

Part 2A of Form ADV: Firm Brochure

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September 01, 2023

This brochure provides information about the qualifications and business practices of Entasis Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 262-754-5299 or info@EntasisAM.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Entasis Asset Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Current Document Date: September 01, 2023

Last Update: March 31, 2023

This Firm Brochure is the disclosure document for Entasis Asset Management LLC ("Entasis," the "firm" and/or "we") prepared according to regulatory requirements and rules. This Item 2: Material Changes is utilized to provide our clients with a summary only of the material new and/or updated information to our ADV Part 2A and Form CRS (Customer Relationship Summary). We will inform clients of the revision(s) based on the nature of the information.

Coversheet and Item 2: Material Changes updated information. Entasis is delivering this document to inform you of an important address change. Our new location is disclosed below.

Entasis is required to amend this Brochure when information becomes materially inaccurate. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will also provide you with other interim disclosures about material changes to the information provided in this Brochure as necessary or required. Non-material revisions are not delivered to clients but can be viewed on the SEC Investment Adviser info site, as noted on the cover sheet of this brochure.

Whenever you would like to receive a complete copy of the current Brochure, please contact us at 262-754-5299 or info@EntasisAM.com. We will be happy to provide you with a complete copy of this Brochure or our firm's Form CRS.

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Description of the Firm

Entasis Asset Management LLC is a Wisconsin limited liability company (“Entasis”) founded in 2016, with its principal place of business in Wisconsin. Entasis is now a Securities and Exchange Commission (“SEC”) registered investment adviser. Registration with the SEC does not imply any specific level of skill or training.

K. Robert J. Batchelor, Charles J. Batchelor and Michael J. Peters are currently the sole managers of Entasis.

Description of Services Offered

Entasis offers investment advisory and financial planning services to its clients. We generally refer to our investment advisory and financial planning services as Investment Planning. Entasis may offer its Investment Planning services to individuals, corporations and other business entities, pension and profit-sharing plans, endowments, foundations, charitable organizations, investment advisors, estates, government entities and trusts.

Entasis also offers Investment Management services through a range of equity, fixed income and balanced investment strategies to a broad set of clients. Our investment strategies are offered to clients with specific investment goals who do not desire to utilize our financial planning services. We generally refer to our investment strategy offerings as Investment Management.

Entasis offers Research and Consulting services to other investment advisory firms, corporations and other business entities, endowments, foundations, banking and trust institutions, registered broker-dealers, retirement plan administrators and other institutions.

Entasis offers Retirement Plan Advisory and Consulting services to retirement plan sponsors of corporations and other business entities of any size.

The following paragraphs describe Entasis' services. Please refer to the following paragraphs for more detail about the specific service, and how we tailor our services to your individual needs. As used in this Brochure, the words "our" and "us" also refer to Entasis. The words "you," "your" or "client" refer to our clients and prospective clients. Other terms may be defined later in this Brochure as well.

Investment Planning Services

Entasis offers continuous and ongoing investment advice and portfolio management through our Investment Planning services. Our Investment Planning services are tailored to meet our client's individual needs, life circumstances and investment goals. We have discussions with the client to determine the client's investment objectives, risk tolerance, time horizons and liquidity needs. We use the information we gather to create an individualized investment strategy and portfolio for the client, while evaluating market trends and potential market outcomes. We recommend a minimum account size of \$250,000 for clients that choose our Investment Planning services.

Clients may impose reasonable restrictions and guidelines on investing in certain securities, types of securities or industry sectors. We expect all such restrictions to be timely communicated to us. Client restrictions and guidelines may negatively affect investment performance.

We also expect clients to inform us of any changes to their financial circumstances, investment objectives or risk tolerance, or of any modifications or restrictions that should be imposed on the management of the client's account. In this manner, Entasis can better serve our clients' needs.

Account management and supervision is guided by the client's stated objective, reasonable restrictions and guidelines, and market conditions. We manage clients' investment accounts on a discretionary and non-discretionary basis. Once we construct an investment portfolio for a client, we will monitor the portfolio's performance on an ongoing and continuous basis, unless otherwise agreed, and will make adjustments and reallocations as necessary due to changes in market conditions and the client's financial circumstances.

For our discretionary asset management services, Entasis will receive a limited power of attorney to effect securities transactions on behalf of a client. This will allow us to determine the specific securities (subject to client restrictions) and the amount of securities to be sold in a client's accounts without prior client approval. The client may limit our discretionary authority by providing us with a written communication that details restrictions and other guidelines.

Unless otherwise agreed to by the client and Entasis, if we manage a client's account on a non-discretionary basis, we will either have the ongoing responsibility to select or make recommendations, which will be based upon the client's individualized investment strategy, as to specific securities purchased or sold in the account, *or* we will develop and implement an asset allocation strategy, which we will continuously monitor and supervise. However, we would first obtain a client's approval before executing transactions in a non-discretionary account. Requests for approval will be communicated via electronic mail to an authorized account. The client will be responsible for responding in a timely manner.

We explore different types of investment options and strategies in the design of a client's customized portfolio. Our investment recommendations are not limited by any specific product or service offered by a broker-dealer or custodian. These recommendations will generally include, but not necessarily be limited to, security types from the following list:

- Money market funds and other cash instruments
- Exchange listed securities, and securities traded over-the-counter
- Mutual fund shares and exchange traded fund shares – passive and actively managed
- Separately managed accounts
- Corporate debt securities
- Hedge fund shares
- Municipal securities
- U.S. governmental securities
- Real estate investment trust shares/interests
- Structured products and derivatives

Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

Because some types of investments involve certain additional degrees of risk, they will only be recommended and implemented when consistent with the client's stated investment objectives, tolerance for risk, suitability and liquidity needs.

As part of our investment planning services, we may, upon the client's request and in rare circumstances, recommend a third-party money manager to manage a portion of the client's investment portfolio. Factors we take into consideration when making our recommendation include, but are not limited to, the money manager's performance, investment strategies, methods or analysis, advisory fees and other fees, assets under management and the client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the third-party money manager, and we monitor the performance of the money manager to ensure its management and investment style remain aligned with the client's objectives and risk tolerance. To the extent a third-party money manager is used, that third-party money manager will be registered in the state where the client resides, if required by applicable law.

Entasis' financial planning is a comprehensive evaluation of a client's financial situation using currently known facts and variables that relies on the practice standards outlined by the CFP Board. We create a personalized financial plan for the client, which is designed to assist the client in achieving financial goals and objectives. We may also prepare special reports at the client's request. Entasis will, on occasion, work with a client who only desires a financial plan without accompanying investment advisory services. The terms of the engagement would be individualized based on that client's needs.

A financial plan generally addresses the following areas:

- **Knowledge Gathering:** Understanding of a client's current financial situation. Sources of evaluation include income, expenses, assets, liabilities, etc. Information is gathered through interviews and reviews of documents provided by the client, including questionnaires. Information gathered typically includes the client's current financial status, future goals, investment objectives, risk tolerance and family circumstances.
- **Risk Discussion:** This area generally involves the identification, selection and prioritization of goals, analysis of the client's current financial plan, a review of potential alternate plans, the development of recommendations and the presentation of recommendations.
- **Portfolio Management:** Implementation of financial plan recommendations and the selection of investment options and other services designed to execute the plan. Execution of the plan may require the services of a specialist such as an insurance specialist, attorney, or tax accountant. We may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by us.
- **Ongoing Communication:** Assessing client circumstances regularly is critical as needs can change. Entasis sets a regular review schedule with each client, according to their preferences, to update goals and recommendations, monitor portfolio results and financial plan progress and refresh qualitative and quantitative information.

Financial plans are based on the client's financial situation at the time we present the financial plan to the client, and on the information provided to us. The client must promptly notify us if his/her financial situation, goals, objectives or needs change. Certain assumptions may be made with respect to interest rates, inflation rates, and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. We cannot offer any guarantees or promises that a client's financial goals will be met.

Investment Management Services

Entasis offers a range of individual strategies and asset allocation strategies for investors who do not have an interest in financial planning and prefer to only hire the firm as an investment manager. Our Investment Management services rely on the same in-house research used to develop portfolios for investment planning clients. We recommend a minimum account size of \$50,000 for clients that choose our Investment

Management services. A list of strategies currently available is set forth below.

- Equity
- Core Fixed Income
- Core Plus Fixed Income
- High Income
- Dynamic Total Return
- GenerationTech™

Entasis GenerationTech™ asset allocation strategies are designed for people who enjoy the time and communication efficiencies provided by technology. GenerationTech™ portfolios are designed for investors beginning to accumulate wealth and investors who prefer efficient, low touch client service from their advisor. Portfolio minimums are generally \$50,000 in household investable assets. These portfolios are designed to provide high quality investment advice in a highly efficient package. Clients with at least \$5,000, and approved account type registrations, can utilize Charles Schwab's Institutional Intelligent Portfolios® (IIP) technology and service platform. The platform leverages Schwab Performance Technologies (SPT) and is made available to Entasis to provide clients with an automated investment management service. Schwab, a registered broker-dealer and member SIPC, provides custody, trading and support services.

Investment Management is guided by each strategy's stated objective. All client accounts will be managed on a discretionary basis. We will monitor the portfolio's performance on an ongoing and continuous basis and will make adjustments and reallocations as necessary due to changes in our investment opinions and changes in market conditions.

(Please refer to Item 8 for more information on our investment strategies.)

Research and Consulting Services

Entasis' Research and Consulting services typically include investment advisor assessments and access to Entasis portfolio strategies. An investment advisor assessment generally consists of an analysis of the investment management organization, investment process(es), investment manager due diligence, portfolio construction and fees of another advisor. Entasis' portfolio strategies include access to our recommended investment products and models including ongoing changes to both.

Research and Consulting services may also include approved investment advisor list consolidation, asset/liability modeling, asset allocation recommendations and investment policy development, among other services.

Retirement Plan Advisory and Consulting Services

Entasis' Retirement Plan Advisory and Consulting services are designed to support the needs and responsibilities of the plan sponsor of a client's retirement plan. Entasis services include a due diligence search designed to assist in the selection of a third-party administrator (TPA) and a recordkeeper that align with the unique needs of each client retirement plan. We expect the plan sponsor of each retirement plan client to assist in the due diligence effort by providing Entasis with a detailed summary of plan provisions and preferences. In addition to the due diligence search, Entasis' list of services also includes the following:

- Investment policy statement development.

- Investment menu design.
- Investment monitoring and reporting.
- Investment committee support.
- Total plan fee analysis and plan benchmarking.
- Optional risk-based GenerationTech™ portfolio models for participants.
- Optional one-on-one participant Investment Planning services.

Client Assets under Management

As of 12/31/2022, Entasis had \$112,655,480 million in assets under discretionary management and \$2,583,288 million under non-discretionary management.

Item 5: Fees and Compensation

Investment Planning Services

Entasis' fee for our Investment Planning services will be charged as a percentage of "household" assets under management with us, according to the following schedule:

| <u>Household Assets Under Management</u> | <u>Annual Fee Rate</u> |
|---|-------------------------------|
| \$0 to \$1,000,000 | 0.90% |
| Over \$1,000,000 | 0.75% |

For purposes of the fee calculation, "household" assets mean the investment accounts managed by Entasis for a client and client's spouse, partner, minor children and/or disabled adult children. Entasis generally recommends a \$250,000 household minimum to open and maintain an Investment Planning relationship. Relationships with less than \$250,000 may be established, but will utilize a more limited investment lineup.

Although Entasis has established the above fee schedule, we may negotiate other fee schedules depending on the size of the account, type of account, the level of client service required and other factors we consider relevant, including timing of client relationship. Generally, it is our policy to only negotiate an individual fee schedule with a client placing household assets of approximately \$5 million or more under discretionary management with us. Certain clients may be grandfathered in with fees that are different than as outlined in this section. The specific annual fee schedule is identified in the contract between our firm and each client. The specific annual fee between Entasis and each client will be identified in the agreement between Entasis and that client.

Fees are charged quarterly in arrears based on the market value of the client's account(s) on the last business day of the quarter. For partial quarters, fees are pro-rated. Because we charge in arrears, there should be no unearned fees. Subject to client's consent, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written authorization to deduct the fees described. The custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the custodian will not verify the calculation. Payment of fees may result in the liquidation of client's securities if there is insufficient cash in the client's account(s).

Clients who use a third-party money manager may be charged fees different from the above fee schedule.

Asset based fees are always subject to the management agreement between the client and Entasis, and we generally retain the right to amend our fee schedule with 30 days' prior written notice to the client.

There is no separate fee for Entasis' financial planning services. Financial planning services may include, but are not necessarily limited to, an analysis of a client's financial status and investment objectives, personal consultation, and the preparation of a personalized financial plan and/or retirement plan.

In some circumstances, the financial plan may require the services of a specialist such as an insurance specialist, attorney or tax accountant. (Entasis does not provide any legal, tax or accounting advice.) Entasis may recommend third-party service providers, but the client is under no obligation to use any service provider recommended by Entasis. Fees for specialists will be negotiated between the client and specialist directly.

On rare occasions, we may agree to an hourly fee for our investment planning services. The hourly rate will vary depending on the scope and complexity of a client's financial circumstances. Any hourly fee would be agreed upon between us and the client in writing.

Investment Management Services

Entasis' fee for Investment Management services will be charged as a percentage of assets under management with us, according to the following schedule:

| <u>Assets Under Management</u> | <u>Annual Fee Rate</u> |
|---------------------------------------|-------------------------------|
| Any | 0.60% |

Entasis generally requires a \$50,000 household minimum to open and maintain an Investment Management account(s). Relationships with less than \$50,000 may be established but will utilize a more limited investment lineup. Clients with at least \$5,000, and approved account type registrations, can utilize Charles Schwab's Institutional Intelligent Portfolios® (IIP) technology and service platform. The platform leverages Schwab Performance Technologies (SPT) and is made available to Entasis to provide clients with an automated investment management service. Schwab, a registered broker-dealer and member SIPC, provides custody, trading and support services.

Although Entasis has established the above fee schedule, we may negotiate other fee schedules depending on the size of the account, type of account, the level of client service required and other factors we consider relevant, including timing of client relationship. Generally, it is our policy to only negotiate an individual fee schedule with a client placing household assets of approximately \$5 million or more under discretionary management with us. Certain clients may be grandfathered in with fees that are different than as outlined in this section. The specific annual fee schedule is identified in the contract between our firm and each client. The specific annual fee between Entasis and each client will be identified in the agreement between Entasis and the client.

Fees are charged quarterly in arrears based on the market value of the client's account(s) on the last business day of the quarter. For partial quarters, fees are pro-rated. Because we charge in arrears, there should be no unearned fees. Subject to client's consent, fees are directly debited from a client's account(s), and each client is required to provide the qualified custodian of the client's account(s) written authorization to deduct the fees described. The custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the custodian will not verify the calculation. Payment of fees may result in the liquidation of client's

securities if there is insufficient cash in the client's account(s).

Research and Consulting Services

Fees for Research and/or Consulting services will be negotiated between Entasis and a client on a project-by-project basis. The determination of fees will primarily be based on project scope and complexity.

The specific research and/or consulting annual fee between Entasis and a client will be set forth in the agreement between Entasis and that client. Research and Consulting fees will generally be invoiced 50% upon execution of the agreement and 50% upon completion of the project.

Retirement Plan Advisory and Consulting Services

Entasis' fee for our Retirement Plan Advisory and Consulting services will be charged as a percentage of assets under management with us, according to the following schedule:

| Retirement Plan Assets | Investment Advisor Fee Rate | Investment Manager Fee Rate |
|-----------------------------------|--|--|
| \$0 to \$5,000,000 | 0.20% | 0.30% |
| Over \$5,000,000 | 0.15% | 0.25% |

For purposes of the fee calculation, retirement plan assets will exclude plan assets where a direct advisory agreement is in place. The minimum annual fee for Retirement Plan Advisory and Consulting services is \$1,000. Although Entasis has established the above fee schedule, we may negotiate other fee schedules depending on the size of the plan, the level of client service required and other factors we consider relevant, including timing of client relationship. Generally, it is our policy to only negotiate a custom fee schedule with a client placing retirement plan assets of approximately \$50 million or more under advisement or management with us. The specific annual fee between Entasis and each client will be identified in the agreement between Entasis and that client. In some circumstances, a client may select certain services on a flat fee or hourly fee basis. The specific fee would be negotiated between Entasis and the client.

General Information

An investment management agreement may generally be terminated at any time, by Entasis or the client, for any reason with 30 days' prior written notice. In addition, if a client receives this Brochure at the time the client enters into the investment management agreement, the client has the right to terminate the agreement within 5 business days after entering into it by giving written notice of such termination to Entasis. Investment advisory fees, which are not earned at termination, are refunded to the client on a pro-rata basis.

An agreement for research and/or consulting services may be terminated by Entasis, or the client as provided for in the applicable agreement.

Entasis will not take custody or possession of client funds or securities at any time except to the extent that we may deduct fees directly from the client's account(s).

All fees paid to Entasis are separate and distinct from fees and expenses charged by any mutual fund, separately managed account (held through a third-party money manager), exchange-traded fund, private placement, pooled investment vehicle, and/or real estate investment trust. Mutual fund and/or exchange-traded fund fees are described in the respective fund's prospectus. The fees for private placements, pooled

investment vehicles and/or real estate investment trusts are described in the confidential offering memoranda, subscription documents and/or trusts for each respective private placement or pooled investment vehicle. These fees will generally include management fees, various expenses and a possible distribution fee. Fees for separately managed accounts will be disclosed in material provided by the third-party money manager. The client should review the fees charged by the funds, managed accounts, private placements, pooled investment vehicles and/or real estate investment trusts and those charged by Entasis to fully understand the total amount of fees to be paid by the client and to evaluate the advisory services being provided. A client could invest directly in the funds, separately managed accounts, private placements, pooled investment vehicles and/or real estate investment trusts without our services. In that case, the client would not receive our services with regard to said investment.

In addition, the client is also responsible for paying the fees and expenses charged by an independent, qualified custodian(s). The client is also responsible for fees and expenses imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer for transactions effected in the client's account(s). Clients may be responsible for paying alternative investment fees, specialized investment fees and trade away fees. Please refer to Item 12 (Brokerage Practices) in this Brochure for additional information.

Entasis will be deemed to be a fiduciary to advisory clients that are employee benefit plans (such as profit-sharing plans or pension plans) or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income Security Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Entasis may only charge fees for investment advice (i) about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or (ii) about products for which our firm and/or our related persons receive commissions or 12b-1 fees if such commission and fees are used to offset Entasis' advisory fees.

Clients should be aware that similar advisory services may (or may not) be available from other registered or unregistered investment advisors for similar or lower fees.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

In Illinois, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisor contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

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

Entasis does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees, which are based on the share of capital gain or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged a performance-based fee.

Item 7: Types of Clients

Entasis offers its Investment Planning services and Investment Management services to individuals, corporations and other business entities, pension and profit-sharing plans, endowments, foundations, charitable organizations, investment advisors, estates, government entities and trusts.

Entasis offers Research and Consulting services to other investment advisory firms, corporations and other business entities, endowments, foundations, banking and trust institutions, registered broker-dealers, retirement plan administrators and other institutions.

Entasis offers Retirement Plan Advisory and Consulting services to retirement plan sponsors of corporations and other business entities of any size.

We have the right to terminate our relationship with any client if we believe that the account is too small to effectively manage.

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

Entasis may use one or more of the following methods of analyses or investment strategies when providing investment advice to clients, subject to the clients' investment objectives, risk tolerance, time horizons and stated guidelines:

Entasis' investment advice will include a range of actively managed asset allocation strategies derived from our equity and fixed income research processes.

Entasis' analysis methods rely on the assumption that the investment vehicles which we recommend for our clients, the companies whose securities we purchase and sell on behalf of our clients, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate, timely and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate, misleading or untimely information. This is an ongoing risk with regard to all the strategies discussed below.

Investment Planning Strategies

Entasis uses the following strategies in managing portfolios for Investment Planning clients. Investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and the appropriate asset allocation strategy for each client based upon the client's predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs and other various suitability factors. The client's restrictions and guidelines may affect the composition of the portfolio.

Entasis' investment strategies, which are used to develop client portfolios, are based on our Core / Completion philosophy. The Core component of client portfolios is largely comprised of U.S. investments. The Completion component of client portfolios is largely comprised of non-U.S. investments, alternative investments and diversifying investments. All our investment strategies rely on our investment manager selection process, our decision-making structure for investment vehicles and our equity and fixed income research.

Investment Manager Selection Process

Entasis employs an in-depth research process of each investment manager it chooses for inclusion in client portfolios. Our process includes a qualitative analysis of the investment team experience, team decision making structure, compensation, succession plan, investment process, risk management, trading and culture among other factors. We visit investment managers at our office, interview investment managers on the telephone and conduct on-site due diligence trips to meet with portfolio managers, analysts, traders and other key individuals of the firms. We also utilize quantitative analysis, which includes a proprietary scoring

method that incorporates data from third-party databases. Our quantitative criteria differ by asset class allowing us to evaluate the unique characteristics inherent in each. We also analyze various statistical measures of each investment using a variety of analytical software applications to identify a manager's performance cycle, optimal positioning of the manager with other investments in a portfolio and to assess the impact of each manager's risk on the combined client portfolio.

Investment Vehicle Decision Making Structure

Entasis investment vehicle decision making structure is focused on cost management, diversification, tax considerations and investment minimums. Generally, we use individual securities to gain targeted exposures, account for taxes and/or improve cash flow management. Investment managers are used to manage trading costs across asset class exposures, to complement individual security exposures, increase diversification or provide exposure to market segments where we believe there is an opportunity to provide relative value, dampen portfolio volatility or add alpha. (In this context, we are defining alpha as the excess return potential of a specific market segment compared to a broad market benchmark.) Exchange traded funds are used to make tactical relative value shifts, manage investment minimums or costs or increase diversification.

Equity Research Process

Entasis employs a fundamental process that incorporates our investment manager selection process, our decision-making structure for investment vehicles, and a stock selection process to construct a diversified portfolio of equity investments. Our stock selection process generally focuses on companies traded on U.S. exchanges. We emphasize companies with strong or improving competitive positions, healthy balance sheets that provide company management with decision making flexibility, including the ability to return capital to shareholders, trading at attractive absolute and relative valuations. Our research process includes an in-depth analysis of a company's financial statements, a review of competitors and industry dynamics and an assessment of company management and its tendencies.

Fixed Income Research Process

Entasis employs a fundamental process that incorporates our investment manager selection process, our decision-making structure for investment vehicles, duration and yield curve positioning, capital allocation, investment selection and risk management to construct a diversified portfolio of fixed income investments. (Duration is a measure of sensitivity of the price of a fixed income investment to a change in interest rates. A yield curve is a line that plots interest rates of bonds with equal credit quality, but different maturity dates.) Duration and yield curve positioning rely on our views of economic growth, inflation and central bank policy, which help us determine the fair value of interest rates. Positioning varies based on our view of interest rates and our proprietary modeling of fair value across the spectrum of maturities. Our capital allocation process is rooted in the belief that fixed income securities are mean reverting. We attempt to isolate and invest in sectors of the fixed income market that are experiencing price dislocation relative to their fundamental value. Investment selection is a combination of our investment manager selection process and fixed income security selection process. When choosing individual securities, we focus on those with attractive liquidity characteristics that are experiencing price dislocation relative to their sector, risk profile and rating. Our risk management attempts to measure and manage volatility of returns and drawdown by diversifying across the yield curve, sectors, issuers, credit quality, currency and investment manager.

Investment Management Strategies

Entasis' Investment Management strategies rely on the same in-house research and investment process that is used to develop client portfolios for Investment Planning clients. Instead of determining investments and

the appropriate portfolio based on each client's individual circumstance, our Investment Management strategies are guided by the objectives of each portfolio offered under our Investment Management program. The following is a brief description of each investment strategy's objective(s) and the general investment strategies that are typically used in managing assets within that investment strategy.

Entasis Equity Strategy

The Entasis equity strategy seeks long-term capital appreciation. The strategy will generally pursue returns from equity asset classes inside and outside of the U.S. in developed and emerging markets, either through direct investment or through mutual funds or exchange traded funds. Asset class exposure will vary by market opportunity and the outcomes of our research.

Entasis Core Fixed Income Strategy

The Entasis core fixed income strategy seeks current income and preservation of principal while attempting to minimize overall portfolio risk. The strategy will generally pursue returns from high quality fixed income asset classes, such as U.S. and non-U.S. government and U.S. and non-U.S. corporate bonds, either through direct investment or through mutual funds or exchange traded funds. Asset class exposure will vary by market opportunity and the outcomes of our research.

Entasis Core Plus Fixed Income Strategy

The Entasis core plus fixed income strategy seeks current income while attempting to minimize overall portfolio risk. The strategy will pursue returns from high quality fixed income asset classes, such as U.S. and non-U.S. government and U.S. and non-U.S. corporate bonds, either through direct investment or through mutual funds or exchange traded funds. The strategy will also invest in high-yield corporate bonds, bank loans and other lower quality investments with high income potential, either through mutual funds, exchange traded funds or other pooled investment vehicles. Asset class exposure will vary by market opportunity and the outcomes of our research.

Entasis High Income Strategy

The Entasis high income strategy seeks high current income and long-term capital appreciation. The strategy has a secondary objective to mitigate significant downside volatility. The strategy will pursue returns from high quality fixed income asset classes, such as U.S. and non-U.S. government and U.S. and non-U.S. corporate bonds, either through direct investment or through mutual funds or exchange traded funds. The strategy will also pursue investments with high income and capital appreciation potential from other asset classes such as high-yield corporate bonds, emerging market debt, insurance-linked securities and catastrophe bonds, closed-end funds, preferred equity, convertible bonds, master limited partnerships and global macro funds, through mutual funds, exchange traded funds or other pooled investment vehicles. Asset class exposure will vary by market opportunity and the outcomes of our research.

Entasis Dynamic Total Return Strategy

The Entasis dynamic total return strategy seeks long-term capital appreciation. The strategy will pursue returns from a range of asset classes to develop a portfolio of investments from four primary opportunity segments: high conviction managers, emerging managers, performance reversion opportunities and diversifying investments. High conviction managers are managers where we have a high level of confidence in the potential for benchmark relative outperformance. Emerging managers are investments with a short track record that satisfy the qualitative hurdles of our research. Performance reversion opportunities are strategies that have individually struggled or strategies in asset classes that have struggled where we believe

long-term potential is still intact. Diversifying investments are asset classes not usually part of a long-term asset allocation plan. Investments will typically be made through mutual funds, exchange traded funds or other pooled investment vehicles. Asset class exposure will vary by market opportunity and the outcomes of our research.

Entasis GenerationTech™ asset allocation strategies

Clients who utilize a GenerationTech™ asset allocation strategy will receive a customized recommendation for a specific GenerationTech™ strategy based on information provided to Entasis by the client about their personal financial situation and have interests in the same underlying assets that our investment planning clients will generally hold, subject to our assessment of transaction costs and other factors. Our GenerationTech™ asset allocation strategies are designed for investors with lower household minimums (*i.e.*, \$50,000), and/or investors who prefer a lower level of in-person client service when managing their account(s). Clients whose account(s) consist solely of one of our GenerationTech™ portfolios will receive communications regarding their account(s) via email only, will interact with Entasis management and advisors through GenerationTech™ group portfolio webcasts, and will participate in automated tax management programs if tax efficiency is a core component of services for which Entasis has been engaged. Clients with at least \$5,000, and approved account type registrations, can utilize Charles Schwab's Institutional Intelligent Portfolios® (IIP) technology and service platform. Accounts on the Schwab IIP platform will be customized to the needs of each client using an approved list of mutual funds and will be automatically rebalanced to client asset allocation targets at regular intervals.

Risk of Loss

Investing involves a risk of loss. Clients should be prepared to bear investment loss, including the loss of the original principal. Clients should never presume that future performance of any specific investment or investment strategy will be profitable. Further, there may be varying degrees of risk depending on different types of investments. Clients should know that all investments carry a certain degree of risk ranging from the variability of market values to the possibility of permanent loss of capital. Although portfolios seek principal protection, asset allocation and investment decisions may not achieve this goal in all cases. There is no guarantee a portfolio will meet a target return or investment objective.

Risks to capital include, but may not be limited to, changes in the economy, market volatility, company results, industry sectors, accounting standards and changes in interest rates. Investments are generally subject to risks inherent in governmental actions, exchange rates, inflation, deflation, and fiscal and monetary policies. Market risks include changes in market sentiment in general and styles of investing. Diversification will not protect an investor from these risks and fluctuations.

Entasis does not engage in high-frequency trading activities or algorithmic trading strategies.

Additional risks may include:

Market risk: Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. Stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. Common stock (or its equivalent) is generally exposed to greater risk than preferred stocks and the debt obligations of an issuer.

Company risk: There is always a certain level of company or industry specific risk that is inherent in each investment. Although this risk can be reduced through appropriate diversification, it cannot be eliminated. There is the risk that the issuer will perform poorly or have its value reduced based on factors specific to

the issuer or its industry. If the issuer experiences credit issues or defaults on debt, the value of the issuer may be reduced.

Exchange traded fund and mutual fund risk: The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will incur additional costs associated with ETFs and mutual funds (see Item 5).

Management risk: Investments managed by us vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.

Alternative investments risks: Non-U.S. investments, currency and commodity investments may contain additional risks associated with government, economic, political or currency volatility.

Emerging markets risks: Emerging markets can experience high volatility and risk in the short term.

Liquidity risks: Generally, assets are more liquid if many investors are interested in a standardized product, making the product relatively easy to convert into cash. Specialized investments may have reduced liquidity.

Bond risks: Investments in bonds involve interest rates and credit risks. Bond values change according to changes in interest rates, inflation, credit climate and issue credit quality. Interest rate increases will reduce the value of a bond. Longer term bonds are more susceptible to interest rate variations than shorter term, lower yield bonds. Credit risks are greater with lower quality bonds.

Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Generally

Cash balances are typically invested daily in interest-bearing money market accounts, unless the client directs otherwise.

Our strategies and investments may have unique and significant tax implications. Entasis will manage portfolios with an awareness of tax implications, but long-term wealth compounding is our primary consideration. Specific goals regarding account tax efficiency should be set forth in a writing signed by both us and the client. Regardless of account size or other factors, Entasis strongly recommends that its clients continuously consult with a tax professional prior to and throughout the investing of clients' assets. Each client is responsible for contacting his/her tax advisors to determine which cost basis accounting method is the right choice for the client. Clients should provide Entasis with written notice of a client's selected accounting method, and Entasis will alert the client's custodian of the individually selected accounting method. Clients should be aware that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Item 9: Disciplinary Information

Entasis is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of us, our business or the integrity of our management or associated persons.

Neither Entasis nor any of our associated persons has any reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Entasis may, in rare instances and only at the client's request, recommend a third-party money manager based on the client's needs. Both Entasis and the third-party money manager will receive advisory fees from the client. Please refer to Item 5 (Fees and Compensation) for more information regarding third-party money managers. In no event is any client obligated to use any third-party money manager recommended by us.

Entasis is not a registered broker-dealer, commodity firm, commodity trading advisor, or futures commission merchant, and does not have an application to register for any of the same pending.

Entasis does not recommend investment products in which it receives any form of compensation from the separate account manager or investment product sponsor.

Entasis has no affiliations with any entity through common ownership.

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

Entasis has adopted a Code of Ethics that sets forth high ethical standards of business and professional conduct which we require our employees to follow. The Code of Ethics outlines proper conduct related to all services provided to clients by Entasis and our associated persons and includes guidelines for compliance with applicable laws and regulations governing our practice. Our goal is to protect our clients' interests at all times and demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing. Our Code of Ethics also requires that certain people associated with Entasis submit reports of their personal account holdings and transactions to the Chief Compliance Officer who will review these reports on a periodic basis.

Entasis, its associated persons and/or their families may buy or sell the same securities that we recommend to clients or securities in which clients are already invested. Entasis, its associated persons and/or their families may engage in securities transactions for their own accounts that differ from those recommended or engaged in for other Entasis clients. We may also combine orders to purchase securities for Entasis, its associated persons and/or their families with a client's order to purchase securities ("block trading"). Please refer to Item 12 for more information on block trading. A conflict of interest may exist in these events because we have the ability to trade ahead of clients and may potentially receive more favorable prices (for Entasis, its associated persons and/or their families) than the client will receive. To eliminate this conflict of interest, we will make reasonable attempts to trade securities in client accounts at or prior to trading the securities in Entasis accounts, or accounts of associated persons and/or their families. Trades executed on the same day will likely be subject to an average pricing calculation. Moreover, it is our policy that neither Entasis nor its associated persons will have priority over a client's account(s) in the purchase or sale of securities.

It is the policy of Entasis to place the client's interests above those of Entasis and its associated persons.

Neither Entasis nor its associated persons have any material financial interest in client transactions beyond the provision of investment advisory services or other services as disclosed in this Brochure.

Entasis does not engage in principal trading (*i.e.*, the practice of selling stock to advisory clients from our inventory or buying stocks from advisory clients into our inventory). Nor does Entasis engage in agency cross transactions.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the e-mail or phone number listed on the cover page of this Brochure.

Item 12: Brokerage Practices

Entasis will generally require discretionary advisory clients to provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to these clients for securities transactions. In limited circumstances, Entasis will allow a discretionary advisory client to select its own broker-dealer. (See below for more information on directed brokerage.)

Order Aggregation/Block Trading/Allocations

Entasis' advice to certain clients and the action of Entasis for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his/her applicable investment objective, guidelines, risk tolerance and circumstances. Thus, any action of Entasis with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of Entasis to or on behalf of other clients. Entasis acts in accordance with our duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

As Entasis may be managing accounts with similar investment objectives, Entasis may aggregate orders for securities for such accounts. In this event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Entasis in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans and private investment vehicles, such as limited partnerships or limited liability companies, in which Entasis, its affiliates, principals or employees are among the investors.

Entasis' allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. Entasis will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Entasis will aggregate, *i.e.*, "block," trades where possible and when advantageous to clients. The advisor representative and/or portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Entasis to seek the best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

Entasis will block trades among clients whose accounts can be traded at a given broker-dealer. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, as long as transaction costs are shared equally and on a pro-rata basis between all accounts included in the block. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed, and the aggregation does not cause any unintended exposure. All clients participating in each aggregated order will generally receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro-rata portion of commissions,

provided, however, that an adjustment may be appropriate in some circumstances.

Prior to entry of an aggregated order, each client account participating is identified in the order and the proposed allocation of the order, upon completion, to those clients. If the order cannot be executed in full at the same price or time, the securities purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts. Our client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account. Funds and securities for aggregated orders are clearly identified in our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if Entasis believes that a larger size block trade would lead to the best overall price for the security being transacted.

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, considering all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Transactions for any client account may not be aggregated for execution if the practice is prohibited by the client or with Entasis' order allocation policy.

Broker-Dealer Relationships and Benefits

Entasis may recommend or require that clients establish brokerage accounts and custody their assets with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab") or Fidelity Brokerage Services LLC ("Fidelity"), independent SEC registered broker-dealers and members of the Financial Industry Regulatory Authority, National Futures Association and the Securities Investor Protection Corporation, and Schwab or Fidelity would maintain custody of clients' assets and to effect trades for their accounts. We generally recommend that clients establish brokerage accounts and custody their assets at Schwab or Fidelity.

Entasis is independently owned and operated and is not affiliated with Schwab or Fidelity.

Schwab and Fidelity offer services to independently registered investment advisors which include custody of securities, trade execution, and clearance and settlement of transactions. Schwab and Fidelity provide Entasis with access to institutional trading and custody services, which are typically not available to retail investors. Entasis receives some benefits from Schwab and Fidelity through Entasis' participation in their programs. These benefits are disclosed and discussed at length in Item 14 (Client Referrals and Other Compensation) below. Please refer to Item 14 for this information.

Clients should be aware that in evaluating whether to recommend that clients custody their assets or establish brokerage accounts at Schwab or Fidelity, we may consider the availability of some of the benefits received (as described in Item 14) as part of the total mix of factors we examine, and may not solely consider

the nature, cost or quality of custody and brokerage services provided by Schwab and Fidelity, which may create a potential conflict of interest and may indirectly influence our choice of custody and brokerage services.

However, the benefits received by us from Schwab and Fidelity do not depend on the amount of transactions directed to it. Moreover, as part of our fiduciary duties to our clients, Entasis must at all times put the interests of our clients first, and our receipt of benefits from Schwab and Fidelity does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

Best Execution

As stated above, Entasis may recommend or require that its clients establish broker accounts with Schwab or Fidelity. Such accounts will be "prime broker" eligible so that if and when the need arises to effect securities transactions from those accounts at broker-dealers other than with the current custodian ("executing brokers"), such custodian will accept delivery or deliver the applicable security from/to the executing brokers. Schwab and Fidelity may charge a "trade away" fee which is charged against the client's account(s) for each "trade away" occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients are encouraged to consult their current custodian for its policies and fees.

If the client is receiving discretionary advisory services, Entasis, pursuant to the terms of its management agreement with clients, will have discretionary authority to determine which securities are to be bought and sold and the price of such securities to effect such transactions. Entasis recognizes that the analysis of execution quality involves many qualitative and quantitative factors. Entasis will follow a process in an attempt to ensure that it is seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include, but are not limited, to the following:

- The financial strength, reputation and stability of the broker-dealer;
- The efficiency with which the transaction is effected; the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- The availability of the broker-dealer to stand ready to effect transactions of varying degrees of difficulty in the future;
- The efficiency of error resolution, clearance and settlement;
- Block trading and positioning capabilities;
- Performance measurements;
- Online access to computerized data regarding customer accounts;
- Availability, comprehensiveness, and frequency of brokerage and research services;
- Commission rate;
- The economic benefit to the clients; and
- Related matters involved in the receipt of brokerage services.

Consistent with its fiduciary responsibilities, Entasis seeks to ensure that clients receive best execution with respect to the clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of Entasis' knowledge, Schwab and Fidelity provide high-quality execution, and Entasis' clients pay competitive rates for such execution.

Commission rates and securities transaction fees charged to effect transactions are established by the client's custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, Entasis believes that Schwab's commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

Directed Brokerage

Clients who designate the use of a particular broker-dealer other than the one recommended by us should be aware that they will lose any possible advantage Entasis derives from aggregating transactions. Such client trades are typically affected after the trades of clients who have not directed the use of a particular broker-dealer. Entasis loses the ability to aggregate trades with other advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

Brokerage for Client Referrals

Entasis does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

Item 13: Review of Accounts

K. Robert J. Batchelor will monitor managed and supervised accounts on an ongoing basis to ensure that the advisory services provided to clients are consistent with the clients' stated investment goals and objectives. The formality of reviews is determined based on the individual client's investment objectives, with reviews generally conducted no less frequently than semi-annually; provided, however, that Investment Management accounts may have their reviews via email communication or via a group email communication regarding the underlying Investment Management portfolio. Accounts are reviewed in the context of each client's stated investment objectives, risk tolerance and written guidelines and restrictions. More frequent reviews may also be triggered by a change in the client's investment objectives or risk tolerance, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in investment or fund managers, or changes in the economy or financial markets.

Clients also receive standard account statements from the independent, qualified custodian and/or broker-dealer of their accounts no less frequently than quarterly. Entasis may, but is not required to, provide no less than quarterly electronic access to account balances, asset allocations and securities holdings. The account statements received from the custodian and/or broker-dealer are the official records of the client's account(s).

Any review and/or discussion of research and consulting services would be governed by the applicable underlying agreement between us and the client.

Item 14: Client Referrals and Other Compensation

We do not receive any compensation from any third-party in connection with providing advice to our clients. It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from any third-party in conjunction with the advisory and other services we provide our clients.

We do not compensate any individual or firm for client referrals.

As disclosed in item 12 (Brokerage Practices) above, Entasis participates in programs at Schwab and Fidelity through which Entasis has access to institutional trading and custody services, which are typically not available to retail investors.

Schwab and Fidelity brokerage services include the execution of securities transactions, custody, research,

and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in their custody, Schwab and Fidelity generally do not charge separately for custody services, but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or Fidelity that settle into Schwab or Fidelity accounts.

Schwab and Fidelity make available to Entasis other products and services that benefit us, but that may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab or Fidelity. Products and services at Schwab and Fidelity that assist us in managing and administering our clients' accounts include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide research, pricing and other market data;
- Facilitate payment of our fees from clients' accounts; and assist with back-office functions, record keeping and client reporting;
- Receipt of duplicate client statements and confirmations; and
- The ability to have advisory fees deducted directly from our client's accounts.

Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services may include, but are not necessarily limited to:

- Compliance, legal and business consulting;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants and insurance providers;
- Assistance with back-office functions, record keeping and client reporting; and
- Access to mutual funds with no transaction fees and to certain institutional money managers.

Schwab or Fidelity may make available, arrange and/or pay third party vendors for the types of services rendered to Entasis. Schwab or Fidelity may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to Entasis. Schwab or Fidelity may also provide other benefits such as educational events or occasional *de minimus* business entertainment for our personnel. All business entertainment will be guided by our Code of Ethics.

Although the above benefits may assist Entasis in managing and administering clients' accounts, including those not maintained at Schwab or Fidelity, some of the products and services made available by Schwab or Fidelity may benefit Entasis in managing and developing its business, but may not directly benefit Entasis' clients. Clients should be aware, however, that the receipt of economic benefits by Entasis and/or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab or Fidelity for custody and brokerage services.

Item 15: Custody

We have previously disclosed in Item 5 (Fees and Compensation) that Entasis may directly debit advisory and other fees from client accounts. As part of this billing process, the independent, qualified custodian of the client's account(s) is advised of the amount of the advisory or other fee to be deducted from the

client's account(s). The client will receive account statements from the custodian holding the account(s) at least quarterly. These statements will show all transactions within the account during that reporting period, including the amount of advisory or other fees debited from the client's account(s). Because the custodian does not calculate the amount of the fees to be deducted, it is important for clients to carefully review their account statements to verify the accuracy of the fee calculation, among other things. The client may also receive an account statement from Entasis. The client should always compare the account statement received from the custodian with any statement received from us for the same reporting period. The custodian's account statement is the official record of the client's account(s).

A client should contact us directly if he/she believes there is an error or has a question regarding an account statement.

This ability to deduct our fees from a client's account(s) causes us to exercise limited custody over these accounts under applicable law. We do not have, and will not take, physical custody of any clients' funds, securities or assets. Clients' funds, securities and assets will be held with a bank, broker-dealer or independent, qualified custodian.

Item 16: Investment Discretion

When a client hires Entasis to provide discretionary investment advisory services, we have the authority to place trades, buy and sell securities on the client's behalf, determine the amount of the securities to buy and sell, and determine the nature and type of securities to buy and sell without obtaining a client's consent or approval prior to each transaction. In some cases, we will have the authority to hire and fire third-party money managers. Clients who give us discretionary authority will give Entasis a limited power of attorney and/or trading authorization forms to make the above decisions on the client's behalf.

Clients may limit our authority by giving us written instructions, restrictions and guidelines via email communication or other written instructions. For example, a client may specify that the client's account not contain investments in a specific industry. Clients can change such instructions, restrictions and guidelines by providing us with written instructions. The most current written instructions will control. We will not accept instructions via text message or similar instant messaging methods.

If the client enters into a non-discretionary arrangement with Entasis, we will obtain the client's approval prior to the execution of any transactions in the account(s). With such an arrangement, the client has the unrestricted right to decline to implement advice provided by us on a non-discretionary basis.

Item 17: Voting Client Securities

Regardless of whether Entasis has discretion over a client's account(s), we will not vote proxies on behalf of any client.

Entasis will instruct the qualified, independent custodian to forward all proxy materials to the client to review and make his or her own informed decision on how to vote. In the event we receive the proxy material, we will forward it directly to the client by mail or by electronic mail (if the client has authorized electronic communication).

Item 18: Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Entasis does not have any financial issues that would impair its ability to provide services to clients, and Entasis has not been the subject of a bankruptcy petition at any time during the past ten years. We have no additional financial circumstances to report.