidiary of WHG.

Westwood Management also serves as adviser to a number of SMA/UMA platforms sponsored by broker-dealers and other financial institutions (“SMA/UMA Sponsors”). Westwood Management engaged Broadmark to act as sub-adviser in the investment management of these accounts. Broadmark provides investment direction to Westwood Management for the SMA/UMA platform accounts. Westwood Management, and not Broadmark, is responsible for the trade execution or account administration of the SMA/UMA accounts. The SMA/UMA Sponsors pay Westwood Management the percentage of the SMA/UMA account fee due under Westwood Management’s investment agreements with the SMA/UMA Sponsors. Payments to Broadmark for its services are made by Westwood Management monthly and in arrears. The UMA has a minimum account size of \$5,000 at the annual rate of 0.55%. The SMA has a minimum account size of \$100,000 at the annual rate of 1.00%.

### **Additional Expenses**

In addition to paying investment management fees and, if applicable, performance-based fees, client accounts may also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the client’s account invests) associated with products or services that may be necessary or incidental to such investments or accounts. Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, the client will bear its pro rata share of the investment management fee and other fees of these funds, which are in addition to the investment management fee paid to Broadmark. Please refer to Item 12 of this Firm Brochure for a discussion of our brokerage practices.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Broadmark and our investment personnel provide investment management services to multiple portfolios for multiple clients. Broadmark is paid performance-based compensation by specified client accounts. Broadmark manages both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is non-performance-based. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When Broadmark manages more than one client account a potential conflict may exist for one client account to be favored over another client account. Broadmark has a greater incentive to favor client accounts that pay Broadmark (and indirectly the portfolio manager) performance-based compensation or higher fees.

Broadmark has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. WHG Shared Service Trading Team (“Trading Team”) and a member of the compliance team reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly-managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, our procedures for the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size. Such allocations are made automatically by our trade allocation system and require that, to the extent orders are aggregated, the client orders are price-averaged. These areas are monitored by Broadmark’s Chief Compliance Officer, or delegate.

For additional details concerning Broadmark’s fees and policies, please review the prospectus for either of our sub-advised funds or investment management agreement.

## **ITEM 7 - TYPES OF CLIENTS**

Broadmark’s clients consist of registered investment companies, corporations, and other business entities.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Broadmark employs a top-down, directional approach that seeks to address equity market risk and to capitalize on persistent, recurring market inefficiency by having long equity exposure when risks are low and opportunities are high. Conversely, Broadmark seeks to have low and/or short equity exposure when risks are high and opportunities are low.

Broadmark's objective is to produce above average, risk-adjusted returns, in any market environment, while exhibiting significantly less downside volatility than the broad equity market itself. Broadmark anticipates this objective will be achieved, in part, by managing the ongoing net exposure to the broad equity market at a substantially reduced level of volatility.

Broadmark's process provides key determinants in assessing optimal stock market exposure, including:

- Entry points
- The amount of exposure
- The type of exposure
- Exit points

Broadmark employs a qualitative process that assesses market valuation, monetary policy and liquidity factors, and investor sentiment from a contrarian perspective. This approach closely follows economic and environmental variables that have been important in forecasting major inflection points in past market cycles.

With respect to market valuations and monetary policy/liquidity, the following is used to assess overall stock market risk:

- P/E ratios are compared to interest rates and price to establish if markets are under, over or fairly valued
- Treasury yields and Baa corporate bond yields are compared to the earnings yield of the S&P 500 Index
- Credit spreads and monetary aggregate growth indicate favorable or negative liquidity conditions and Federal Reserve bias
- Inflation and its impact on the economy and monetary policy

Sentiment is a contrarian indicator; levels can be excessively positive or negative and can help to identify high and low market environments. The strategy tracks numerous sentiment gauges, including:

Consumer sentiment	Individual investor behavior
Wall Street strategists	Corporate insiders
Newsletter writers	Options speculators

Momentum analysis is also an important component of the strategies and is the trigger mechanism to establish and scale into or out of long or short equity positions. Because markets often "overshoot", momentum itself is strongly relied upon. The long-term model is used to position the portfolio offensively, defensively or neutral to the market. This analysis is designed to identify trends in their early stages that typically develop into moves of at least 10% of the S&P 500, lasting 3-9 months in duration.

Relative strength analysis assesses the overall opportunity or risk of one index or sector over another. Typically, when macro/momentum analysis indicates a rising market, higher beta long

positions are taken. Relative strength analysis will identify the investment candidates that have the potential to outperform. Conversely, when the macro/momentum analysis indicates a declining market, lower beta long positions, as well as short positions will be taken.

In summary, the environmental analysis indicates extreme market conditions, the Momentum analysis confirms that a change in the market direction has taken place and then, using the Relative Strength analysis, Broadmark determines how the portfolio should be re-positioned to take advantage of the new market direction.

In implementing our strategy, Broadmark may engage in frequent and active trading of a variety of financial instruments, including futures and options on securities, securities indices and shares of ETFs which can represent broad market indices, sectors, countries, fixed income, commodities, and foreign currencies.

Broadmark's investment strategy performs best in consistently-trending market environments whether up or down. The investment strategy can struggle in protracted volatile trading ranges.

These strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire contribution/investment.

### **Dynamic Opportunity**

The Dynamic Opportunity strategy seeks to produce above-average risk-adjusted returns, in any market environment, while exhibiting less downside than the broad equity market. The strategy invests primarily in futures and options on securities, securities indices and shares of exchange-traded funds ("ETFs") for exposure to U.S. and non-U.S. equity securities, and will take a position that may be up to 250% net long versus the market, or up to 250% short the market, with restrictions based on client preferences, to correspond with the manager's outlook on market opportunities.

### **Tactical Growth**

The Tactical Growth strategy seeks to produce above-average, risk-adjusted returns, in any market environment, while exhibiting less downside volatility than the S&P 500 Index. The strategy invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities, including shares of exchange-traded funds ("ETFs"). The strategy may also invest in equity securities of U.S. and non-U.S. issuers, which may include emerging market issuers. The strategy may hold a substantial portion of its assets in cash and cash equivalents and in investment grade fixed-income instruments of U.S. and non-U.S. issuers of any maturity.

### **Tactical Plus**

The Tactical Plus strategy seeks to produce, in any market environment, above-average risk-adjusted returns and less downside volatility than the S&P 500 Index. The strategy pairs the core long/short equity strategy with a catalyst-driven, policy-focused, long volatility trading strategy designed to find niche opportunities in disruptive changes to market trends and investor behaviors.

Exposure can range from a maximum of 200% net long to 100% net short. The strategy invests primarily in a diversified portfolio of instruments that provide exposure to U.S. and non-U.S. equity securities, including shares of exchange-traded funds (“ETFs”). The strategy may also hold futures and options on securities and securities indices, as well as equity securities of U.S. and non-U.S. issuers, which may include emerging market issuers. The strategy may hold a substantial portion of its assets in cash and cash equivalents and in investment grade fixed-income instruments of U.S. and non-U.S. issuers of any maturity.

## Principal Risks

### Material Risk (Including Significant, or Unusual Risk) Relating to investment Strategies.

As with all investments, investing in securities involves risk of loss that clients should be prepared to bear. The principal risk factors affecting client funds are set forth, by strategy, in summary format below. Following such summaries are more detailed explanations of such risks. Clients and prospective clients should carefully review the detailed explanations of each type of principal risk.

<b>Tactical Growth Strategy</b>		
Borrowing Risk Cash and Cash Equivalents Risk Debt Instruments Risk Derivatives Risk Emerging Market and Frontier Market Risk Equity Risk ETF Risk	Exchange-Traded Notes (“ETNs”) Risk Foreign Securities Risk Investment in Money Market Mutual Funds Risk Leverage Risk Liquidity Risk Market Events Risk	Market Risk Model and Data Risk Portfolio Turnover Risk Short Sale Risk Small- and Mid-Sized Capitalization Company Risk Sub Advisor Risk Tax Risk Volatility Risk

<b>Tactical Plus Strategy</b>		
Cash and Cash Equivalents Risk Foreign Currency Risk Debt Instruments Risk Derivatives Risk Emerging Market and Frontier Market Risk Equity Risk ETF Risk	Foreign Securities Risk Investment in Money Market Mutual Funds Risk Leverage Risk Liquidity Risk Market Events Risk Market Risk	Model and Data Risk Overseas Exchanges Risk Portfolio Turnover Risk Short Sale Risk Small- and Mid-Sized Capitalization Company Risk Sub Advisor Risk Tax Risk U.S. Government Securities Risk

		Volatility Risk
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Dynamic Opportunity Strategy		
Cash and Cash Equivalents Risk Foreign Currency Risk Debt Instruments Risk Derivatives Risk Emerging Market and Frontier Market Risk Equity Risk ETF Risk	Foreign Securities Risk Investment in Money Market Mutual Funds Risk Leverage Risk Liquidity Risk Market Events Risk Market Risk	Model and Data Risk Overseas Exchanges Risk Portfolio Turnover Risk Short Sale Risk Small- and Mid-Sized Capitalization Company Risk Sub Advisor Risk Tax Risk U.S. Government Securities Risk Volatility Risk

**Borrowing Risk:** Borrowing for investment purposes creates leverage, which will exaggerate the effect of any increase or decrease in the market price of securities in the portfolio and, therefore, may increase the volatility of the portfolio. Money borrowed will be subject to interest and other costs (that may include commitment fees and/or the cost of maintaining minimum average balances). These costs may exceed the gain on securities purchased with borrowed funds. Increased operating costs, including the financing cost associated with any leverage, may reduce the portfolio’s total return. Unless the income and capital appreciation, if any, on securities acquired with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the investment performance of the portfolio.

**Cash and Cash Equivalents Risk** – It is part of a portfolio’s investment strategy to, at times, hold a substantial portion of its assets in cash and/or cash equivalents, including money market instruments. Under certain market conditions, such as during a rising stock market, this strategy could have a negative effect on the portfolio’s ability to achieve its investment objective. To the extent that the portfolio invests in a money market fund, the portfolio will indirectly bear a proportionate share of the money market fund’s expenses.

**Cyber Security Risk** – Broadmark and its clients may be subject to cyber security risks. Those risks include, among others, theft, misuse or corruption of data maintained online or digitally; denial of service attacks on websites; the loss or unauthorized release of confidential and proprietary information; operational disruption; or various other forms of cyber security breaches. Cyber-attacks against, or security breakdowns of Broadmark or its service providers may harm Broadmark’s clients; potentially resulting in, among other things, financial losses, the inability of Broadmark and/or its clients to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance and remediation costs. Cyber security risks may also affect issuers of securities in which a client invests, potentially causing the client’s investment in such issuers to

lose value. Despite risk management processes, there can be no guarantee that a client will avoid losses relating to cyber security risks or other information security breaches.

**Debt Instruments Risk** – Debt instruments are generally subject to credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up. Derivatives related to debt instruments may be exposed to similar risks for individual securities, groups of securities or indices tracking multiple securities or markets. Both debt securities and debt-related derivative instruments may be exposed to one or more of the following risks:

- **Credit Risk:** Credit risk refers to the possibility that the issuer of the 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 may also affect the value of the Portfolio’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. Securities rated by the rating agencies in the four highest categories (Fitch, Inc. (“Fitch”) (AAA, AA, A, and BBB), Moody’s Investors Service, Inc. (“Moody’s”) (Aaa, Aa, A, and Baa) or S&P® Global Ratings (“S&P”) (AAA, AA, A, and BBB)) are considered investment grade, but they may also have some speculative characteristics, meaning that they carry more risk than higher rated securities and may have problems making principal and interest payments in difficult economic climates. Investment grade ratings do not guarantee that bonds will not lose value.

- **Extension Risk:** Extension risk is the risk that, when interest rates rise, certain obligations will be paid off by the issuer (or 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 changes in interest rates. The value of longer-term securities generally changes more in response to changes in interest rates than shorter-term securities. As a result, in a period of rising interest rates, securities may exhibit additional volatility and may lose value.

- **Interest Rate Risk:** The yields for certain securities are susceptible in the short-term to fluctuations in interest rates, and the prices of such securities may decline when interest rates rise. Interest rate risk in general is the risk that prices of fixed-income securities generally increase when interest rates decline and decrease when interest rates increase. The Portfolio may decline in value or suffer losses if short-term or long-term interest rates rise sharply or otherwise change in a manner not anticipated by Broadmark.

- **Prepayment Risk:** Prepayment risk is the risk that certain debt securities with high interest rates will be prepaid by the issuer before they mature. When interest rates fall, certain obligations will be paid off by the obligor more quickly than originally anticipated, and an investor may 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.

- **Derivatives Risk** – The strategy’s use of futures contracts, options and swaps is subject to market risk, leverage risk, correlation risk, hedging risk and liquidity risk. Market risk is the risk that the market value of an investment may move up and down, sometimes rapidly and unpredictably. Leverage risk is the risk that the use of leverage may amplify the effects of market volatility on the strategy’s share price and may also cause the strategy to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly or at all with the underlying asset, rate or index. Hedging risk is the risk that derivative instruments used for hedging purposes may also limit any potential gain that may result from the increase in value of the hedged asset. To the extent that the strategy engages in hedging strategies, there can be no assurance that such strategy will be effective or that there will be a hedge in place at any given time. Liquidity risk is described elsewhere in this section. The strategy’s use of forwards and swaps is also subject to credit risk and valuation risk. Credit risk is the risk that the counterparty to a derivative contract will default or otherwise become unable to honor a financial obligation. Valuation risk is the risk that the derivative may be difficult to value. Each of these risks could cause the strategy to lose more than the principal amount invested in a derivative instrument.
- **Exchange-Traded Notes (“ETNs”) Risk** – The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market, changes in applicable interest rates, and changes in the issuer’s credit rating. A portfolio that invests in ETNs will bear its proportionate share of any fees and expenses associated with investment in such securities, which will reduce the amount of return on investment at maturity or redemption. There may be restrictions on a portfolio’s right to redeem its investment in an ETN meant to be held to maturity. There are no periodic interest payments for ETNs and principal is not protected. It may be difficult for a portfolio to sell its ETN holdings due to limited availability of a secondary market.
- **Foreign Securities Risk** – Investing in foreign companies, including direct investments and through ADRs and Global Depository Receipts (“GDRs”), which are traded on U.S. exchanges and represent an ownership interest in a foreign company, poses additional risks since political and economic events unique to a country or region will affect those markets and their issuers. These risks will not necessarily affect the U.S. economy or similar issuers located in the United States. Securities of foreign companies may not be registered with the U.S. Securities and Exchange Commission (the “SEC”) and foreign companies are generally not subject to the regulatory controls imposed on U.S. issuers and, as a consequence, there is generally less publicly available information about foreign securities than is available about domestic securities. Income from foreign securities may be reduced by a withholding tax at the source, which tax would reduce income received from the securities comprising a client’s portfolio. Foreign securities may also be more difficult to value than securities of U.S. issuers. While ADRs provide an alternative to directly

purchasing the underlying foreign securities in their respective national markets and currencies, investments in ADRs continue to be subject to many of the risks associated with investing directly in foreign securities.

- **Investment in Money Market Mutual Funds Risk** – The portfolio invests in money market mutual funds. While government money market funds seek to transact at a \$1.00 per share stable net asset value, certain other money market funds transact at a fluctuating net asset value, and it is possible to lose money by investing in money market funds. Further, money market funds may impose a fee upon redemption or may temporarily suspend redemptions if the fund’s liquidity falls below a required minimum because of market conditions or other factors. Investments in money market funds are not insured or guaranteed by the FDIC or any other government agency.
- **Liquidity Risk** – Certain securities may be difficult or impossible to sell at the time and the price that the strategy would like. The strategy may have to accept a lower price to sell a security, sell other securities to raise cash instead or give up an investment opportunity, any of which could have a negative effect on strategy management or performance.
- **Management Risk** - The strategy is actively managed and depends heavily on Broadmark’s analyses of markets, interest rates or the attractiveness, relative values, liquidity, or potential appreciation of particular investments made for the strategy’s portfolio. The strategy could experience losses if these judgments prove to be incorrect. Additionally, legislative, regulatory, or tax developments may adversely affect management of the strategy and, therefore, the ability of the strategy to achieve its investment objective
- **Model and Data Risk:** Broadmark uses a Four Pillar investment process of (1) Equity Valuation, (2) Investor Sentiment, (3) Monetary Policy/Credit Conditions, and (4) Momentum. Broadmark gathers and uses statistical input from various sources which include, but are not limited to, third party vendors. Broadmark then uses this data to determine the status of each pillar and makes decisions based upon its own internal assessment and analysis. There is no systematic or quantitative signal or group of signals that dictate either exposure to the market or specific ETFs to be used. The quantitative models that Broadmark uses in its analysis can be viewed as guideposts to the decision-making process. The team uses judgment and discussion to make informed decisions. Broadmark’s process is to receive this data, organize it into the four-pillars, and then discuss and review it before making any decisions. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the portfolio to potential risks. The success of relying on such models may depend on the accuracy and reliability of historical data supplied by third party vendors. All 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, “model prices” will often differ substantially from market prices, especially for securities with complex characteristics, such as derivative securities.

- **Operational Risk** - The strategy is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the strategy's service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. Broadmark seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address these risks,
- **Overseas Exchanges Risk** – A portfolio may engage in transactions on a number of overseas stock exchanges. Market practices relating to clearance and settlement of securities transactions and custody of assets can potentially pose an increased risk to a portfolio and may involve delays in obtaining accurate information on the value of securities. A portfolio may engage in transactions in the stock markets of emerging market countries. Emerging market country stock markets, in general, are less liquid, smaller, and less regulated than many of the developed country stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets and transactions may need to be conducted at unfavorable prices.
- **Portfolio Turnover Risk** – Due to its investment strategy, the strategy may buy and sell securities frequently. Such a strategy often involves higher expenses, including brokerage commissions, and may increase the amount of capital gains (in particular, short-term gains) realized by the strategy. Shareholders may pay tax on such capital gains.
- **Small- and Mid-Capitalization Company Risk** – The small- and mid-capitalization companies in which Broadmark may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.
- **Sub-Advisor Risk:** The portfolio is subject to management risk because it relies on Broadmark's ability to pursue the portfolio's objective. Broadmark will apply investment techniques and risk analyses in making investment decisions for the fund, but there can be no guarantee that these will produce the desired results.
- **Tax Law Change Risk** – Changes in tax laws or regulations, or interpretations thereof in the future, could adversely affect the portfolio. Legislation could also negatively impact the amount and tax characterization of distributions received by the client.
- **U.S. Government Securities Risk** – Investments in U.S. government obligations may include securities issued or guaranteed as to principal and interest by the U.S. government, or its agencies or instrumentalities. Payment of principal and interest on U.S. government obligations may be backed by the full faith and credit of the United States or may be backed solely by the issuing or guaranteeing agency or instrumentality itself. There can be no

assurance that the U.S. government would provide financial support to its agencies or instrumentalities (including government sponsored enterprises) where it is not obligated to do so. In addition, U.S. government securities are not guaranteed against price movements due to changing interest rates.

- **Volatility Risk** – The account may have investments that appreciate or decrease significantly in value over short periods of time. This may cause the account’s value to experience significant appreciations or decreases in value over short periods of time.
- **Relative Value Risk** – In the event that the perceived mispricings underlying Broadmark’s relative value trading positions were to fail to converge toward, or were to diverge further from, relationships we expect, client accounts may incur a loss.
- **Leverage Risk** – Performance may be more volatile if a client’s account employs leverage. Because of the low margin deposits required for certain futures, futures trading involves an extremely high degree of leverage. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the investor. For example, if at the time of purchase 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit, if the contract were closed out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. However, a client would presumably have sustained comparable losses if, instead of the futures contract, it had invested in the underlying financial instrument and sold it after the decline.
- **Short Selling Risk** – Broadmark’s investment program includes a significant amount of short selling. Short selling transactions expose Broadmark to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by Broadmark in connection with a short sale would need to be returned to the securities lender on short notice. If such request for a return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a “short squeeze” can occur, wherein Broadmark might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.
- **Commodities Risk** – Commodity investments are affected by business, financial market or legal uncertainties. There can be no assurance that Broadmark will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on its commodity investments. Prices of commodity investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of our portfolio and the value of its investments. In addition, the value of our portfolio may fluctuate as the general level of interest rates fluctuates.

- **Market Risks** – The profitability of a significant portion of Broadmark’s investment strategy depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Broadmark will be able to predict accurately these price movements. Although Broadmark may attempt to mitigate market risk through the use of net exposure management, long and short positions or other methods, there may be a significant degree of market risk. Therefore, any adverse changes in the overall market may result in a decline in the value of the client’s assets. The implementations of Broadmark’s strategy are generally expected to engage in active and often frequent trading to achieve Broadmark’s investment objective. This may result in higher commissions and charges to client accounts due to increased brokerage, which will offset client profits or increase losses.

**Risks Associated With Types of Securities that are Primarily Recommended (Including Significant or Unusual Risks).**

- **Security Futures and Options.** In connection with the use of futures contracts and options, there may be an imperfect correlation between the change in market value of a security and the prices of the futures contracts and options in the client’s account. In addition, Broadmark’s investments in security futures and options may encounter a lack of a liquid secondary market for a futures contract and the resulting inability to close a futures position prior to its maturity date.
- **ETFs.** ETFs that are based on a specific index may not be able to replicate and maintain exactly the composition and relative weighting of securities in the applicable index and will incur certain expenses not incurred by their applicable index. Leveraged ETFs are subject to the risk of a breakdown in the futures and options markets they use. Leveraged ETFs are subject to the same risk as instruments that use leverage in any form. The market value of ETF shares may differ from their net asset value per share. This difference in price may be due to the fact that the supply and demand in the market for ETF shares at any point in time is not always identical to the supply and demand in the market for the underlying securities that the ETF holds. There may be times when an ETF share trades at a premium or discount to its net asset value.
- **Commodity Futures and Options.** Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage may be typical of a pooled investment vehicle engaging in commodity futures trading. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to such a pooled investment vehicle. Commodity options, like commodity futures contracts, are speculative, and their use involves risk. Specific market movements of the cash commodity or futures contract underlying an option cannot be predicted, and no assurance can be given that a liquid offset market will exist for any particular futures option at any particular time.

- **Emerging Markets.** The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.
- **Equity Securities.** The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long-term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and growth stocks can react differently from value stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.
- **Non-U.S. Securities.** Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Broadmark invests in sector ETFs, which are concentrated in specific market sectors and represent a particular kind of equity, sector or index risk.

For additional details concerning Broadmark's investments strategies and risks, please review the prospectus and SAI for either fund or investment management agreement.

## ITEM 9 – DISCIPLINARY INFORMATION

Our firm and our management personnel have no reportable disciplinary events to disclose.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Broadmark is registered as a commodity pool operator, commodity trading advisor (“CTA”), and certain of our personnel are therefore registered as associated persons of a CTA. Broadmark also has other affiliations as described below.

**Broadmark** has 3 affiliated SEC registered investment advisers: Westwood Advisors, LLC, Salient Advisors, LP, and Westwood Management In addition, Broadmark is also affiliated with Westwood Trust, a trust company chartered by the Texas Department of Banking, and Salient Capital, LP, a registered broker-dealer. Each of these affiliates is, except for Broadmark, a wholly owned subsidiary of Westwood’s parent company, WHG. WHG owns approximately 83% of Broadmark. Westwood is the investment adviser for the Westwood Funds family of mutual funds. Broadmark, is registered as a Commodity Trading Advisor and Commodity Pool Operator with the NFA and CFTC.

**Westwood Advisors** serves as the investment advisor to the Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund and has delegated investment management responsibilities to Westwood. WHG PF Holdco, LLC, a direct and wholly-owned subsidiary of Westwood Holdings Group, Inc., is general partner of each of these funds. Clients are solicited to invest in the Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund. Westwood’s strategies are also available to managed accounts established for clients of Westwood Advisors.

**Salient Advisors** is the investment adviser to the Westwood Salient Tactical Plus Fund for which Broadmark acts as investment sub-adviser of which WHG owns approximately 83% of the equity. Salient Advisors is registered as a Commodity Pool Operator with the National Futures Association (“NFA”) and U.S. Commodity Futures Trading Commission (“CFTC”).

**Salient Capital** is an SEC-registered broker-dealer and FINRA member. Certain Westwood employees are also registered representatives of Salient Capital and engage in sales activities with respect to the Westwood Funds, Westwood Management’s affiliated private funds and third party ETFs and private funds. Salient Capital acts as the distributor for the affiliated private funds Salient MLP Total Return Fund and the Salient MLP Total Return TE Fund as well as a placement agent for other unaffiliated private funds.

Certain Westwood employees are licensed as Registered Representatives of Salient Capital, a registered broker-dealer and wholly owned subsidiary of Westwood Holdings Group, Inc. Employees who are licensed as Registered Representatives of Salient Capital receive sales compensation for investments in the Westwood Funds, in Westwood affiliated private funds and third party private funds.

**WHG GP Holdco, LLC** is a wholly-owned subsidiary of WHG and is the general partner of both Salient Capital and Salient Advisors.

**The Salient Zarvona Energy Fund GP, LP** is an SEC-registered investment adviser and joint venture owned 50% by Westwood Holdings Group, Inc. and 50% by Zarvona Energy, LP. The Salient Zarvona Energy Fund GP, LP is the investment adviser and sponsor to certain private funds managed by Zarvona Energy and its affiliates. Neither Westwood Management nor any of its affiliates provide investment advice for these funds. Certain WHG employees are members of the investment committee of the Salient Zarvona Energy Fund GP.

**Westwood Trust** provides trust and fiduciaries services including investment management to its trust clients and uses commingled common trust funds and collective investment trusts (“Westwood Trust Commingled Funds”) to do so. Westwood Management has a sub-advisory agreement with Westwood Trust pursuant to which Westwood Management serves as a sub-adviser to some of the Westwood Trust Commingled Funds.

Affiliated Persons of Broadmark are members of the general partner of various private investment vehicle and Affiliated Advisers, which themselves manage other registered investment companies and private pooled investment vehicles. Certain clients of Broadmark are solicited to invest (by the Affiliated Persons) in such other registered investment companies or private pooled investment vehicles. In such instances, Broadmark’s affiliates and/or Affiliated Persons may receive additional compensation.

Investment Team Revenue Sharing Program: Westwood Management has established a revenue share program in which Westwood’s Energy investment teams pays a portion of revenue received by Westwood Management and its affiliates across all investment products and services of their respective investment strategies. This revenue includes investment management fees and performance fees received through investment advisory affiliates. For Westwood’s Energy investment team, this revenue also includes carried interest from affiliated private funds as well as placement fees and other brokerage fees received by Salient Capital for third party private fund investments.

Westwood Sales Bonus Compensation Program: Westwood Management compensates its sales employees through a sales compensation program that is based on a combination of new sales and ongoing revenue received by Westwood Management and its affiliates across all investment products and services. New sales typically included new advisory assets and also sales of affiliated mutual funds, affiliated private funds and unaffiliated private funds.

Clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of Westwood Management and these individuals when making recommendations and when determining when and how to provide portfolio management services. Further, more detailed disclosure of such conflicts of interest is contained in Part 2A of Form ADV of the relevant adviser affiliate and the Private Placement Memorandum of the relevant fund or other fund disclosure materials, if applicable.

Westwood Management makes limited use of swaps, futures and other derivatives in its Alternative Income Strategy and potentially other Multi Asset Strategies. Westwood Management

relies on available regulatory exemptions from registration with the U.S. Commodities Futures and Trading Commission and National Futures Associations as a Commodity Trading Advisor.

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

Broadmark has adopted the Code of Ethics (the “Code”), which was adopted by the Board of Directors of WHG pursuant to SEC Rule 204A-1 expressing the commitment to ethical conduct. The Code is applicable to all WHG subsidiaries, and its officers, directors, and employees (“Affiliated Persons”), who provide shared services to Westwood. The Code is administered on a group-wide basis and is based on the principle that Affiliated Persons and affiliates owe a fiduciary duty to clients to conduct their personal securities transactions in a manner that does not interfere with client portfolio transactions or otherwise take advantage of their relationship with clients, and which reflects the principle referenced above. The Code requires Affiliated Persons to pre-clear all personal securities transactions (with certain exceptions described below), political contributions, and outside business activities, and to report gifts and entertainment through the Chief Compliance Officer (CCO).

The Code does not require pre-clearance for: (a) participation in an ongoing automatic investment plan or an issuer’s dividend reinvestment or stock purchase plan, (b) participation in any transaction over which the employee had no influence or control (mergers, inheritances, gifts, etc.), (c) share of registered open-end investment companies other than shares of investment companies advised or sub-advised by Broadmark or its affiliates .

The Code generally prohibits Affiliated Persons from purchasing or selling individual securities for their own account that are owned in a Broadmark or its affiliates strategy, with a *de minimis* trading rule as well as enforcing a minimum holding period prohibiting Affiliated Persons from selling a security for a profit within 60-days of purchase. The Code provides for “black-out periods” during which Affiliated Persons may not purchase or sell a security that Broadmark or an affiliate is in the process of purchasing or selling. The Code establishes a category of Limited Access Persons applicable to some part-time employees, independent contractors or services providers who have limited access to Broadmark’s information and who, with CCO approval, are not subject to the preclearance requirement under the Code except for IPOs but whose securities transactions are reviewed by CCO.

Broadmark also has an Insider Trading Policy that, along with the Code, prohibits the use of material non-public information in a personal or professional capacity.

To monitor compliance with its Code, the firm’s CCO receives duplicate brokerage statements and transaction confirmations for every Affiliated Person with personal brokerage accounts, and all Affiliated Person must certify on a quarterly basis that they have reported all relevant securities transactions in compliance with the Code. The firm’s Compliance department reviews all pre-clearance requests, all initial, quarterly and annual disclosure certifications and the trading activities on behalf of all Broadmark and its affiliates strategies.

Broadmark does not invest client funds in the securities of its parent company, WHG.

Affiliated Private Funds:

Affiliated Persons may invest in affiliated private funds alongside clients, subject to review and approval by the CCO and, where applicable, broker-dealer compliance. Affiliated Persons investments generally are expected to be made on the same terms available to other investors, except for sponsor, carried interest or other affiliated arrangements disclosed in the governing documents. The Compliance Team monitors Affiliated Persons co-investment through pre-clearance, account reporting and compliance oversight, although conflicts relating to timing, allocation, capital calls, valuations and distributions cannot be eliminated. Additional information regarding private fund conflicts is contained in the adviser's separate Private Funds Advisory Services Brochure.

The Code permits the CCO to delegate duties under the Code to other members of the Legal and Compliance Team.

Upon request, Broadmark will provide a complete copy of its Code to any client or prospective client. Clients can submit requests by contacting their Broadmark representative or the firm's CCO. It is also posted on WHG's website.

## **ITEM 12 - BROKERAGE PRACTICES**

Broadmark trading and brokerage practices are implemented through its shared services employee agreement with WHG. The trading and brokerage practices, and other operational and support functions as indicated below are conducted by various affiliated teams or supervised persons employed by WHG.

WHG has an agreement with Northern Trust Integrated Trading Solutions (NTSI) to assume activities around trade execution, matching, settlement, transaction cost analysis and (where applicable) foreign exchange transactions on an outsourced basis. Generally, NTSI handles trading for Broadmark's institutional accounts its sub-advised registered investment companies that do not direct trading to a specific broker-dealer. Broadmark's portfolio managers remains primarily responsible for trading ETFs and derivative instruments. The Trading Team is responsible for overseeing the NTSI trade activity to ensure best execution on behalf of all Broadmark's clients, and to maintain compliance with all applicable ethical, legal and regulatory requirements.

In arranging for the execution of client transactions, Broadmark, through the Trading Team and NTSI seek to obtain best execution at favorable prices on behalf of Broadmark's clients. The procedures used to direct client trades to a specific broker incorporate all information that the Trading Team or NTSI deem relevant, including, without limitation:

- price of the security;
- size and difficulty of the order;
- quality of execution and liquidity services provided by the broker-dealer;
- commission rates;

- broker-dealer’s research and investment ideas;
- broker-dealer’s ability to obtain a timely execution;
- broker-dealer’s execution policies and commitment to providing best execution;
- size and volume of the broker-dealer’s order flow;
- reliability, efficiency, accuracy, integrity of the broker-dealer’s general execution and operational capabilities; and
- financial condition of broker-dealer.

### Broker Selection

Brokers are chosen based on a best execution basis and on the level of research they provide to the firm.

On a semiannual basis, research analysts rank the market data resources, research tools and data feeds they receive based on the value each adds to the analyst and investment process. The Director of Research, along with the Director of Operations & Trading, will review the current rankings from the groups, client commission directives, and existing contractual commitments, as well as approve new trading partners based on their assessment of all of these inputs.

WHG has established the Trade Order Management Committee (TOMC) to oversee trading:

- The TOMC is responsible for the periodic review of the firm’s brokerage and best execution practices for trading conducted by the Trading Team and outsourced trading partners. The TOMC reviews commission rates on a quarterly basis and periodically reviews the financial health of brokers. The TOMC is chaired by the Managing Director, Operations & Trading. Membership includes representatives from Trading, Legal & Compliance, Performance & Risk Analytics, Operations and others, such as key vendors, as needed.
- The TOMC is also responsible for the review and monitoring of NTSI’s trading activity and the transaction cost analysis (TCA) metrics of such activity. TCA is provided by an independent third party and reviewed by the TOMC at least quarterly. Performance is evaluated against multiple benchmarks, including implementation shortfall, interval volume-weighted average price, and participation-weighted price. Metrics such as price reversion and participation consistency (i.e., how the traders behave in various market environments) are also key measures. Specific trades that perform particularly well or poorly are researched in-depth to understand the performance drivers and unique circumstances. All findings and general TCA are presented to the TOMC and reviewed with NTSI.

Brokers are not selected based on their referral of clients to Broadmark. Broadmark does not currently receive any referrals of clients from any of the brokers used for client trading or client commissions.

Broadmark does not direct client trades to Salient Capital.

### Research and Other Soft Dollar Benefits

Broadmark may pay a brokerage commission in excess of that which another broker-dealer may charge for effecting the same transactions in recognition of the value of the brokerage and research services provided by or through the broker-dealer, and such commission costs are borne by the client. The Trading Team will make a good faith determination that the amount of commissions paid is reasonable in relation to the value of the brokerage and research services provided. The brokerage and research services received by Broadmark or the Trading Team generally include proprietary or third-party research, general economic and market information, portfolio strategy advice, industry and company comments, technical data, evaluations of securities, pricing services, credit research analysis, general reports, consultations, performance measuring data, on-line pricing, brokerage execution-related services, and special execution capabilities, newswire and quotation services (e.g., Reuters, Bloomberg, First Call), and recommendations as to the purchase or sale of securities.

To the extent that certain items have research and non-research components (“mixed-use”), the Trading Team allocates commissions for only those portions of the service or product that are research or execution related. This analysis is conducted on a case-by-case basis depending upon the total costs for a service or product and the extent to which the product or service is used by Trading Team on behalf of Broadmark for research or brokerage execution-related services.

The Trading Team may use the products and services received from broker-dealers to service all Broadmark’s accounts. Thus, not all such services may be used for the benefit of the client that pays the brokerage commission which procures the receipt of such research or brokerage services.

The use of brokerage commissions to obtain research and brokerage-related products and services creates a conflict of interest between Broadmark, its affiliates and their clients because the clients pay for such products or services, which may not be exclusively for the benefit of advisory clients and which may be primarily or exclusively for the benefit of Broadmark and its affiliates. To the extent that Broadmark is able to acquire products and services without expending its own resources (including management fees paid by clients), Broadmark’s use of commission sharing arrangements would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence the Trading Team to select one broker-dealer over another to perform services for clients. Moreover, the use of “mixed-use” products or services creates a conflict to the extent that the Trading Team allocates the cost of the product or service to soft dollars.

The Trading Team generally will only use commission sharing for brokerage and research related products and services. Non-brokerage and non-research products and services received by Broadmark or the Trading Team from broker-dealers in connection with client trades will be paid for directly by WHG. Notwithstanding the Trading Team’s good faith determination that certain products and services are research or brokerage-related, Trading Team may inadvertently use commissions to pay for non-brokerage or non-research products or services to the extent that Trading Team good faith determination is not accurate.

Broadmark intends to use commission sharing only for those products and services that fall within the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934.

The Trading Team will provide a commission sharing report to clients upon request. Clients may direct the Trading Team as to how to prepare this report.

### Trade Aggregation and Allocation

Broadmark's trade allocation policy is implemented when the Portfolio Team deems the purchase or sale of a security to be in the best interests of more than one of its clients. The Portfolio Team may aggregate multiple contemporaneous client purchase or sell orders into a block order for execution.

Client accounts for which orders are aggregated receive the average price of such transaction, which could be higher or lower than the price that would otherwise be paid by a client absent the aggregation. Any transaction costs incurred in the transaction are shared pro rata based on each client's participation in the transaction. In some cases, this procedure could have an adverse effect on a particular account; however, the results of such procedures will, on the whole, be in the best interests of each of Broadmark's advisory accounts.

When a decision is made to aggregate orders, the Portfolio Team seeks to allocate securities among Broadmark's client accounts in a fair and equitable manner. Under Broadmark's trade allocation policy, securities generally are allocated among client accounts according to each account's pre-determined participation in the transaction, as the Portfolio Team seeks to allocate transactions before execution of a block order. However, under certain circumstances, trades may not be allocated prior to entering the trade order. In such event, the Portfolio Team will seek to allocate such orders at the earliest practicable time.

Pre-allocated and unallocated block trades that are partially filled are generally allocated on the basis of the relative net assets of the participating accounts. If the aggregate order is partially filled, the Portfolio Team typically will allocate trades on a pro rata basis among the client accounts in proportion to the contemplated allocation in the written record, which may be subject to rounding to ensure that each account receives round lots. Where pro rata allocation is not practicable, the Portfolio Team will allocate trades in a fair and equitable manner taking into consideration such factors as:

- The investment objective, policies and strategy of the account;
- The appropriateness of the investment to an account's time horizon and risk objectives;
- Existing levels of account ownership in the investment and in similar securities; and
- The immediate availability of cash or buying power to fund the investment.

When aggregating trades among client accounts, retail managed account trades cannot be included in the aggregation due to the separate trading platform used for such accounts; therefore, the Portfolio Team utilizes a trade rotation policy.

The Trading Team may execute transactions in the same securities on behalf of a number of accounts, including accounts in which Broadmark, its affiliates, and/or their Affiliated Persons may have a financial interest, such as the mutual funds managed by Broadmark or any of its affiliates. Thus, there may be a conflict of interest to the extent that trades are allocated to accounts in which Broadmark, its affiliates or their Affiliated Persons have a financial interest and are not allocated to other client accounts. These transactions may be executed separately, or they may be

aggregated when, in the Portfolio Team's reasonable judgment, aggregation may result in an overall economic benefit to those accounts in terms of pricing, brokerage commissions, or other expenses. The Portfolio Team will not aggregate client trades with proprietary (insider) accounts of Broadmark or other Affiliated Advisers.

In general, trades are allocated among investment strategies on a pro rata basis. (Where pro rata allocation is not practicable, the Portfolio Team will seek to make trade allocations consistent with the factors identified above, and in a fair and equitable manner. Once trades are allocated, they may be reallocated only in unusual circumstances due to recognition of specific account restrictions.

#### Step-out Transactions

The Trading Team has the discretion to employ "step-out" procedures to accommodate all clients in an aggregated trade in certain thinly traded stocks, or where best execution would be attained by using a single broker for execution rather than several brokers. In addition, an executing broker for a block trade may step-out a portion of the aggregated trade to a broker when a client has directed that trades be executed or settled through that particular broker. In these circumstances, a broker other than the broker settling a trade may have executed the trade. As a result, clients may incur additional transaction costs.

#### Agency or Internal Cross Trading

Broadmark prohibits agency or internal cross trades between accounts. If a cross trade situation was warranted, the Portfolio Team would work with the Trading Team, the Legal and Compliance Department, and the client, when necessary, to ensure that the cross trade was initiated with no associated broker commissions and in compliance with the relevant laws and regulations and that the proper contemporaneous documentation was maintained.

#### Trade Error Policy

The Trading Team will review the relevant facts and circumstances of a trade error to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Broadmark's error correction policy is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Trading Team has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Trading Team's gross negligence, willful misconduct, or fraud, trade errors will be corrected through direction by the TOMC as soon as practicable, in a manner such that the client incurs no loss.

## **ITEM 13 - REVIEW OF ACCOUNTS**

Client accounts are reviewed by Broadmark's Chief Investment Officer, Senior Portfolio Manager, Chief Compliance Officer, or delegate, and the Trading Team on a daily basis. The review includes the types of securities held, adherence to investment guidelines and the performance of each client account, among other areas.

Each client that is a separate account receives a monthly report package including portfolio appraisal, transactions for the period, realized and unrealized gains/losses, non-trade related activity, and period performance from Broadmark. Such reports may be delivered electronically to the client in accordance with the client's agreement with Broadmark. In addition, as each separate account is opened by the client in the client's name, the custodian will provide directly to the client confirmations of trades, and account holdings and activity, monthly statements, etc.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Broadmark and/or the Trading Team receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for Broadmark or the Trading Team to select or recommend broker-dealers based on Broadmark's or the Trading Team's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates, which could result in higher transaction costs than would otherwise be obtainable by Broadmark on behalf of its clients. Please see Item 12 for further information on Broadmark's "soft-dollar" practices, including the procedures for addressing conflicts of interest that arise from such practices.

Broadmark does not have any client referral agreements with any solicitor or promoter.

## **ITEM 15 - CUSTODY**

Broadmark does not have custody of any separately managed account assets. Broadmark also does not have custody of client assets for any of the mutual funds or SMA accounts to which Broadmark provides advisory or sub-advisory services.

## **ITEM 16 - INVESTMENT DISCRETION**

Broadmark accepts discretionary authority to manage securities accounts on behalf of clients pursuant to a signed investment management agreement or other agreement that sets forth the scope of Broadmark's discretion.

Broadmark has the authority to determine (i) the securities to be purchased and sold for the client account and (ii) the amount of securities to be purchased or sold for the client account. Client accounts may have restrictions on their activities as set forth in the applicable investment management agreement and any written investment guidelines, but not limited to concentration

limits, diversification criteria, liquidity requirements, maximum rates of turnover, specific asset allocations, prohibitions on investing in an issuer, class or sector, among others.

## **ITEM 17 - VOTING CLIENT SECURITIES**

Broadmark proxy voting practices are implemented through its shared service employee agreement with WHG, which has engaged Broadridge Financial Solutions, Inc. for proxy voting services and Glass Lewis & Co., LLC for proxy research for its clients. Broadridge is a leading provider to the global financial industry for full-service proxy support. Glass Lewis provides complete analysis and voting recommendations on all proposals and is designed to assist investors in mitigating risk and improving long-term value. The analyst Team has the authority to vote client securities. In most cases, the analyst team agrees with the recommendations of Glass Lewis; however, ballots are reviewed bi-monthly by Analyst Team, who may choose to vote differently than Glass Lewis if they believe its in the best interest of Broadmark's clients.

The Analyst Team maintains complete proxy record keeping files for Broadmark's clients. These files include a listing of all proxy material sent on behalf of clients along with individual copies of each response. Client access to these files can be arranged upon request. A summary of voting will be furnished upon request.

The CCO will identify any conflicts of interests that exist or are perceived to exist between Broadmark, its affiliates, or their Affiliated Persons and the client and/or client holdings. If a material conflict exists, the CCO will determine whether it is appropriate to inform the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or the independent third-party Glass Lewis recommendation.

Broadmark will maintain a record of the resolution of any proxy voting conflict of interest.

Clients may request a complete copy of Broadmark's Proxy Voting policies and procedures by contacting their representative or the firm's CCO.

Clients can retain the authority to vote their securities, or they can request to receive proxy research and voting recommendations and can direct the Analyst Team to how to vote.

## **ITEM 18 - FINANCIAL INFORMATION**

Broadmark does not require or solicit prepayments of more than \$1,200 in fees per client six months or more in advance.

There is no financial condition that is reasonably likely to impair Broadmark's ability to meet contractual commitments to clients.

Broadmark has not been the subject of a bankruptcy petition.