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*This Brochure provides information about the qualifications and business practices of Alta Capital Management. If you have questions about the contents of this Brochure, please contact us at 801-274-6010. 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. Alta Capital Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. Additional information about Alta Capital Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Material Changes

The last annual update to this Form ADV Part 2A Brochure was filed on March 22, 2019. Alta Capital Management, LLC (“Alta Capital”) reports the following material changes since its last annual filing:

- Effective March 31, 2020, Alta Capital discontinued its soft dollar program. Alta Capital’s primary trade execution objectives continue to include providing all clients with the best possible order execution with the lowest dispersion of price and minimal market impact, while minimizing transaction costs.
- Effective December 18, 2019, Alta Capital was named Investment Adviser to the Guardian Fundamental Global Equity Fund, which is organized as a series of the Capitol Series Trust by Ultimus Fund Solutions, LLC.

Other routine changes were made to the Brochure.

Alta Capital will provide clients with a summary of any material changes to this Brochure since its last annual update within 120 days of Alta Capital’s fiscal year end. Alta Capital will provide additional interim disclosure about material changes, if warranted.

Current or prospective clients of Alta Capital can request a copy of the current Brochure at any time by contacting Haley Hammond, Chief Compliance Officer, at (801) 274-6010 or via email at [hhammond@altacapital.com](mailto:hhammond@altacapital.com). Additional information about Alta Capital is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), searching by the firm’s CRD #106786.

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#### **Item 4: Advisory Business**

Alta Capital Management, LLC (“Alta Capital”) is an investment management firm based in Salt Lake City, Utah, and established in 1981. Alta Capital’s principal owner is Guardian Capital, LLC while Michael Tempest, Melanie Peche, Nathan Rhees, Andrew Schaffernoth, Casey Nelsen, and Tyler Partridge are minority owners.

Guardian Capital, LLC is part of a diversified financial services firm founded in 1962 and based in Toronto, Canada. Alta Capital’s quality growth approach to investing remains unchanged and the same investment and client services teams continue to manage client accounts.

Alta Capital follows a quality growth investment discipline in all equity investment portfolios. This discipline is implemented through several strategies including Large Cap Quality Growth, All Cap Quality Growth, SMID, Quality Dividend Growth, Select, Emerging Markets, and Fundamental Global Equity. Fixed Income and Balanced portfolios are available as well to complement any of the above equity strategies. Client accounts are managed to a model as determined by the Investment Committee. Alta Capital’s strategies are offered directly to institutional and private investors and accessible through multiple financial advisory partners. Direct relationships are considered non-wrap programs whereas client relationships through financial advisory partners are noted as wrap programs. In the case of wrap programs, Alta Capital does receive a portion of the wrap fee for management of the accounts. Accounts are managed to the same model, regardless of the type of program. Client initiated restrictions will be reasonably considered depending on the situation and asset level.

#### **Use of Sub-advisers**

Alta Capital utilizes the services of sub-adviser Drive Wealth Management, for the Fixed Income portion of certain client accounts. Drive Wealth Management is paid 15 bps annually on the fixed income account balance to be paid quarterly in arrears.

Alta Capital utilizes the services of sub-adviser GuardCap Asset Management Limited (“GuardCap”), for the Emerging Markets strategy. GuardCap provides a Model Portfolio of securities recommendations, while Alta Capital maintains full discretion to apply recommendations in a client portfolio. GuardCap Asset Management is paid 50% of any management fees paid to Alta for accounts in this strategy. This paid quarterly in arrears.

#### **Participating Affiliate**

In providing services to clients invested in the Emerging Markets and Fundamental Global Equity strategies, Alta Capital relies upon the resources of its non-U.S. affiliate pursuant to a participating affiliate agreement (“Participating Affiliate”) with GuardCap. This arrangement is further discussed under “Other Financial Industry Activities and Affiliations.”

#### **Wrap Fee Programs**

Alta Capital offers investment advice to some of our clients through ‘wrap fee’ programs. These programs are sponsored by brokerage firms to give their clients access to various non-affiliated investment advisers of which Alta Capital is a participating adviser. If a sponsor’s client selects Alta Capital to manage assets within a separately managed account, the sponsor pays Alta Capital a portion of the fee charged by the sponsor to the client. In some

circumstances, clients will see those fees payable to Alta Capital itemized, and in other cases, they will be bundled together with the fees charged by the wrap sponsor. Duties related to overall account management are shared between Alta Capital and the wrap sponsor, although Alta Capital generally retains full discretion over investment decisions. In this regard, wrap accounts are managed in similar fashion to direct accounts within the same strategy.

Clients participating in wrap fee programs also pay other fees, including certain brokerage charges, as further detailed in Items 5 and 12 below, and other custodial or administrative charges. In particular, clients pay additional brokerage commissions when their transactions are stepped out, as described more fully in Item 12. For a more complete description of the fees involved with wrap programs, please see Item 5 of this Brochure and the wrap sponsors' Form ADV Brochure.

### **Unified Managed Accounts**

Alta Capital provides model portfolio services to several Unified Managed Account ("UMA") programs that are managed by unaffiliated investment advisory firms. A UMA combines all of a client's assets into a single account. These services require Alta Capital to provide these programs with daily changes to our model portfolios and are submitted in accordance with directed trading procedures, as discussed in Item 12. As the investment adviser to UMA portfolios, we are paid to share day-to-day portfolio strategy, while the program sponsors retain final discretion to implement the modeled strategy. Program sponsors manage all trading and administrative aspects of client account management. Fees and brokerage arrangements for model portfolio services differ from more traditional asset management, as described in Items 5 and 12 of this Brochure.

### **Performance Differences between Wrap and UMA Accounts**

While Alta Capital wrap and UMA accounts utilizing the same investment strategy generally perform similarly, there will be performance differences between them, primarily because Alta Capital does not retain trading discretion over UMA accounts, and fees and expenses vary across sponsors. For more information about Alta Capital's trading policies and procedures, please see Item 12 of this Brochure.

### **Sub-advisory Arrangements**

Effective April 19, 2018, Alta Capital began to sub-advise the Guardian U.S. Equity All Cap Quality Growth Fund, a Canadian registered mutual fund. Unitholders are urged to review the fund's simplified prospectus for a complete discussion of the investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Effective January 21, 2019, Alta Capital began to sub-advise the Alexandria All Cap Quality Growth Fund, a fund registered in the Cayman Islands. Shareholders are urged to review the fund's prospectus for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

### **Advisory Arrangements**

Effective December 19, 2018, Alta Capital has been named Investment Adviser to the Capitol Series Trust by Ultimus Fund Solutions, LLC. This Fund is managed to the Large Cap Quality Growth strategy. Shareholders are urged to

review the fund’s prospectus and SAI for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Effective December 13, 2018, Alta Capital has been appointed as an Investment Adviser to the GuardCap UCITS Fund Plc. This Fund is managed to the All Cap Quality Growth strategy. Shareholders are urged to review the fund’s supplement for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Effective December 18, 2019, Alta Capital was named Investment Adviser to the Guardian Fundamental Global Equity Fund, which is organized as a series of the Capitol Series Trust by Ultimus Fund Solutions, LLC. The fund invests in U.S. and foreign equity securities in the mid- to large-capitalization range. In rendering investment advisory services to the fund, Alta Capital utilizes the resources of GuardCap. Shareholders are urged to review the fund’s supplement for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

### **Assets under Management**

Alta Capital’s Regulatory Assets Under Management as of 12/31/19 totaled \$1,775,092,322. Of this, \$1,775,092,322 was discretionary and \$0 was non-discretionary. In addition, Alta Capital has assets under administration or Unified Managed Account (“UMA”) program assets of \$1,622,265,562.

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

Alta Capital’s standard fee schedule for investment services is as follows for specific investment portfolios for clients invested directly with Alta Capital (we do maintain lower fee schedules for various wrap, UMA, and dual contract programs and platforms):

#### **Institutional**

##### **Large Cap Quality Growth, All Cap Quality Growth, Select and Quality Dividend Growth:**

First \$25 million:	0.60%
Next \$25 million:	0.50%
Next \$25 million	0.40%
More than \$75 million:	0.35% Flat

*Minimum account size: \$5 million, Minimum fee: \$7,500/quarter*

#### **SMID:**

<u>Amount</u>	<u>Annual Fee</u>
First \$10 million:	0.80%
Next \$15 million:	0.70%

More than \$25 million: Negotiable

*Minimum account size: \$5 million, Minimum fee: \$10,000/quarter*

**Retail**

Large Cap Quality Growth:

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.90%
Next \$5,000,000	0.70%
Next \$15,000,000	0.60%
Next \$25,000,000	0.50%
Excess over \$50,000,000	Negotiable

*Account minimum: \$250,000; Minimum fee: \$625/quarter*

All-Cap Quality Growth:

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.90%
Next \$5,000,000	0.80%
Next \$15,000,000	0.70%
Next \$25,000,000	0.60%
Excess over \$50,000,000	Negotiable

*Account minimum: \$250,000; Minimum fee: \$625/quarter*

Balanced

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	0.85%

Next \$4,000,000	0.75%
Next \$5,000,000	0.60%
Excess over \$10,000,000	Negotiable

*Account minimum: \$300,000; Minimum fee: \$637/quarter*

Fixed Income

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	0.50%
Next \$4,000,000	0.45%
Next \$5,000,000	0.40%
Excess over \$10,000,000	Negotiable

*Account Minimum: \$500,000; Minimum fee: \$625/quarter*

Select

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%
Next \$4,000,000	0.90%
Next \$5,000,000	0.70%
Next \$15,000,000	0.60%
Next \$25,000,000	0.50%
Excess over \$50,000,000	Negotiable

*Account minimum: \$250,000; Minimum fee: \$625/quarter*

Quality Dividend Growth

<u>Amount</u>	<u>Annual Fee</u>
First \$1,000,000	1.00%

Next \$4,000,000	0.90%
Next \$5,000,000	0.70%
Next \$15,000,000	0.60%
Next \$25,000,000	0.50%
Excess over \$50,000,000	Negotiable

*Account minimum: \$250,000; Minimum fee: \$625/quarter*

SMID

<u>Amount</u>	<u>Annual Fee</u>
First \$5 million:	1.00%
Next \$5 million:	0.80%
Next \$15 million:	0.70%
More than \$25 million:	Negotiable

*Minimum quarterly fee: \$625*

Emerging Markets

Flat	1.25%
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*Account minimum: \$100,000; Minimum fee: \$312.50/quarter*

Fees are billed quarterly in advance or in arrears as directed in the client’s investment advisory agreement and calculated based on the market value of assets in the investment account on the last trading day of the calendar quarter. In any partial calendar quarter, fees are pro-rated based on the number of days in which the account is open during the quarter. For purposes of calculating Alta Capital’s advisory fees, the market value of assets in the investment account shall consist of the market value of securities and other investments held in the account, including cash. If mandated in the investment management agreement, the market value will represent the full value of invested assets without regard to any margin balances. If mandated in the investment management agreement, the market value will typically include accrued interest. Client fees vary and in some cases, are higher based on an historical fee schedule applicable at the time they became a client. Additionally, Alta Capital often

manages client accounts for employees and family members of employees under discounted or waived fee arrangements.

Alta Capital will not be compensated on the basis of a share of capital gains or capital appreciation of client accounts. Fees can be negotiable. Factors considered in negotiation include the duration of the relationship, the overall size of the relationship, as well as resources required to service the relationship. Alta Capital can deduct the management fee from the client's account or bill the client directly for management services. Providing 30 days written notification to Alta Capital, clients can terminate the investment advisory contract. Upon termination, fees are refundable on a pro-rata basis. In addition to Alta Capital's management fees, clients pay commissions, custodian fees and/or wrap fees, where applicable, through its custodian. For additional information, please see Item 12 (Brokerage Practices) and Item 15 (Custody).

### **Wrap Program Fees**

Alta Capital is retained as an adviser under certain wrap fee arrangements, through broker-sponsored programs, where the broker directly charges end clients asset-based fees. Under a wrap fee arrangement, client funds are placed with one or more money managers and all administrative and management fees, including commissions, are wrapped into one comprehensive fee charged by the sponsor. Clients pay all fees under these arrangements to the wrap sponsor each quarter, with Alta Capital receiving a share of these fees from the sponsor. Alta Capital negotiates fees under wrap arrangements separately with each wrap sponsor. Further fee details are available in the wrap sponsor's Form ADV Part 2A and/or Appendix 1 which the wrap sponsor delivers directly to clients.

Fees paid by sponsors to Alta Capital in conjunction with a wrap fee program are lower than our standard fee schedule because services provided by us are limited solely to asset management. The broker is paid to: (a) perform due diligence on Alta Capital and other qualified advisers; (b) pay our advisory fee; (c) monitor and evaluate our performance; (d) execute client portfolio trades without a separate commission charge; (e) prepare client account statements; (f) in most cases, act as custodian; and (g) provide any combination of these or other services. When evaluating wrap fee programs, clients should consider portfolio activity, custody, and all other services provided by the wrap sponsor. Clients should also consider whether the wrap fee could exceed the cost of these services if provided separately and the effect on your account if Alta Capital was free to choose broker-dealers to execute portfolio transactions.

### **UMA Fees**

When Alta Capital acts as a model portfolio provider under UMA arrangements, we receive a fee from the program sponsor based on total client account assets. Client fees are determined by the program sponsor.

### **Contractual Arrangements – Wrap and UMA Programs**

Clients who select Alta Capital to manage their separate account assets within wrap fee programs will do so under either a "single contract" or "dual contract" arrangement. Under a single contract arrangement, the client pays an asset-based fee to the wrap sponsor and, out of that fee, the wrap sponsor is responsible for paying an investment advisory fee to Alta Capital. In these programs, the wrap sponsor and Alta Capital enter into a sub-advisory or other

agreement under which Alta Capital agrees to manage the assets. As part of that agreement, Alta Capital and the wrap sponsor agree on the investment advisory fees to be charged by Alta Capital on the assets. Alta Capital's advisory fees are negotiable and will vary from program to program. There are other non-asset-based fees that will be charged to the client as discussed below and in Item 12 of this Brochure.

Under a dual contract arrangement, the client has one contract with the wrap sponsor and another contract with Alta Capital. As such, the client pays Alta Capital an investment advisory fee in addition to the asset-based fee they pay to the wrap sponsor for investment advice, custody, execution, and reporting. Alta Capital's advisory fee is negotiable, while other fees will also apply and are discussed in more detail below and in Item 12 of this Brochure.

Specific information on the investment advisory fees payable to Alta Capital under a wrap fee program will be provided by the applicable wrap sponsor. For information on the asset-based fees and other fees and expenses charged by the wrap sponsor, clients should consult with the wrap sponsor or refer to the sponsor's Form ADV Brochure.

Alta Capital has agreements with certain sponsors to provide model portfolios to UMA clients for a negotiated fee. Under these arrangements, Alta Capital will not have any direct agreement or communication with the client. Alta Capital's advisory fees are negotiable and will vary from program to program. UMA clients seeking information on the specific billing schedule that would be applicable to an account should contact their UMA sponsor.

#### **Advisory and Sub-advisory Fee Arrangements**

When Alta Capital acts as an adviser or sub-adviser to a registered fund, we will receive a fee from the trust based on the total fund assets. For a complete explanation of the management fees Alta Capital receives for its role as investment adviser or sub-adviser to a registered fund, and the factors that may reduce the fees received, please refer to the applicable mutual fund prospectus and statement of additional information. Information about all investor fees, expenses, and share class options, if applicable, is also available within the relevant prospectus and statement of additional information.

#### **Portfolio Valuation for Fee Calculation**

Alta Capital utilizes, to the fullest extent possible, recognized, and independent pricing services for timely valuation information for advisory client securities. Primarily, Alta Capital utilizes custodian pricing. If custodian pricing is unavailable, it is Alta Capital's policy that all remaining month-end valuations are provided through a third-party pricing vendor. The third-party pricing vendor used is Interactive Data Corporation (IDC). Whenever month-end valuation information is not available through our third-party pricing vendor, Alta Capital will obtain and document price information from a reputable, independent source. Alta Capital maintains valuation policies and procedures in such event.

#### **Other Fees and Expenses**

Aside from advisory fees paid to Alta Capital, clients may incur additional expenses. For example, clients will pay, when applicable, brokerage commissions, custodial fees, SEC fees on sell transactions or other fees and taxes

related to the trade execution and settlement process. These expenses are paid by clients to third parties and do not accrue to Alta Capital. Clients who select a custodian that charges per-trade fees will pay higher transaction fees than other clients who are not subject to these fees, especially when Alta Capital's portfolio turnover rates rise.

### **Termination of Account**

Clients can close their accounts by giving Alta Capital written notice at least 30 days in advance, although this time period requirement may be waived. Final client fees will be prorated through the termination date. Wrap fee and UMA program clients should refer to the respective program sponsor's agreement for termination methodologies and charges.

### **Additional Compensation**

Alta Capital and its employees do not accept compensation, including sales charges or service fees, for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Alta Capital does not currently have any performance-based fee clients.

Alta Capital seeks best execution on all transactions and upholds its fiduciary duty to all clients. Our trade management policy is designed to ensure that we treat client accounts equitably under all circumstances. We do not intend to favor any clients or subsets of clients when we engage in side-by-side investing of separate accounts, wrap accounts, UMA portfolios, funds, or sub-advisory arrangements. Please see item 12 for more information on how Alta Capital manages directed brokerage arrangements as compared to our fully discretionary accounts. Portfolio holdings tend to vary from one client account to another within a specific investment strategy due to unique client objectives, restrictions, or cash flows. Please see Item 12 for more information about brokerage practices.

### **Item 7: Types of Clients**

Alta Capital provides management services for several types of clients including Association, Corporate, Endowment, Foundation, Individuals, High Net Worth Individuals, Public Funds, Religious, Union Taft-Hartley, Insurance, Limited Partnership, Financial Advisory programs (e.g., Wrap and UMA programs), Investment Companies, UCITS fund(s), and unregistered Pooled Investment Vehicles.

Alta Capital advises several clients that are governed by the Employee Retirement Income Security Act ("ERISA"). As such, Alta Capital manages such client accounts in accordance with the fiduciary standards required under ERISA. Alta Capital manages client assets consistent with the "prudent man rule", maintains any ERISA bonding as required, delivers required service and compensation disclosures, and obtains written investment guidelines/policy statements, as appropriate.

Alta Capital's account minimum for institutional clients is \$5,000,000. Alta Capital's account minimum for retail accounts is \$250,000 for equity accounts (we maintain lower minimums through 3<sup>rd</sup> party programs and platforms).

The retail balanced account minimum is \$300,000 while the retail fixed income account minimum is \$500,000. Exceptions to the minimum can be made but would include a minimum annual fee. Alta Capital does not have the ability to impose minimums on UMA accounts. For investment minimums related to registered investment companies for whom Alta Capital serves as adviser or sub-adviser, please see the applicable fund prospectus.

Please see Item 5 (Fees and Compensation) for additional information regarding minimums. Alta Capital will decline an account if we believe that our investment approach does not match the prospective client’s needs, or if we determine that an account size is too small to efficiently execute our strategy.

Additionally, Alta Capital often manages client accounts for employees and family members of employees under discounted or waived fee arrangements.

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

**Investment Management Process – Domestic Equity Strategies**

**PHILOSOPHY**

Alta Capital Management believes companies with high free cash flow growth yield superior investment returns with nominal risk over the long-term. The tenets of our process are the following:

- Growth in earnings and free cash flow drive stock prices.
- Sustainable revenue growth drives free cash flow growth.
- Earnings quality is assessed through free cash flow analysis.
- A company’s intrinsic value is not consistently recognized by the markets.

**INVESTMENT PROCESS**

***STAGE 1: IDENTIFICATION***

***-- Screening--***

The investment process begins with the creation of the Alta Quality Growth universe. The universe is comprised of all domestic publicly-traded stocks with a minimum capitalization as mandated by the specific strategy:

<b>Strategy</b>	<b>Capitalization Range</b>
All Cap Quality Growth	\$ 200 million and up
Large Cap Quality Growth	\$ 2 billion and up
Select	\$200 million and up
Quality Dividend Growth	\$ 2 billion and up
SMID	\$ 200 million - \$25 billion

We screen on 9 specific fundamental growth, profitability, and valuation criteria and only those companies which meet each criterion will continue on in the process. Key metrics include:

EPS Growth

Sales growth

Return on Equity

Return on Invested Capital

Operating Margin

Price to Earnings

This dynamic screening model is executed on a weekly basis and results in approximately 130 to 150 companies.

### ***STAGE 1: IDENTIFICATION***

#### ***--Earnings Analysis--***

The Earnings Analysis Model is a proprietary model that quickly identifies companies that we believe have the greatest potential to provide favorable future returns to shareholders. This ranking mechanism is driven by a company's future earnings potential and valuation, and quickly eliminates those companies that do not demonstrate enough growth and/or are trading at unattractive valuations. The Earnings Analysis Model is built using a dividend discount model framework that is adjusted for our conservative assumptions on growth and discount rate. Earnings are estimated out 10 years based on a conservative growth rate which is multiplied by a terminal P/E ratio. This terminal 10-year value is then added to the expected future dividends and discounted back to its present value. The result of this process is an Implied Annual Return for each company which must meet our hurdle rate and should exceed the Implied Annual Return for the S&P 500.

### ***STAGE 2: FUNDAMENTAL RESEARCH***

The fundamental research stage is the crux of the process, where we add the most value through fundamental bottom-up equity analysis. We are looking for quality businesses that have strong growth potential throughout the cycle. Our focus is on free cash flow growth, which we believe is ultimately driven by sustainable revenue growth throughout the cycle. In assessing quality, we are looking for consistent profitability in excess of cost of capital, an economic moat, and a strong balance sheet. Historical financial statements are analyzed to determine a company's immunity to economic cycles and policy changes. Our goal is to have a clear understanding of the company's revenue and earnings predictability into the future. In general, we pride ourselves in picking stocks and diversifying across industries that are likely to outperform regardless of macroeconomic trends.

Other desired company characteristics include:

- Management commitment and incentives
- Strong business model
- Business efficiency
- Undiscovered franchise value
- Clear and understandable product development strategy

Alta performs all company research in-house with limited use of sell side and independent research. Our use of outside research focuses on an industry's current conditions and future expectations.

The research team works to identify a company's true intrinsic value and potential for share price outperformance. At the heart of Alta's research process is assessing a company's free cash flow stream. With free cash flow, a company can acquire other businesses, pay dividends, pay down debt, increase reserves and build shareholder equity. Cash is ultimately what will be returned to shareholders and is less vulnerable to accounting manipulation.

Alta's proprietary free cash flow model, also known as the Alta Intrinsic Value (AIV), was designed to find a conservative estimate of a company's future distributable cash flows. By analyzing past financial trends, we conservatively forecast a company's ability to generate cash flow in the future, maintaining an adequate margin of safety while focusing on a realistic value for the entity. In making adjustments and assumptions inherent in our model, we are cognizant of the company's competitive advantage, patents, brand value, franchise value, etc. We also assess the industry in which the company competes, looking at barriers to entry, differentiation factors, as well as customer loyalty and switching ability. If a company is trading at a 20% discount or more to its AIV, we will continue to consider it for inclusion into the portfolios.

Those companies that differentiate themselves during this process will be presented to the Investment Committee for consideration.

### ***STAGES 3: NOMINATION***

Upon identification of a potential candidate within the Research List, a portfolio manager or research analyst prepares a recommendation report on the security and presents it to the Investment Committee for consideration.

The Investment Committee is the focal point of the portfolio management process. Formally meeting weekly, the Committee reviews the current portfolio's holdings, weightings, and sector allocations. Any potential investment that might be added to the portfolio is presented to the Investment Committee and discussed. The person presenting the security to the Investment Committee is the advocate for the security and must effectively argue its merits and defend its deficiencies. From a qualitative perspective, the sponsoring analyst focuses on three main points:

1. Does the firm have headroom to grow?
  - a. What are the future growth prospects of the firm? What are its growth drivers?
  - b. How healthy is the industry and does the company hold an attractive position?
  - c. What are the prospects for margin expansion?
2. Does the company have a solid business model?
  - a. Does the firm have good profitability?
  - b. What are the barriers to entry?

- c. Does the company have a sustainable competitive advantage?
3. Does the company have the financial flexibility to weather economic weakness?
  - a. Is leverage at acceptable levels?
  - b. Does the company generate enough free cash flow to fund growth?
  - c. Is that cash flow sustainable?

The quantitative portion of the discussions focuses on the company's AIV (Alta Intrinsic Value). Close inspection of the company's AIV is made by each member of the committee and discussions revolve around key points such as:

1. How conservative are the assumptions with regard to revenue growth and margin expansion? Are they conservative enough to provide an adequate margin of safety while remaining realistic over the foreseeable future?
2. What are the changes from a historic trend? What are the key drivers of revenue and margins?
3. How conservative is the capital structure used in the model?
4. What is the projected Free Cash Flow to Sales as compared to historic levels?

If deemed appropriate, the security will be placed on the Watch List and potentially added to the portfolios if/when the valuation and timing are compelling enough to warrant inclusion.

#### ***STAGE 4: WATCH LIST***

The Watch List is a staging area for those stocks that have satisfied each of the hurdles in our investment process and that are competing for entry into the portfolio. We endeavor to keep the Watch List current with fresh ideas that we consider to be the life blood of our business. Securities placed on the Watch List continue to be evaluated and are not yet approved for purchase. As a result, the Watch List has a very high turnover rate. A security will be considered for portfolio entry if:

- 1) it presents enough of a discount to intrinsic value at time of consideration,
- 2) it represents a better risk-return opportunity than another name already in the portfolio.

#### ***STAGE 5: PORTFOLIO CONSTRUCTION***

##### **Large Cap Quality Growth and All Cap Quality Growth**

Each strategy comprises a concentrated holding of approximately 30-35 names. Once the decision is made to add a security to the model portfolio, an initial position is established. Sector weighting within the portfolio will generally range from 0 to 2x the strategy's benchmark weighting. From a capitalization perspective, the All Cap portfolio's objective is to have a minimum of 40% of the portfolio invested in large capitalization companies and no more than 20% invested in small capitalization companies.

## **Select**

The Select strategy comprises a concentrated holding of approximately 18 to 22 names. Companies for inclusion will be analyzed on the same quality growth factors that we utilize with the other Alta portfolios. Once the decision is made to add a security to the model portfolio, an initial position is established. Sector weighting within the portfolio will be based on the fundamental merits of the underlying positions with less attention paid to benchmark weights. From a capitalization perspective, the Select portfolio's objective is to have a minimum of 40% of the portfolio invested in large capitalization companies and no more than 10% invested in small capitalization companies.

## **SELL DISCIPLINE**

There are 3 reasons we sell a stock:

- AIV valuation fulfillment
- Change in investment thesis
- Loss protection
  - A 20% relative pullback from high water mark or 20% underperformance since purchase triggers a meeting of the Investment Committee. The reasons for the pull-back or underperformance are assessed and, based on the degree of conviction in that name, an additional relative point, ranging from 0% to 30%, is set.

## **Strategic**

Risk mitigation is a key element in portfolio capital preservation. As a stock pulls back from its high-price point, the stock is monitored for both absolute and relative performance.

A 20% pullback from high price relative to the security's sector or portfolio's index prompts a full fundamental review by the analyst to the Investment Committee. One important question must be answered: "Why is the market selling this stock?" (i.e., "What is the bear case?"). If the Investment Committee reaffirms its confidence in the investment thesis and the sector/industry views are favorable, a floating stop-loss is set based on relative performance to its sector and the portfolio's index. Should the stock violate this floating stop-loss, it is sold to mitigate risk and preserve capital. Typically, the stop-loss price is no more than 35% from the high or purchase price relative to the market.

Utilizing a disciplined sell process in conjunction with our disciplined purchase process allows us to move away from underperforming names and into new ideas in a timely and effective fashion while removing emotion from the equation. By honoring the stop loss, we strive to ensure that quality names dominate portfolios while providing adequate room for short term market inefficiencies.

## **Investment Management Process – Emerging Markets Strategy**

The Emerging Markets strategy will invest primarily in equity and similar securities listed on recognized markets of emerging market countries or in securities listed in developed markets where the underlying business has significant exposure to emerging markets. The average number of holdings in this strategy is 25-30 securities. The investment objective of the portfolio is to seek long-term growth of capital by investing primarily in equity and similar securities issued by companies with exposure to emerging market countries. The portfolio is a benchmark agnostic concentrated global emerging market long only strategy with 25-30 companies which are either listed in emerging markets, derive a substantial portion of their revenues (typically more than 50%) from emerging markets, or have substantial operations in emerging markets. The emerging markets strategy revolves around sustainability of growth – companies will only be investment targets if they are thought capable of sustaining earnings growth beyond the timeframe normally considered by the markets. The stocks must also meet certain quality criteria, being well-established, well-managed businesses with appropriate financial leverage and good standards of corporate governance in the emerging market context. The strategy employs a rigorous long term valuation process which aims to ensure that these companies are not invested in at points when they are overvalued in relation to their long term valuation potential.

Authorized investments of the Emerging Markets strategy are:

- Securities contained within the MSCI Emerging Markets Index;
- Listed securities within international developed exchanges (typically including the United States, Europe, and developed Asia) which derive a substantial portion of their revenues from, or have substantial operations in, emerging markets; and
- Cash

Country weightings in the Emerging Markets strategy are driven by stock selection decisions rather than “top down” asset allocation activities. Typically, holdings will be companies which are listed on emerging market stock exchanges, but the strategy will also include companies which have exposure to emerging markets but are listed on developed market exchanges found in the US, Europe, and developed Asia.

### **Investment Management Process – Fundamental Global Equity Strategy**

The Fundamental Global Equity strategy will primarily invest in the equity securities (primarily common stock) of mid-capitalization and large-capitalization companies.

Authorized investments of the Fundamental Global Equity strategy are:

- U.S. equity securities;
- American Depositary Receipts, Global Depositary Receipts, and European Depositary Receipts ;
- Foreign equity securities denominated in any currency (listed countries represented in the MSCI World Index and MSCI Emerging Markets Index; and
- Cash.

The strategy is deemed to be non-diversified, employing a bottom-up investment approach to construct a portfolio of securities of high-quality companies capable of sustaining growth for more than five years with the potential for

share price appreciation. The investment process seeks to identify companies that are positioned with exposure to growth with below average sensitivity to economic conditions.

## **RISK OF LOSS**

Investors generally face three types of risk when investing in the capital markets:

- Manager selection – risks associated with investment manager selection and their chosen strategy
- General market risk – risks of participating in the capital markets, whether domestic or foreign
- Specific risk – risks associated with asset class, sector, and security selection

Despite our investment management experience, investing in securities involves the risk of loss. Below we highlight the most important, but perhaps not all risks of investing with Alta Capital:

- Risk of loss - Investing in securities involves risk of loss that clients should be prepared to bear.
- No guarantee - Performance of any investment is not guaranteed. There is a risk of loss of the assets we manage that is out of our control.
- Market fluctuation - Financial markets and the value of investments vary substantially over time, which may lead to realized and unrealized losses in the value of client portfolios, especially in the short run.
- Liquidity - Liquidity risk exists when particular investments are difficult to purchase or sell. Such securities may become illiquid under adverse market or economic conditions and/or due to specific adverse changes in the condition of a particular issuer. If the portfolio invests in illiquid securities or securities that become illiquid, portfolio returns may be reduced because we may be unable to sell the illiquid securities at an advantageous time or price.
- Equity investments - Equities are exposed to general stock market swings and changes in the business cycle which may alter market opinions about the short-term or long-term prospects for an issuer of equity securities.
- Smaller and mid-cap companies - Equity investments in smaller companies involve added risks such as limited liquidity and greater fluctuations in their perceived value which may impact our ability to sell these investments at a fair and competitive price in a timely manner.
- Growth stocks - Returns on growth stocks may not move in tandem with returns on other categories of stocks or the market as a whole. Growth stocks may be particularly susceptible to larger price swings or to adverse developments. Growth stocks as a group may be out of favor and underperform the overall equity market for a long period of time, for example, while the market favors “value” stocks.
- Fixed income investments - Prices of fixed income (debt) securities typically decrease in value when interest rates rise. This risk is usually greater for longer-maturity debt securities. Investments in debt with lower credit ratings (and non-rated credits) are subject to a greater risk of loss to principal and interest than those with higher credit ratings.
- Exchange-Traded Funds (“ETFs”) ETFs are utilized, upon client request, in cases of client mandated tax loss harvesting instructions. ETFs are subject to risks similar to those of stocks and may not be suitable for all investors. Shares can be bought and sold through a broker, and the selling shareholder may have to pay brokerage commissions in connection with the sale. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than original cost. Shares may only be redeemed directly from the fund. There can be no assurance that an active trading market for the shares will develop or be maintained, and shares may trade at, above or below their NAV. ETFs incur fees that are separate from those fees charged by the investment adviser.

- Foreign Investment Risk - Investments in securities of foreign issuers involve risks which could include adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks tend to be more pronounced for investments in developing countries.
- ADR Risk - American Depositary Receipts (“ADRs”) are typically issued by a US bank or trust company and represent ownership of underlying foreign securities. Positions in those securities are not necessarily denominated in the same currency as the common stocks into which they are converted. Generally, ADRs, in registered form, are designed for the U.S. securities markets. In addition to the risks presented in any investment – changes in value, changes in demand – there are several risks unique to ADRs that must be considered. For instance, while they will react to normal market fluctuations like regular stocks, ADRs are still vulnerable to currency risks. If the value of the company's home currency falls too much relative to the US Dollar, the effect will eventually trickle down to the ADR. The same can be said for changes in the home country's government.
- Emerging Market Securities Risk – Certain client portfolios hold investments in various markets, some of which are considered "emerging markets", or in companies with material exposure to emerging markets. Many emerging markets are developing both economically and politically and may have relatively unstable governments and economies based on only a few commodities or industries. Many emerging market countries do not have firmly established product markets and companies may lack depth of management or may be vulnerable to political or economic developments such as nationalization of key industries. Emerging market securities risks include: (i) greater risk of expropriation, confiscatory taxation, nationalization, social and political instability (including the risk of changes of government following elections or otherwise) and economic instability; (ii) the relatively small current size of some of the markets for securities and other investments in emerging markets issuers and the current relatively low volume of trading, resulting in lack of liquidity and in price volatility; (iii) certain national policies which may restrict a portfolio's investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; (iv) the absence of developed legal structures governing private or foreign investment and private property; (v) the potential for higher rates of inflation or hyper-inflation; (vi) currency risk and the imposition, extension or continuation of foreign exchange controls; (vii) interest rate risk; (viii) credit risk; (ix) lower levels of democratic accountability; (x) differences in accounting standards and auditing practices which may result in unreliable financial information; and (xi) different corporate governance frameworks. Furthermore, emerging markets are characterized by numerous market imperfections, analysis of which requires long experience in the market and a range of complementary specialist skills. In the recent past, the tax systems of some emerging markets countries have been marked by rapid change, which has sometimes occurred without warning and has been applied with retroactive effect.
- **Currency Risk:** Securities denominated in foreign currencies may be adversely affected by changes in currency rates and by substantial currency conversion costs. Currency rates may fluctuate significantly over short periods of time for a number of reasons. As a result, investments in foreign currency-denominated securities may reduce the returns of a Fund.
- **Foreign Custody Risk:** One or more strategies may hold foreign securities and cash with foreign banks, agents, and securities depositories. Such foreign banks or securities depositories may be subject to limited regulatory oversight. The laws of certain countries also may limit the Fund's ability to recover its assets if a foreign bank or depository enters into bankruptcy.
- **Large Company Risk:** Larger, more established companies may be unable to attain the high growth rates of successful, smaller companies, especially during extended periods of economic expansion. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes

in consumer tastes or innovative smaller competitors, potentially resulting in lower market prices for their common stock.

- **Mid-Cap Company Risk:** Investments in securities of mid-cap companies may be riskier, more volatile and more vulnerable to economic, market and industry changes than investments in larger, more established companies. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term.
- **Non-Diversification Risk:** A strategy which is deemed to be non-diversified invests in the securities of a limited number of issuers which exposes the portfolio to greater market risk and potentially greater market losses than if its investments were diversified in securities issued by a greater number of issuers. A non-diversified strategy is permitted to hold substantial positions in the same security or groups of securities at the same time. This overlap in investments may subject the portfolio to additional market risk and potentially greater market losses.

**Regulatory Risk:** Changes in government regulations may adversely affect the operations and value of a portfolio or the companies in which it invests. Industries and markets that are not adequately regulated may be susceptible to the initiation of inappropriate practices that adversely affect a portfolio or the companies in which it invests. Before investing in a mutual fund, investors are urged to review the prospectus for a complete list of risks.

#### **Item 9: Disciplinary Information**

As a registered investment adviser, we must disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Alta Capital or the integrity of our management. We are pleased to inform you that Alta Capital has no information to report applicable to this Item.

#### **Item 10: Other Financial Industry Activities and Affiliations**

As noted in Item 4 – Advisory Business, as a result of the Guardian Capital investment, Alta Capital is affiliated with numerous financial service entities located outside the United States (listed below). Alta Capital does not share client information with affiliates for marketing purposes. This list is subject to change, wherein such changes will not be deemed material to this filing unless Alta Capital determines to do business with such affiliates.

Entities affiliated with Alta Capital as a result of the Guardian Capital investment are foreign domiciles, and include: Guardian Capital LP (Guardian also serves as investment adviser to Guardian Dividend Growth Fund, an investment company established in the United States under the Investment Company Act of 1940), Guardian Capital Advisors LP, Guardian Capital Enterprises Limited, GuardCap Asset Management Limited, Guardian Capital Real Estate Inc., Guardian Ethical Management Inc., Worldsource Wealth Management Inc., Worldsource Financial Management Inc., Worldsource Securities Inc., IDC Worldsource Insurance Network Inc. Guardian Capital Holdings International Ltd., Alexandria Bancorp Limited, Alexandria Global Investment Management Ltd., Alexandria Trust Corporation and Modern Advisor Canada, Inc.

GuardCap Asset Management Limited (“GuardCap”), a wholly-owned subsidiary of Guardian indirectly controlled by Guardian Group, is registered in the United Kingdom and advises certain of the Alta Capital strategies. GuardCap acts as a “Participating Affiliate” in accordance with a series of SEC staff no-action letters, granting relief from the Advisers Act registration requirements for certain affiliates of registered investment advisers. To better serve our clients’ needs, Alta Capital engages this Participating Affiliate and their personnel to assist in managing emerging market and global equity client mandates, including the provision of research and portfolio management. Personnel

of the Participating Affiliate that assist in providing investment advice to Alta Capital are subject to the oversight of both Alta Capital and the SEC. The Participating Affiliate has agreed to submit to the jurisdiction of the SEC and to the jurisdiction of the U.S. courts for actions arising under the U.S. securities laws in connection with the investment advisory services they provide for any Alta Capital clients. Alta Capital and its Participating Affiliate may have conflicts in allocating their personnel's time and services among client accounts. Alta Capital and its Participating Affiliate will devote as much time to each client account as it deems appropriate to perform its duties in accordance with each client agreement. However, Alta Capital and its Participating Affiliate have a fiduciary duty to provide unbiased advice and to disclose any material conflicts of interest to its clients, as mandated under the Advisers Act. It is Alta Capital and its Participating Affiliate's goal to act in good faith and to treat all client accounts in a fair and equitable manner over time, regardless of the client's strategy, fee arrangements, or affiliate arrangements.

As noted in Item 4 – Advisory Business, effective April 19, 2018, Alta Capital sub-advises the Guardian U.S. Equity All Cap Quality Growth fund. We do not believe that this arrangement creates material conflicts of interest between Alta Capital and our clients that are invested in other products. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy, investment vehicle, portfolio size, and fee schedule associated with the account. Shareholders are urged to review the fund's prospectus for a complete discussion of the investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

As noted in Item 4 – Advisory Business, effective December 19, 2018, Alta Capital has been named Investment Adviser to the Capitol Series Trust by Ultimus Fund Solutions, LLC. This Fund is managed to the Large Cap Quality Growth strategy. We do not believe that this arrangement creates material conflicts of interest between Alta Capital and other clients that are invested in this strategy. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy, investment vehicle, portfolio size, and fee schedule associated with the account. Shareholders are urged to review the fund's prospectus and SAI for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Effective December 13, 2018, Alta Capital has been appointed as an Investment Adviser to the GuardCap UCITS Fund Plc. This Fund is managed to the All Cap Quality Growth strategy. We do not believe that this arrangement creates material conflicts of interest between Alta Capital and other clients that are invested in this strategy. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy, investment vehicle, portfolio size, and fee schedule associated with the account. Shareholders are urged to review the fund's supplement for a complete discussion of investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

As noted in Item 4 – Advisory Business, effective January 21, 2019, Alta Capital sub-advises the Alexandria All Cap Quality Growth fund. We do not believe that this arrangement creates material conflicts of interest between Alta Capital and our clients that are invested in other products. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy, investment vehicle, portfolio size, and fee schedule associated with the account. Shareholders are urged to review the fund's prospectus for a complete discussion of the investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Effective December 18, 2019, Alta Capital was named Investment Adviser to the Guardian Fundamental Global Equity Fund, which is organized as a series of the Capitol Series Trust by Ultimus Fund Solutions, LLC. The fund invests in U.S. and foreign equity securities in the mid- to large-capitalization range. We do not believe that this arrangement creates material conflicts of interest between Alta Capital and our clients that are invested in other products. We follow written policies and procedures designed to manage such conflicts of interest by ensuring that all clients are treated fairly, regardless of the investment strategy, investment vehicle, portfolio size, and fee schedule associated with the account. Shareholders are urged to review the fund's prospectus for a complete discussion of the investment strategy, fees, investment minimums, risks, and conflicts of interest associated with a fund investment.

Certain supervised persons of Alta Capital are registered representatives through an independent broker-dealer, Foreside. This registration is being held through Foreside due to the potential for engaging prospective clients with registered investment companies advised by Alta Capital.

As noted in Alta Capital's ADV Part 1, Item 7, a principal of the firm is a general partner for a limited partnership. To avoid any conflict of interest, the management of this limited partnership is subject to Alta Capital's Code of Ethics process so that the Alta Capital Chief Compliance Officer has visibility into the account.

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

Alta Capital has adopted a Code of Ethics in accordance with Rule 204A-1 of the Investment Advisers Act of 1940. Alta Capital has developed this Code to promote the highest levels of ethical conduct among our officers, directors, and employees. Among the purposes of the Code are to: (1) educate employees regarding Alta Capital's expectations and the securities laws governing their conduct; (2) remind employees that they are in a position of trust and must act with complete propriety at all times; (3) protect the reputation of Alta Capital; (4) guard against violation of the securities laws; (5) protect Alta Capital's clients by deterring misconduct; and (6) establish procedures for employees to follow so that Alta Capital can assess whether our employees are complying with the firm's ethical principles.

The Code addresses outside activities, personal trading and other securities-related conduct of Alta Capital's employees and is an integral aspect of Alta Capital's compliance program. Alta Capital has developed other compliance policies and procedures. This Code applies to each of Alta Capital's directors, officers, and employees, all of whom Alta Capital deems to be "access persons" for purposes of the Code.

#### **Personal Trading**

Alta Capital's access persons are permitted to purchase the same securities in their personal accounts as held in client portfolios. Each access person must receive approval from the Chief Compliance Officer prior to placing trades in personal accounts. Alta Capital maintains strict personal securities transactions and insider trading policies. In the case of a strategy-wide buy or sell, Alta Capital's access persons must wait until the business day following client account trading to personally trade the security. Due to individual client withdrawal and/or deposit requests, it is possible for Alta Capital to purchase and sell the same security on any given day for clients and/or personal securities transactions.

## **Watch List**

Alta Capital maintains a Watch List which represents a list of securities ineligible for personal securities transactions by access persons and household members due to a potential or real conflict of interest. No access person may effect for himself or herself or for his or her immediate family member (i.e. spouse, minor children, and adults living in the same household as the access person and trusts for which the access person serves as a trustee or in which the access person has a beneficial interest) any transactions in a Watch List security. The Chief Compliance Officer is responsible to maintain/update the Watch List, while all access persons are responsible to notify the Chief Compliance Officer if they come into possession of material nonpublic information about a securities issuer, wherein the Chief Compliance Officer will add such issuer to the Watch List. From time to time, Alta Capital access persons are restricted from personally trading in the public securities of its majority owner, Guardian Capital, as deemed appropriate under the Code of Ethics. The Chief Compliance Officer has the authority to waive restrictions under circumstances of an employee's hardship, as long as doing so does not compromise Alta Capital's ability to meet its fiduciary duty to clients.

## **Insider Trading**

Alta Capital prohibits any access person from acting on, misusing, or disclosing any material nonpublic information, also known as 'inside information.' We monitor risks associated with inside information by:

- Facilitating periodic access person education and training.
- Restricting access person service on Boards of public companies.
- Monitoring and restricting personal trading of access persons and certain family/household members.
- Accounts of access persons that are managed by Alta Capital are traded along with client orders to prevent conflicts of interest. Access person accounts do not receive preferential treatment in the trade allocation process.
- Implementing a rigorous compliance program to monitor access person outside business activities and certain industry relationships.

From time to time, Alta Capital is restricted from trading on behalf of clients in the public securities of its majority owner, Guardian Capital.

## **Gifts, Entertainment, and Political Contributions**

As fiduciaries, we must continuously ensure that we place client interests ahead of our access persons and the firm. We follow strict policies related to gifts, entertainment, and political contributions to uphold our high fiduciary standards. We monitor and control these areas by:

- Requiring access persons to report or receive pre-approval for gifts, entertainment, and political contributions
- Limiting the dollar value of gifts given and received
- Limiting the number and dollar value of entertainment events
- Requiring pre-approval of all firm-sponsored advertising and promotion

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Alta Capital receives from certain broker-dealers/custodians without cost

(and/or at a discount) support services and/or products, certain of which assist Alta Capital to better monitor and service client accounts maintained at such institutions. Included within the support services obtained by Alta Capital may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, contributions to charitable causes associated with Alta Capital and/or its representatives, computer hardware and/or software and/or other products used by Alta Capital in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received assist Alta Capital in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Alta Capital to manage and further develop its business enterprise.

A copy of Alta Capital's Code of Ethics is available to any client or prospective client upon request by calling (801) 274-6010.

### **Item 12: Brokerage Practices**

With the exception of UMA accounts, Alta Capital has sole discretion to determine amount and securities to be bought and sold. Alta Capital also has discretion to select a broker or dealer to be used for a purchase or sale of securities for a client's account in step out situations. In such situations, Alta Capital seeks to negotiate commission rates to be paid to a broker or dealer for a client's securities transactions.

Alta Capital will accept the broker/dealer chosen by the client or, if requested by the client, Alta Capital will suggest a broker/dealer that charges competitive commission rates. When a client chooses a particular broker/dealer, the client may be forgoing certain benefits (including lower commissions or greater reliability and efficiency in executing trade orders) that might be obtained if Alta Capital were to suggest a broker/dealer on the client's behalf. At times, Alta Capital batches transactions for multiple clients to seek to obtain the best price on a given security. However, such transactions often result in disparate commissions being charged depending on the commission rate imposed by each client's broker/dealer. Please see below for additional details on Alta Capital's best execution process.

In selecting a broker/dealer for any transaction, Alta Capital considers many factors, including:

- Price (best execution)
- Fees
- Reputation
- Financial strength and stability
- Efficiency of execution
- Operational support and error resolution
- Block trading capability
- Ability to execute difficult transactions in the future

### **Best Execution**

Alta Capital's primary trade execution objectives include providing all clients with the best possible order execution with the lowest dispersion of price and minimal market impact, while minimizing transaction costs. Approximately half of all allocations are handled electronically. The other half is handled manually by Alta Capital's Trading Team

via electronic entry on broker-dealer/platform websites or email notification. To this end, Alta's trading policy is as follows:

- In-Line, Volume Weighted Average Price ("VWAP"), Time Weighted Average Price ("TWAP"), or percentage of volume orders are placed when appropriate.
- We strive for timely and consistent executions for all clients – regardless of account size, custodian, or platform.
- We negotiate with broker-dealer "BD" firms to get the lowest possible commission rate for our clients.
- In most cases where deemed advantageous to participating client accounts, we aggregate or block trades and 'step out' the trades to different BD firms to achieve best execution. For clients involved in wrap fee programs where Alta Capital is permitted to trade away from the wrap fee program provider, we will choose in most cases to trade away when we believe that client accounts will benefit from such execution relative to any additional costs that step-outs incur. Wrap program clients should be mindful that a separate commission will be paid by the client, above and beyond any commission charges bundled in a wrap fee program. These additional commissions range from 1 to 3 cents per share.

### **Trade Preparation**

Trade rotation between BD firms and model-based platforms is based on Alta Capital's goal of achieving best execution for our clients with minimal market impact. To achieve this, the following pattern will be followed for all strategy change trades:

#### **Determine time frame for trade based on liquidity:**

- 1) The Trading Team prepares the trade in the systems and calculates the number of shares that need to be executed.
- 2) The Trading Team estimates the time frame to complete the trade, taking into account market conditions and liquidity.
- 3) The Trading Team meets with the Portfolio Manager to discuss the security's trade strategy. As part of this discussion, the security's average daily volume is evaluated. If the trade will encompass more than 20% of a security's volume, the trade must be broken into multiple days.

### **Fair and Equitable Trade Rotation**

Alta Capital fully randomizes block trading, directed trading and non-discretionary model-based program trade submissions. The Trading Team determines each trade sequence through a randomization program for all trading desks, regardless of Alta's trading authority (full trading discretion or non-discretionary model-based programs). This process ensures all clients are treated in a fair and equitable manner on a consistent basis. Once the trade sequence is determined, trade execution begins.

### **Trade Execution**

The Trading Team executes and instructs the trade in a numerical sequence based on the randomizer results. Depending on the type of counter party, the trade is completed in one of the following ways:

### ***Block Trading***

Minimizing market fluctuations is achieved through the practice of block trading. Block trading aggregates multiple accounts that hold a single security in common and offers clients the same average execution price. The Trading Team has the discretion to trade the security in the most efficient manner including placing the trade with a BD firm that will result in a step-out trade situation for some clients.

- For fully discretionary trades, a trading desk is selected based on research, cost to trade, trade efficiency, and overall best execution.
- The Trading Team provides instructions to the trading desk to work the order over a specified time frame in a simple algorithm (In-Line, TWAP, VWAP, straight % of volume, etc.).

### ***Directed Trading***

Certain clients request that Alta place trades with specific BD firm's trading desks. In this environment, the client's trading mandate takes precedence. Clients should recognize Directed Trading involves the following:

- The BD is assigned to us by the client.
- Trades are spread out throughout the designated time frame in which Alta is trading in a given security.
- Alta Capital provides the instructions to the trading desk to work the order over the specified time frame in a simple algorithm (In-Line, TWAP, VWAP, straight % of volume, etc.).
- Trading are at times higher.

### ***Step-Out Trades***

Certain clients enter into relationships with Registered Investment Advisors ("RIAs") who serve both the BD and custodian roles. These programs are identified as Wrap Programs and the client agrees to a program fee arrangement which includes all fees associated with account management. Trading costs are included within the fee if the trade is placed directly with the RIA. Clients acknowledge under this arrangement, that Alta can trade directly with the RIA without additional commission cost, but that it is also subject to the trading efficiency of the RIA.

For clients involved in Wrap Programs, the Trading Team has full trading discretion and may choose to place a trade with a BD trading desk not associated with the Wrap Program. This step-out discretion is employed when Alta Capital believes that client accounts will benefit from such execution relative to any additional costs that step-outs incur, if any.

A step-out trade is typically utilized in the event of a large block trade. This action generally benefits the client by increasing the liquidity of a stock as a result of a natural buyer or seller of a particular stock. This process involves trading the stock as a net trade (one to three cents per share is added to the price of the trade) with an institutional trading desk, and then stepping out allocations to different firms. Benefits from this action include the efficient movement into and out of a stock and decreased dispersion of the portfolio. Furthermore, the block trading portion will help control trade flow and generally enhance best execution.

### ***Non-Discretionary Model-Based Platforms***

Alta Capital does not retain discretionary trade authority within model-based platforms. Alta Capital is required to instruct platforms of model portfolio changes in accordance with legal agreements specified between Alta Capital and the platform sponsor. Deadlines for trade submission vary by sponsor. Alta Capital will rotate model change call-outs as noted above to the platform sponsor but in certain cases does not wait for confirmation of trade execution prior to moving to the next BD in the trade rotation.

### **Wrap Programs**

In cases where Alta Capital has trading discretion over a client account, we typically perform two types of trades for our clients. One type of trade is called a “model” or “strategy” trade, which is the purchase or sale of securities for client portfolios across one or more strategies. By its nature, a model/strategy trade will affect many client accounts at once. For most but not all wrap programs, model/strategy trades are almost always executed through a “step-out transaction,” meaning that they are traded away from the client’s wrap sponsor for best execution purposes.

The second type of trade is referred to as a “maintenance” trade which reflects individual activity in a client’s account, such as initial investment positioning, rebalancing due to additions or withdrawals of cash or securities, account liquidations, or other account-specific transactions such as client-directed tax transactions. These trades are generally executed with the client’s wrap sponsor at prevailing market prices. Placing these trades with another broker-dealer (other than the client’s wrap sponsor) will not likely add value since the relatively small number of shares involved in each transaction will not merit other types of trading.

With respect to certain transactions, including, without limitation, block trades in which Alta Capital aggregates securities purchases or sales for a client account with those of one or more of its other clients, Alta Capital will often, pursuant to its duty to seek best execution, determine to execute using step-out transactions (also referred to as “trade-aways”), even though such transactions require payment of a commission that is not covered by the wrap fee. Whenever Alta Capital makes a determination with respect to such a transaction, Alta Capital will cause the account and, in the case of a block trade, any other included client accounts, to pay the executing broker-dealer the commission such broker-dealer requires. These commissions are charged to the client’s account in addition to the wrap fee paid to the wrap sponsor and are netted into the price received for a security (one to three cents per share is added to the price of the trade) and will not be reflected as individual items on the client trade confirmation. Because Alta Capital has found that step-out transactions for model/strategy trades almost always allow it to obtain better trade executions for its clients, all or nearly all of the transactions in some client accounts will be traded away from the wrap sponsor via step-out transactions. Given Alta Capital’s trading practices, a wrap account with Alta Capital as the appointed investment manager are not in all cases suitable for clients with minimal maintenance trades. Alta Capital makes no guarantee that step-out trades result in better trade execution in all cases.

In most cases, under a typical wrap fee program, clients are not charged a commission on trades executed through the wrap sponsor. It may be an option for clients to select what is known as an “unbundling option,” which allows a client to disaggregate certain trading fees from the wrap fee. If “unbundling” is selected, the client will be charged separately for transactions in the account. These step-out commissions would be in addition to the wrap fee negotiated between the client and the wrap sponsor and in addition to any commissions paid as a result of Alta Capital’s step-out transactions. Because Alta Capital places a significant number of trades away from most (but not all) wrap sponsors, and the commissions or other fees for these trades, if any, are considered redundant to the wrap fee, clients should explore the unbundling option to determine if it would be advantageous if offered by the financial advisor’s wrap sponsor.

Some wrap sponsors do not permit the use of step-out trades for their accounts. Clients/firms that do not allow Alta Capital to engage in step-out trades will not benefit from our judgment when we believe it would be beneficial overall to implement trades in this manner. In evaluating the wrap fee arrangement, a client should recognize that brokerage commissions for the execution of transactions in the client’s account through the wrap sponsor are solely determined by the wrap sponsor. It is our understanding that these transactions are generally executed without commissions and a portion of the wrap fee is generally considered as being in lieu of brokerage commissions. When placing trades through wrap sponsors (instead of stepping them out), we will generally aggregate orders where it is possible and when we believe it is in the best interests of participating clients to do so.

Both in deciding to execute step-out securities transactions and in selecting a broker-dealer to do so, Alta Capital considers various factors, including the size of the assets in a given wrap program, the ability to achieve best execution, and the factors outlined earlier in this Item 12.

### **Item 13: Review of Accounts**

Alta Capital reviews its accounts on a weekly basis. Employees conducting the review include the Director of Trading, Portfolio Managers, and Trading Associates. Outside of the weekly review cycle, client account reviews are triggered by various factors including portfolio model changes, changes in client investment objectives, account deposits and withdrawals, and volatile markets. Alta Capital representatives are available to meet with clients upon request.

Clients receive written account statements from their chosen custodian at least quarterly. Clients should review these statements carefully as they are the official records for your account. Alta Capital does not produce regular written client reports, although if a client should request monthly or quarterly reporting from Alta Capital, we urge you to compare these reports against the statements received from your custodian.

We encourage clients to consult with us about their portfolios and reports. We request that clients promptly notify us of any change in investment objective or investment policy statement.

### **Item 14: Client Referrals and Other Compensation**

Alta Capital receives client referrals from Charles Schwab & Co. Inc. (“Schwab”) through Alta Capital’s participation in the Schwab Advisor Network (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker/dealer independent of and unaffiliated with Alta Capital. Schwab does not supervise Alta Capital and has no responsibility for Alta Capital’s management of clients’ portfolios or Alta Capital’s other advice or services. Alta Capital pays Schwab fees to receive client referrals through the service. Alta Capital’s

participation in the service raises potential conflicts of interest as described below.

Alta Capital pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab. The Participation Fee paid by Alta Capital is a percentage of the fees the client owes to Alta Capital. Alta Capital pays Schwab the Participation Fee for so long as the referred clients' accounts remains in custody at Schwab. The Participation Fee is billed to Alta Capital quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by Alta Capital and not by the client. Alta Capital has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Alta Capital charges clients with similar portfolios who were not referred through the Service.

For accounts of Alta Capital's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Alta Capital's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker/dealers other than Schwab. Schwab's fees for trades executed at other broker/dealers are in addition to other broker/dealer's fees. Thus, Alta Capital has an incentive to cause trades to be executed through Schwab rather than another broker/dealer. Alta Capital, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab are usually executed through a different broker/dealer than trades for Alta Capital's other clients. Thus, trades for accounts custodied at Schwab are often executed at different times and different prices than trades for other accounts that are executed at other broker/dealers.

As noted in Item 11, Alta Capital receives from certain broker-dealers/custodians without cost (and/or at a discount) support services and/or products, certain of which assist Alta Capital to better monitor and service client accounts maintained at such institutions. See Item 11 for more information about these services and/or products.

## **Item 15: Custody**

### **Direct Fee Debit**

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. Alta Capital does not have direct custody over client funds or securities; however, as described in Item 5, we deduct advisory fees in certain client accounts, which the SEC defines as constructive custody. We have adopted policies and procedures to safeguard client assets, including assets maintained in client accounts where Alta Capital personnel have the authority to deduct advisory fees. Clients are responsible to select qualified custodians to hold funds and securities within investment accounts managed on their behalf. For those accounts where Alta Capital has a direct fee deduction arrangement, it is our policy to send the client an invoice notice detailing the fee calculation. Further, for such accounts, Alta Capital performs a specific due inquiry to ascertain that the qualified custodian sends an account statement, at least quarterly, to each client for which the qualified custodian maintains funds or securities. Custodians do not verify the accuracy of Alta Capital fees.

Our clients work with various broker/dealers, banks and other qualified custodians who provide periodic statements of all securities and funds held. Clients should receive at least quarterly, statements from the qualified custodian that holds and maintains investment assets. We urge clients to carefully review statements, which represent official custodial records, and compare them to the account statements that we provide. Alta Capital statements at times

vary from custodial statements based on differences between accounting procedures, reporting dates, or valuation methods for certain securities.

### **Third-Party Standing Letters of Authorization**

In accordance with regulatory guidance, Alta Capital has custody if it has the authority to transfer funds to a non-account owner pursuant to a Standing Letter of Authorization (“SLOA”). Under a third-party SLOA, the client account owner generally executes a document for the custodian that permits Alta Capital to transfer funds from the account to a person or entity other than the account owner (i.e., for payment of bills, insurance premiums, taxes, etc.) on an ongoing basis (rather than requiring the account owner to pre-authorize the transfer, in writing, each time), after having provided standing written instructions to do so.

In accordance with regulatory guidance, and to avoid a surprise custody exam, Alta Capital only permits third party SLOAs when ALL the following seven criteria are met:

- Written instruction from client to custodian, signed by client, and includes recipient’s name and address or name and account number at the custodian to which the transfer is to be directed.
- Client provides written authorization to adviser (on custodial form or separately), to direct transfers to the third party either on a specified schedule or from time to time.
- Client's custodian verifies client's instruction, such as signature review or other method, and provides transfer of funds notice to client promptly after each transfer.
- Client has ability to terminate or change instruction to custodian.
- Alta Capital has no authority or ability to designate or change the identity of the third party, address, or any other information about the third party.
- Alta Capital maintains records showing that the third party is not a related party of adviser or located at the same address as adviser.
- Custodian sends the client initial and annual written notices confirming the instruction.

### **First-Party Standing Letters of Authorization**

In certain situations, custody includes first party transfers of funds among a client’s own accounts held at different custodians. For Alta Capital to avoid a surprise custody exam, the client must provide written, signed authorization to the sending custodian, specifying the name and account numbers on the sending and receiving accounts (routing number or name of receiving custodian), such that the sending custodian has a record that the client has identified the accounts for which the transfer is being effected as belonging to the client. If these criteria cannot be satisfied, then Alta Capital must treat the situation as a third-party SLOA, as discussed above.

### **Employee Retirement Accounts**

In certain situations, Alta Capital has custody if it manages an employee retirement account while serving as trustee on the account. As a result, Alta Capital is subject to an annual surprise examination of these assets to comply with Rule 206(4)-2 of the Investment Advisers Act of 1940. Alta Capital utilizes the services of Ashland Partners & Company LLC to fulfill this responsibility.

## **Item 16: Investment Discretion**

With the exception of UMA arrangements outlined in Item 4 above, Alta Capital does accept discretionary authority to manage securities accounts on behalf of clients. At the outset of the advisory relationship, Alta Capital requires clients to execute and deliver limited powers of attorney authorizing us to act on their behalf, in such form as is required by various brokerage firms, banks, custodians, etc. We obtain discretionary investment authority from you through the execution of an investment management agreement at the outset of the advisory relationship. Discretion is exercised in a manner consistent with stated investment objectives for your account pursuant to the fiduciary standard of care which we must discharge.

Clients are permitted to impose reasonable restrictions on Alta Capital's trading authority which must be provided in writing and approved in advance.

When a client delegates investment discretion to Alta Capital, the client authorizes us to make decisions in line with the client's investment objectives without seeking client approval, including the following:

- Determine which securities to buy and sell
- Decide total amount of securities to buy and sell
- Select broker-dealers through whom we buy and sell securities (unless directed)
- Negotiate commission rates paid for securities transactions
- Choose prices at which we buy and sell securities, which in certain cases include broker-dealer transaction costs

When Alta Capital is engaged to advise or sub-advise a registered fund, our authority to trade securities is limited by certain federal securities and tax laws that require diversification of investments.

Alta Capital Portfolio Managers are responsible for all discretionary investment decisions but do assign discretion to the Traders for individual portfolio rebalancing and client-initiated events such as new account opening, liquidation, deposits, withdrawals, and tax strategy requests.

Under UMA arrangements, Alta Capital does not retain discretionary authority to execute transactions on behalf of clients participating in such programs. UMA clients should review the UMA sponsor's Form ADV Brochure to obtain information about the sponsor's discretionary authority.

In some cases, Alta Capital will receive guidance from a sub-adviser for the fixed income portions of certain accounts. However, the ultimate investment decision and trading authority relative to implementation of the sub-adviser's recommendations is vested in Alta Capital. Please see additional detail in Item 4.

## **Item 17: Voting Client Securities**

In most cases, Alta Capital does not vote proxies for client securities. In these cases, clients will receive their proxies or other solicitations directly from their custodian. Clients should contact Alta Capital at (801) 274-6010 with any questions about a particular solicitation.

In certain direct and financial advisory partner (e.g., wrap) relationships, Alta Capital does accept authority to vote proxies for client securities. The responsibilities of proxy voting have been assigned to members of Alta Capital's Investment Committee. The Committee's duties consist of analyzing proxy statements of issuers whose stock is owned in the client accounts. Alta Capital's proxy voting is based on its experience with voting corporate governance issues. Each proxy will be considered based on the relevant facts and circumstances. One of the primary factors Alta Capital considers when determining the desirability of investing in a particular company is the quality and depth of that company's management. Accordingly, the recommendation of management on any issue is one of the factors considered in determining how proxies should be voted. Mechanically, proxy voting (by Alta Capital's instruction) is effected electronically by Broadridge's ProxyEdge solution.

Clients can obtain information about how securities were voted or request a copy of Alta Capital's proxy voting policy by calling (801) 274-6010.

Alta Capital does engage a third-party service provider, Broadridge, to file claims for class action lawsuits on behalf of clients. When eligible, settlement claims are filed automatically on behalf of clients. Broadridge charges a 20% contingency fee and any settlement funds (less the contingency fee) are sent directly to the client. Certain wrap platforms assume responsibility for filing class action claims, in which case Alta Capital is not responsible in these situations. If clients wish to opt out of this service, they can do so at any time by contacting Alta Capital at (801) 274-6010.

#### **Item 18: Financial Information**

As an SEC-registered investment adviser, we must disclose information about our financial condition. We are pleased to report that Alta Capital has no financial obligation that impairs the firm's capacity to meet contractual and fiduciary commitments to our clients, nor has the firm been the subject of a bankruptcy proceeding. Alta Capital does not solicit fees of more than \$1,200, per client, six months or more in advance.