



COMPLIANCE POLICIES & PROCEDURES MANUAL 2021

**NEPSIS, INC.
NEPSIS ADVISOR SERVICES, INC.**

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INVEST WITH CLARITY®

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DEFINITIONS

Access persons- Supervised persons who (1) have access to non-public information regarding any client's purchase or sale of securities or non-public information regarding the portfolio holdings of any reportable fund or (2) who are involved in making securities recommendations to clients or who have access to such recommendations that are non-public. When the primary business of an investment adviser involves providing investment advice, the officers and directors of the firm are presumed to be supervised persons.

Advertisement- Material published or designed for use in newspaper, magazine or any other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, telephone directories, electronic or other public media. This also includes letterhead and business cards. This material is distributed to the public in which there is NO audience control.

Agency Cross Transaction- An agency cross transaction occurs when the firm arranges a transaction between different clients or between a brokerage customer and an advisory client.

Brochure Supplement- The document, Form ADV Part 2B, provided to clients that describes the educational background, business experience, and any disciplinary history of the specific individuals who provide advisory services to the client.

Chief Compliance Officer (CCO)- Pursuant to Rule 206(4)-7 of the *Investment Advisers Act of 1940*, the individual responsible for administering the investment adviser's policies and procedures. This individual must be a supervised person who is competent and knowledgeable regarding the *Investment Advisers Act of 1940* and who is empowered with full responsibility and authority to develop and enforce appropriate policies and procedures for the investment adviser. Thus, the compliance officer should have a position of sufficient seniority and authority within the organization to compel others to adhere to the compliance policies and procedures.

Client- Pursuant to Rule 203(b)(3)-1 under the *Investment Advisers Act of 1940*, generally, the following are deemed a single client:

1. A natural person and:
 - a. Any minor child of the natural person
 - b. Any relative, spouse or relative of the spouse of the natural person who has the same principal residence
 - c. All accounts of which the natural person and/or the persons referred to in this definition are the only primary beneficiaries; and
 - d. All trusts of which the natural person or the persons referred to in this definition are the only primary beneficiaries
2. (a) A corporation, general partnership, limited partnership, limited liability company, trust (other than referenced above) or other legal organization that receives advice based on its objectives rather than the individual objectives of its shareholders, partners, limited partners, members or beneficiaries; and
(b) Two or more legal organizations referred to in 2(a) that have identical owners.

Complaint- Any written or verbal statement of a client or any person acting on behalf of a client alleging a grievance involving the activities of those persons under the control of the investment adviser in connection with, but not necessarily limited to, the solicitation or execution of any transaction, the disposition of securities or funds of that client or any advisory services provided by the investment adviser.

Correspondence- Any communication by letter or electronic mail sent to or received from a client or potential client. Correspondence is designed for one individual to address specific issues for that client or potential client. Correspondence includes performance reports and quarterly client position reports.

Cross Trading- A cross trade occurs when an adviser effects transactions between two of its managed accounts or funds. (For example, Client A needs to buy the same security that Client B needs to sell. Adviser instructs the account custodian to purchase the securities from Client A's account directly from Client B's account.)

Custody- Holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them.

De Minimis Exemption- A provision in state regulations allowing an investment adviser to provide advisory services to clients in a state without registering in that state as long as certain conditions are met. Most states follow the guidelines established by NSMIA (the National Securities Markets Improvement Act) and do not require registration if the investment adviser does not have a place of business located within the state and during the preceding 12-month period, has had fewer than 6 clients who are residents of that state.

Disclosure Brochure- The disclosure document provided to clients and prospective clients pursuant Rule 204-3 under the *Investment Advisers Act of 1940*, commonly referred to as the “brochure rule.” The Form ADV Part 2A (or, when applicable, Form ADV Part 2A Appendix 1 Wrap Fee Brochure) serves as an investment adviser’s disclosure brochure.

Discretionary Account- An account in which the investment adviser is able to make decisions without the need to consult others. In a discretionary account the investment adviser has been granted authority to act according to the investment adviser’s own judgment in making investment decisions on behalf of the client without receiving prior authorization for each investment transaction. Such authority must be granted in writing. Discretionary authorization must be specifically granted to the investment adviser and may be stated in the advisory agreement or by a separate limited power of attorney.

Fiduciary- Any person entrusted with the property of another party and in whose best interests the fiduciary is expected to act when holding, investing or otherwise using that party’s property. By definition, regulators deem investment advisers to be fiduciaries.

Fiduciary Duty- The legal duty of a fiduciary to act in the best interests of the beneficiary. Fiduciary Duty also refers to the highest degree of trust, responsibility, and objectiveness required of anyone acting as a fiduciary.

Investment Adviser- Any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.

Investment Adviser Public Disclosure (IAPD)- (<http://www.adviserinfo.sec.gov/>) This is the website maintained by the U.S. Securities and Exchange Commission (SEC) on which any person can search for an investment adviser firm. IAPD draws upon the information that is maintained in the IARD system (see definition below) and allows on-line viewing of Form ADV information for each investment adviser. The Form ADV contains information about an investment adviser. Form ADV information that is available for viewing via IAPD includes information on the adviser’s ownership, registration status, amount of assets under management, and its business operations. Additionally, information is available about certain disciplinary events involving the investment adviser firm and its key personnel. On the IAPD website, you can also search for an individual investment adviser representative and view that individual’s professional background and conduct including current registrations, employment history, and disclosures about certain disciplinary events involving the individual. The information about investment adviser representatives that appears on the IAPD is collected from individual investment adviser representatives, investment adviser firm(s), and/or securities regulator(s) as part of the securities industry’s registration and licensing process.

Investment Adviser Registration Depository (IARD)- A computerized database established and maintained by FINRA for registering investment adviser firms and maintaining information relating to them.

Investment Adviser Representative- Any individual who makes recommendations or otherwise renders advice regarding securities, who manages accounts or portfolios of clients, who determines which recommendation or advice regarding securities should be given, who solicits, offers or negotiates for the sale of or sells investment advisory services or supervises employees who perform any of the foregoing on behalf of a registered investment adviser.

Investment Supervisory Services- Defined under the *Investment Advisers Act of 1940* as giving continuous advice as to the investment of funds on the basis of the individual needs of the client.

Market Timing- Attempting to place a trade at a high or low of the market as it is about to go in the opposite direction, typically through the use of technical indicators or economic data. Market timing is commonly the practice of active traders who attempt to frequently time investments in and out based on market fluctuation, capitalizing on swings in a stock’s price.

Material Information- Information that in reasonable and objective consideration might affect the value of the corporation's stock or securities, would clearly affect investment judgment or which bears on the intrinsic value of the corporation's stock. For example, in determining materiality, you may consider whether a potential investor would consider the information important and whether the information would substantially affect the market price of the security if the information were public.

Non-public information- Information that has not yet been effectively communicated to the general public. Information communicated through any form of publication that could be circulated to the general public would not be considered non-public information. In determining whether information is non-public, you should consider to whom the information has been provided and whether the information has been communicated to the market place by being published in a publication such as The Wall Street Journal, brokerage reports, the internet or other publications of general circulation.

Non-Solicited- A securities transaction is non-solicited when a client contacts the investment adviser with instructions regarding the specific security to be purchased (i.e., buy IBM, buy Putnam New Opportunities, sell Franklin Age, etc.). A non-solicited transaction may also be referred to as a client-directed transaction.

Notice Filed- Formal submission by SEC registered investment advisers to and receipt of formal approval from a state regulator to engage in advisory activities in that state.

Outside Business Activity- Employment for compensation outside the scope of the relationship of the investment adviser, which compensation is derived from activity other than a passive investment.

Performance Based Fees- An advisory fee based on a share of capital gains or capital appreciation of client assets.

Principal Transaction- A principal transaction occurs when an adviser buys or sells securities with advisory clients from its own account or inventory and at its own risk, as opposed to brokering trades through other firms.

Private Securities Transaction- Any securities transaction outside the regular course or scope of a supervised person's employment with a member.

Soft Dollar Practices- Arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker/dealer in exchange for the direction of client brokerage transactions to the broker/dealer.

Solicited- A securities transaction where the investment adviser representative makes a specific investment recommendation to the client. A securities transaction is solicited regardless of whether or not the client contacted the representative regarding the concept of investing.

Supervised Person- Any partner, officer, director (or other person occupying a similar status or performing similar functions), employee of an investment adviser or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

Trading Authorization- Trading authorization without discretionary authorization is only authorization for the investment adviser to facilitate securities transactions in the client's account on the client's behalf. Unless an investment adviser is granted discretionary authorization, the investment adviser must obtain the client's prior authorization for any securities transaction.

INTRODUCTION

According to Rule 206(4)-7 (“Rule 206(4)-7”) of the *Investment Advisers Act of 1940* (“Advisers Act”), all investment advisers must adopt and implement written policies and procedures that are reasonably designed to prevent and detect the adviser and its personnel from violating the Advisers Act.

Nepsis, Inc. and Nepsis Advisor Services, Inc. (“Nepsis®,” also sometimes referred to as the “firm”) has developed this manual to provide its(1) partners, officers, directors (or any other person occupying a similar status or performing similar functions), (2) employees and (3) others who provide investment advice on behalf of Nepsis, Inc. and are, therefore, subject to the supervision and control of Nepsis® (from this point forward collectively referred to as “supervised persons”) with an awareness of the requirements, laws, rules and regulations that govern Nepsis®.

This manual has been developed to ensure that all supervised persons are aware of, understand and will conduct business in accordance with the policies and procedures designated within this manual. The information in this manual is intended to be a guide to the applicable laws, rules and regulations governing Nepsis® and its supervised persons. Policies and procedures outlined in this manual have been adopted to encourage compliance with Nepsis, Inc.’s governing laws, rules and regulations. All supervised persons are required to be familiar with and follow the policies and procedures contained in this document. Supervised persons should not assume that this manual is all inclusive of the laws, rules and regulations that govern the activities of Nepsis®.

Mark Pearson is the Chief Compliance Officer (“CCO”) of Nepsis®. Mark Pearson has been designated as the person responsible for supervision and compliance for Nepsis® and is disclosed as such on Form ADV Part 1A, Schedule A. He is in a position of sufficient seniority and authority to compel others to follow these policies and procedures. As CCO, he is empowered with the full responsibility and authority to develop and enforce Nepsis, Inc.’s policies and procedures. Mark Pearson will perform an annual review of Nepsis, Inc.’s compliance program and its supervisory policies and procedures and will prepare an annual report documenting the strengths, weaknesses, areas of improvement needed, deficiencies found and any corrective actions or improvements that will be implemented. Mark Pearson will also be responsible for general supervision of Nepsis® and its supervised persons.

Mark Pearson will be responsible for reviewing and updating this manual as necessary to make sure that it is consistent with all current state and federal laws, rules and regulations and its related policies and procedures. A current copy of this manual will be maintained in Nepsis, Inc.’s main office and all branch offices. It will be distributed to all supervised persons.

All supervised persons are expected to be familiar with the policies and procedures set forth in this manual. Supervised persons will be required to read this manual and sign an acknowledgement upon employment with Nepsis®. Supervised persons will be required to read this manual and sign an acknowledgement on an annual basis that he or she has received, read, understands and agrees to comply with the policies and procedures contained in this manual. Supervised persons are encouraged to raise questions, concerns or comments related to the policies and procedures set forth in this manual. Questions, concerns and comments should be directed to Mark Pearson.

Mark Pearson will be responsible for conducting training to new and existing supervised persons on current policies and procedures as well as conducting training on any updates or revisions to the existing policies and procedures. From time to time, Nepsis® may hire outside compliance consultants to assist in providing training. Any violation to these policies and procedures may result in disciplinary actions including, but not limited to, a verbal warning, fines, suspension or termination of employment. Disciplinary actions will be determined by Mark Pearson depending on the severity of the violations.

This manual is the property of Nepsis®. Anyone receiving a copy of this manual is required to immediately return it to Nepsis® upon terminating his or her association with the firm. The information contained in this manual is confidential and may not be shared or otherwise distributed to any person not associated with Nepsis® without Mark Pearson’s prior consent.

This manual has not been approved by the Securities and Exchange Commission (“SEC”) or any state securities authority.



RISK INVENTORY

As part of an effective compliance program, the SEC suggests investment advisers conduct certain risk assessments. According to the SEC:

The compliance policies and procedures should address the practices and risks present at each adviser. No one standard set of policies and procedures will address the requirements established by the Compliance Rule for all advisers because each adviser is different, has different business relationships and affiliations, and, therefore, has different conflicts of interest. Because the facts and circumstances (i.e., risks) that can give rise to violations of the *Advisers Act* are unique for each adviser, each adviser should identify its unique set of risks, both as the starting point for developing its compliance policies and procedures and as part of its periodic assessment of the continued effectiveness of these policies and procedures. This process of assessing factors that may cause violations of the *Advisers Act* is often called a "Risk Assessment," a "Gap Analysis," or the compilation of a "Risk Inventory."

Whatever an adviser may call its process for identifying its unique set of compliance risks, it is important that this analysis be conducted while initially establishing compliance policies and procedures and periodically thereafter to make sure that the policies and procedures are sufficiently comprehensive and robust to address all areas in which an adviser is at risk of violating the *Advisers Act*.

The following chart contains a list of those areas that Nepsis® has identified as having risk, i.e. arrangements and circumstances that can give rise to violations of the *Advisers Act*. The chart also states if procedures have been documented within the Nepsis® compliance manual to control for each risk. **(NOTE: This list is intended to be used as a guide for potential areas of risk. You must assess your investment adviser's specific situation and conflicts of interest and determine which of these risks apply and what existing areas of risk should be added.)**

Area of Risk	Written Policy: Yes or No	Comments (if applicable)
Improper registration of firm and advisor representatives	Yes	Nepsis® is registered with the SEC and notice filed in numerous states. There is the potential for Nepsis® to exceed a state's de minimis exemption and fail to notice file.
Inaccurate disclosures in Form ADV	Yes	The Form ADV serves as the firm's disclosure brochure and must disclose all material arrangements, conflicts of interests, services, fees, etc. This document can be seen as an insurance tool if completed properly and is provided to all clients.
Trading procedures	Yes	Nepsis® maintains discretionary trading over client accounts. Nepsis® employs an active trading process. Areas of risk include untimely trades, trade errors, proper allocation and aggregation of trades, consistency and fairness among clients, and maintenance of proper books and records.
Ability to seek best execution	Yes	Nepsis® primarily requires clients establish accounts through a custodian such as Pershing LLC. Nepsis® must perform due diligence on recommended broker/dealers which must include analysis of the firm's execution capabilities.

Deduction of Advisory Fees	Yes	Nepsis® is given access to client accounts to deduct its advisory fee. This could result in the misappropriation of client funds.
Use of affiliated solicitors as referral sources	Yes	There is the potential of entering into arrangements with affiliated solicitors that don't meet the requirements under Adviser's Act Rule 206(4)-3.
Providing Investment Advice	Yes	Investment advice may be inaccurate or unsuitable.
Ensuring client objectives are correct and current	Yes	Unsuitable investments and poor documentation of client mandates presents risk at a compliance and civil action level.
Establishing new client arrangements: opening new accounts	Yes	Nepsis® handles a large amount of client documents. There is the potential to mix-up accounts.
Acceptance of client funds and checks	Yes	Any time checks are received by Nepsis® on behalf of the client, there is the potential for misappropriation. There is the potential for Nepsis® to accept securities from a client thus violating the SEC's custody rule.
Acting as a trustee for Nepsis, Inc.'s clients	Yes	Serving as trustee involves a higher duty to the client and invokes additional regulatory requirements including those outlined in the SEC's custody rule.
Potential for unlicensed employees to give investment advice	Yes	Nepsis® has 10 employees with only 4 of those being licensed. Therefore, there is a risk that an unlicensed person could provide advice and face regulatory and civil action.
Advertising	Yes	Advertising is inherently risky due to the fact that the SEC and state securities regulators heavily scrutinizes all advertising to determine if it is misleading.
Performance Reports	Yes	Any time performance is communicated to clients, the SEC is automatically suspicious of the accuracy of the performance calculations and the disclosures and disclaimers used.
Review of Outside Business Activities	Yes	Is OBA information reported and documented by the firm? Do employees engage in outside activities that pose a conflict to the firm or its clients?
Code of Ethics, Insider Trading, Personal Securities Trading	Yes	Is the firm in compliance with all regulations? Does the firm document its compliance?

Personal Securities Transactions	Yes	Are PST procedures reasonably designed based on the services provided by Nepsis®?
Form U4 Documents	Yes	Are Form U4 amendments filed in a timely manner?
Handling of client private information	Yes	Investment advisors are subject to strict client privacy regulations. Nepsis® needs to implement procedures designed to limit and protect client information.
Advisor representatives located off-site	Yes	Nepsis® currently has 2 off-site adviser representatives. The decision to allow off-site adviser representatives creates inherent risk because it is more difficult to supervise the activities performed off-site.
Ability to transfer funds between client accounts and ability to remit client funds out of client accounts	No	Additional written procedures are needed for this process. There is the risk that Nepsis® misappropriates client funds and securities when using these authorizations.
Written correspondence with clients	Yes	Potential for advisor representatives to misstate or mislead clients when corresponding in writing.

REGISTRATION

Firm Registration

The *Advisers Act* requires certain investment advisers to register with the SEC. According to Section 202(a)(11) of the *Advisers Act*, an investment adviser is defined as:

“...any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, or who for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities.”

Effective July 8, 1997, the responsibility for regulation of investment advisers was divided between the SEC and the state regulators. According to the *National Securities Markets Improvement Act of 1996* (“NSMIA”) and revisions made to the *Advisers Act*, investment advisers with assets under management of less than \$100 million are supervised and regulated by the individual states. Investment advisers with assets under management greater than \$100 million are supervised and regulated by the SEC. Nepsis® is registered according to these requirements with the SEC. Registration does not imply that the firm Nepsis® possesses any level of skill or training. Mark Pearson is responsible for making sure that the firm is properly registered according to all rules and regulations at all times.

Investment advisers are required to register and maintain registration through the Investment Adviser Registration Depository (“IARD”). Nepsis® will prepare, complete and file its Form ADV Part 1A through the IARD. The Form ADV Part 2A will be prepared in narrative format and must be uploaded to regulators via the IARD system using a text-searchable Adobe Portable Document Format (“PDF”). If the firm sponsors a wrap fee program, a Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure has been prepared and uploaded through the IARD. Finally, a Part 2B Brochure Supplement must be prepared for any supervised person who formulates investment advice for a client and has direct client contact and for any supervised person who has discretionary authority over a client’s assets, even if that supervised person has no direct client contact. Investment advisers registered with the SEC are not required to file the 2B Brochure Supplements for supervised persons through the IARD but are required to maintain copies of all Brochure Supplements and amendments to Brochure Supplements in the investment adviser’s files. The Part 2B Brochure Supplement must be provided to clients. Please refer to the section of this Manual, “Client Documents and Disclosures” for a more complete description of the delivery requirements for the ADV Part 2 disclosure documents (Parts 2A, 2A Appendix 1, and 2B).

Mark Pearson will ensure the information on the Form ADV is accurate and current. Mark Pearson will file a copy of the Form ADV Part 2A and the Part 2A Appendix 1 with the proper regulatory authorities as required and when necessary. The Form ADV will be updated, at least annually, (within 90 days of the firm’s fiscal year end) with current information. Any time information contained within the Form ADV becomes materially inaccurate, Nepsis® will promptly (within 30 days) file an amendment. A file containing a complete and current Form ADV Part 2A, Part 2A Appendix 1 and Part 2B Brochure Supplements will be maintained as part of Nepsis, Inc.’s books and records. Separate files containing all previous amendments to the Form ADV will also be maintained. All amendments filed through the IARD are maintained in the Historical Filing section of the IARD and can be electronically retrieved.

Notice Filing

In addition to SEC registration, many states require investment advisers that are registered with the SEC to notice file in the state when the adviser will conduct business or hold itself out as an investment advisor. Mark Pearson will be responsible for ensuring that Nepsis® is properly notice filed in any required state(s) unless the firm qualifies for an exemption for notice filing in the state. Notice filings will be renewed on an annual basis.

Representative Licensing

The *Advisers Act* and amendments under NSMIA require that investment adviser representatives of Nepsis, Inc. license directly with the states. The SEC does not license investment adviser representatives but has delegated the licensing and supervision of investment adviser representatives to the states. The SEC has provided guidance regarding what will require an investment adviser representative to license in a state. According to Rule 203A(b)(1)(A) of the *Advisers Act*, states may only require investment adviser representative licensing for those individuals with an office location within the state. However, not all states (e.g., Texas)



follow this rule. Therefore, Mark Pearson will ensure investment adviser representatives are properly licensed or exempt from the licensing requirements in each state an investment adviser representative transacts business.

Minnesota has provided a definition of investment adviser representative:

“Investment adviser representative” means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing. The term does not include an individual who:

(A) performs only clerical or ministerial acts;

(B) is an agent whose performance of investment advice is solely incidental to the individual acting as an agent and who does not receive special compensation for investment advisory services;

(C) is employed by or associated with a federal covered investment adviser, unless the individual has a “place of business” in this state as that term is defined by rule adopted under Section 203A of the *Investment Advisers Act of 1940* (15 U.S.C. Section 80b-3a) and is

(i) an “investment adviser representative” as that term is defined by rule adopted under Section 203A of the *Investment Advisers Act of 1940* (15 U.S.C. Section 80b-3a); or

(ii) not a “supervised person” as that term is defined in Section 202(a)(25) of the *Investment Advisers Act of 1940* (15 U.S.C. Section 80b-2(a)(25)); or

(D) is excluded by rule adopted or order issued under this chapter. According to Minnesota rules a supervised person of Nepsis® acting as an investment adviser representative must within two years of the date of application for registration, pass one of the following:

(A) The Uniform Investment Adviser Law Examination (Series 65); or

(B) The following combination of examinations:

(i) the Uniform Combined State Law Examination (Series 66) and the FINRA General Securities Representative Examination (Series 7) or,

(ii) the Uniform Combined State Law Examination (Series 66), the Uniform Investment Advisers State Law Examination (Series 65), or an examination on the Texas Securities Act administered by this Agency; or

(D) Waivers of examination requirements.

Applicants who have attained one of the following professional designations;

Chartered Financial Analysts (CFA);

Certified Financial Planner (CFP);

Personal Financial Specialist (PFS);

Chartered Investment Counsel (CIC);

Chartered Financial Consultant (ChFC)

Mark Pearson will ensure investment adviser representatives of Nepsis, Inc. have attained the proper qualifications, when required, and are properly licensed with the state of Texas and any other applicable states when required. Nepsis, Inc. will maintain a licensing file for each investment adviser representative. At a minimum, the licensing file will include the following documents:

1. An investment adviser representative's originally executed Form U4.
2. Proof of registration as printed from the IARD system for any state(s) in which the investment adviser representative conducts business.
3. If the investment adviser representative is relying on completion of a professional designation as the qualifying basis for registration as an investment adviser representative, the licensing file will maintain documentation and proof of completion of the professional designation.

FIDUCIARY DUTY

Under the Advisers Act, an investment adviser has a fiduciary duty to its advisory clients. Section 206 of the *Advisers Act* states that it is unlawful for an investment adviser, using the mail or any means or instrumentality of interstate commerce:

1. To employ any device, scheme or artifice to defraud a client or prospective client;
2. To engage in any transaction, practice or course of business which defrauds or deceives a client or prospective client;
3. To knowingly sell any security to or purchase any security from a client when acting as a principal for his or her own account, or knowingly to effect a purchase or sale of a security for a client's account when also acting as a broker for the person on the other side of the transaction, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction; and
4. To engage in fraudulent deceptive or manipulative practices.

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. An investment adviser has a duty of utmost good faith to act solely in the best interest of each of its clients. Nepsis® and its supervised persons have a fiduciary duty to all advisory clients. As fiduciaries, it is unlawful for Nepsis and its supervised persons to engage in fraudulent, deceptive or manipulative activities. Nepsis® and its supervised persons will act in each client's best interests at all times and will not at any time place their interests ahead of any client's interest. This fiduciary duty is considered the core underlying principle for the firm's Code of Ethics and personal trading policy and represents the expected basis for all supervised persons' dealings with clients of Nepsis®.

Fiduciary duties include the following:

1. Having a reasonable, independent basis for investment advice.
2. Providing only investment advice that is suitable to each individual client's needs, goals and objectives, and personal circumstances.
3. Exercising reasonable care to avoid misleading clients.
4. Being loyal to the client and acting in good faith.
5. Obtaining best execution when implementing the client's transactions where the investment adviser representative has the ability to direct brokerage transactions for the client.
6. Making full and fair disclosure to the client of all material facts and when a conflict of interest or potential conflict of interest exists.
7. Placing the interests of clients first.
8. Treating all clients fairly.
9. Maintaining the confidentiality of client information.

As an investment adviser, Nepsis® and all supervised persons will make full and fair disclosure to clients when a conflict of interest exists. Disclosures will be provided in Nepsis, Inc.'s Form ADV. The Form ADV has been prepared to meet regulatory requirements and to fully inform clients of any situation that may represent a potential conflict of interest. Investment adviser representatives are required to provide all clients with Nepsis, Inc.'s Form ADV Part 2A, Part 2A Appendix 1 and the Part 2B Brochure Supplement(s) prior to advisory services being provided or at the time of contracting for services with Nepsis®.



All client records and financial information will be treated with the highest level of confidentiality. Nepsis® and its supervised persons will not under any circumstances disclose confidential information to any third party that has not been granted a right by the client to receive such information. Nepsis® will provide all clients a copy of its written Privacy Notice.

CODE OF ETHICS

According to Rule 204A-1 of the Advisers Act, investment advisers must establish, maintain and enforce a Code of Ethics. An adviser's Code of Ethics must establish and describe a standard of business conduct that the adviser requires of all its supervised persons. While Rule 204A-1 does not require an adviser to adopt a particular standard, the Code of Ethics must reflect the adviser's fiduciary obligations and those of its supervised persons, and must require compliance with federal securities laws. Nepsis® has established this Code of Ethics which will apply to all supervised persons of Nepsis®. Persons associated in any manner with Nepsis will be considered supervised persons for the purpose of this Code of Ethics. This Code will be available and distributed to all supervised persons of Nepsis®. A summary of this Code of Ethics will be disclosed in Nepsis, Inc.'s Form ADV along with a statement informing clients that they may request an entire copy of the Code of Ethics. If a client makes a request for a copy of this Code of Ethics, Mark Pearson will provide a copy to the client within ten business days of receiving the request. Mark Pearson is responsible for maintaining the Code of Ethics Client Request/Receipt Log and will record all client requests for and delivery of the Code of Ethics.

An investment adviser is considered a fiduciary under the Advisers Act. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts. In addition, an investment adviser has a duty of utmost good faith to act solely in the best interests of each client. Nepsis® and its supervised persons have a fiduciary duty to all clients. As fiduciaries, it is unlawful for Nepsis® and its supervised persons to engage in fraudulent, deceptive, or manipulative activities. Nepsis® and its supervised persons will act in each client's best interests at all times and will not at any time place their interests ahead of any client's interests. This fiduciary duty is considered the core underlying principle for Nepsis, Inc.'s Code of Ethics and personal trading policy and represents the expected basis for all supervised persons' dealings with clients of Nepsis®.

The anti-fraud provisions of the *Advisers Act* and federal and state rules and regulations make it unlawful for an investment adviser to directly or indirectly "employ any device, scheme or artifice to defraud a client or a prospective client" or to "engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client." Nepsis® requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all applicable federal and state securities laws at all times. Mark Pearson will be responsible for setting standards and internal policies and procedures to ensure that Nepsis® and its supervised persons conduct business with the highest level of ethical standards. Mark Pearson will be responsible for establishing procedures to prevent and detect any violations of firm or regulatory rules and regulations. In addition, Mark Pearson will be responsible for establishing and enforcing risk management policies and procedures that are designed to ensure that advisory activities are conducted in accordance with this Code.

Mark Pearson will also be responsible for making sure that all advisory personnel fully understand Nepsis's policies and procedures and that a review system is established to make sure that these policies and procedures are effective and adhered to by all advisory personnel.

All supervised persons will receive a copy of Nepsis, Inc.'s Code of Ethics. Mark Pearson will make sure that all supervised persons receive a copy of, understand and agree to comply with Nepsis, Inc.'s Code of Ethics.

- All supervised persons will sign a written acknowledgement that they have read, understand and agree to comply with Nepsis, Inc.'s Code of Ethics initially upon employment and then each time the Code of Ethics is amended.
- Additionally, all supervised persons will be required to review this Code of Ethics on an annual basis and will be required to sign an annual acknowledgment.

Mark Pearson will be responsible for notifying all supervised persons of any changes to this Code of Ethics and an updated acknowledgement will be obtained from each supervised person any time changes are made.

Nepsis® has the responsibility to make sure that the interests of clients are placed ahead of its or any supervised person's own investment interest. All of Nepsis, Inc.'s supervised persons will conduct business in an honest, ethical, and fair manner. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. A conflict of interest occurs when a supervised person's private interest interferes with the interests of or the service to Nepsis® or

any of its clients. Nepsis® has the responsibility to avoid all circumstances that might negatively affect or appear to affect its duty of complete loyalty to its clients. No one supervised by Nepsis® will engage in any conduct or act, directly, indirectly or through any other person that would be unlawful for such person to do under the provisions of any rules and regulations. If a supervised person is unsure whether a situation would be considered a conflict of interest, the supervised person should consult with Mark Pearson before taking an action that may result in a conflict of interest.

Nepsis® will:

1. Maintain and amend as needed internal standards, policies, procedures, and controls to promote compliance with this Code and with other policies and procedures designed to promote each supervised persons fiduciary responsibility.
2. Perform periodic internal and external reviews and audits of the company's standards, policies, procedures, and controls.
3. Provide ongoing training regarding this Code of Ethics and the company's risk management policies and procedures to all supervised persons.
4. Provide an environment that encourages supervised persons to engage in safe and confidential discussions and disclosures to Mark Pearson or other appropriate senior management persons regarding any violations or potential violations to this Code.
5. Establish clear lines of accountability for the company's internal policies and procedures, including provisions relating to the responsibilities of employees, officers and directors with appropriate oversight by Mark Pearson or designated parties.

Any person engaging in an unethical business practice is subject to having his/her license denied, suspended or revoked and employment terminated. The following activities are examples of unethical business practices:

- Forgery
- Embezzlement
- Theft
- Exploitation
- Non-disclosure
- Incomplete disclosure or misstatement of material facts
- Manipulative or deceptive practices
- Aiding or abetting any unethical practices

Nepsis® and its supervised persons will not engage in any dishonest or unethical conduct including, but not limited to:

1. Engaging in any act, practice, or course of business that is fraudulent, deceptive, or manipulative contrary to any rules or regulations established by all governing regulatory bodies.
2. Recommending to a client the purchase, sale, or exchange of any security without reasonable grounds for believing that the recommendation is suitable for the client based on the information furnished by the client after reasonable inquiry regarding the client's age, investment experience, time horizon, liquidity, risk tolerance, financial history, investment objectives, financial situation and needs, and other information that is known by the investment adviser.
3. Recommending unregistered, non-exempt securities or the use of an unlicensed broker/dealer.
4. Using discretionary authority when placing any trade for the purchase or sale of a security on behalf of the client without obtaining written authority from the client prior to a trade being implemented. If discretionary authority relates only to the price at which or the time when an order involving a definite amount of a specific security will be executed, then written authority is not needed.
5. Recommending or implementing trades in a client's account that are excessive in size or frequency with respect to the client's financial resources, investment objectives, and the character of the account.
6. Placing an order to purchase or sell a security on behalf of a client upon receiving instructions to do so through a third party, unless a written third-party trading authorization has been previously obtained from the client.
7. Borrowing money or securities from or loaning money or securities to a client.

8. Misrepresenting the qualifications of Nepsis®, its investment adviser representatives or any of its supervised persons, the nature of the advisory services offered by Nepsis® or the fees to be charged to any advisory client.
9. Failing to disclose to all clients the availability of any fee discounts.
10. Omitting from any written or verbal communication a material fact that would make statements regarding qualifications, services, or fees misleading.
11. Providing advice and guaranteeing the client that a gain or no loss will occur as a result of the advice.
12. Providing reports or recommendations to any advisory client prepared by someone other than Nepsis® without disclosing that fact to clients. This does not apply to situations where Nepsis® uses published research reports or statistical analyses when providing services to clients.
13. Charging fees that are unreasonable relative to the types of services provided, the experience and knowledge of the investment adviser representative providing the services, and the sophistication of the client. In addition, disclosure that similar services may be available for lower fees from other advisers must be made to all clients.
14. Failing to disclose material conflicts of interest in relation to the adviser or any of its supervised persons in writing prior to providing services if such information could reasonably cause the advice to be biased and not objective. Some examples include the following:
 - a. Existing compensation arrangements connected with advisory services provided to clients that are in addition to compensation received from clients for the advisory services.
 - b. Acting in the capacity as an investment adviser or investment adviser representative and a registered representative or insurance agent on a transaction where a fee can be charged for advisory services and a commission can be charged for implementing a trade as a result of the advice provided.
15. Publishing, circulating, or distributing any advertisement that has not been approved and that does not comply with the proper regulatory requirements.
16. Limiting a client's options with regard to the pursuit of a civil case or arbitration.
17. Disclosing any confidential information of any client, unless required by law to do so or having received written authorization from the client to do so.
18. Failing to provide the proper disclosure documents (Form ADV Part 2A, 2A Appendix 1 and Part 2B) prior to or at the time of executing a client agreement for advisory services.
19. Entering into, extending, or renewing an agreement for advisory services unless such agreement is in writing.
20. Using contracts that seek to limit or avoid an adviser's liability under the law.
21. Creating any condition, stipulation, or provision as part of any advisory client agreement that limits or attempts to limit the liability of Nepsis® or any of its supervised persons for willful misconduct or gross negligence.

Insider Trading

Improper use of inside information when conducting any securities transaction is a serious violation of securities laws and will not be tolerated. Any person having access to material, non-public information will violate anti-fraud provisions of the federal securities laws by effecting transactions or communicating such information for the purpose of effecting transactions in such securities without public disclosure of the information. Supervised persons will not purchase or sell a security, either personally or on behalf of others, while in the possession of material, non-public information. Supervised persons are also forbidden to



communicate material, non-public information to others in violation of the law. This policy applies to all supervised persons and extends to activities within and outside of their duties with Nepsis®.

Mark Pearson will be responsible for establishing, implementing, monitoring and enforcing all of Nepsis, Inc.'s policies and procedures regarding insider trading. If any supervised person is unsure whether information could violate Nepsis, Inc.'s policies and procedures on insider trading or has questions on any aspect of Nepsis, Inc.'s policies and procedures on insider trading, questions should be directed to Mark Pearson prior to implementing any trades. The prohibition on the use of inside information extends to family members, associates and acquaintances of the person coming into possession of such information.

Any time a supervised person suspects that a client or another supervised person is trading based on inside information or determines that they have received material, non-public information, it must be reported to Mark Pearson immediately. Persons having knowledge of material, non-public information will not place any securities transactions in securities relating to such information for any account. In addition, no recommendations will be made in relation to any securities affected by the information. Information will be communicated only to Mark Pearson who will then determine the appropriate course of action to take. Mark Pearson will communicate the appropriate course of action to the supervised person(s) having knowledge of the information. Mark Pearson will confidentially document Nepsis, Inc.'s actions in addressing the material inside information.

Mark Pearson is responsible for supervising all supervised persons conducting advisory business and is responsible for restricting, as much as possible, the number of supervised persons having access to any inside information. Only those supervised persons with a need to know such information for the purpose of their job performance will have such information disclosed to them. If such information must be disclosed to a supervised person, Mark Pearson will document the following:

- The name of each supervised person to whom the information was communicated to
- The supervised person's position within the company
- The name of the security affected
- The name of the person requesting communication of the information
- The reason for the communication
- The nature of the communication
- The date of the communication

Mark Pearson is responsible for establishing procedures, reviewing procedures, updating procedures and ensuring that all supervised persons are continuously aware of and understand procedures regarding insider trading policies and procedures. Nepsis, Inc.'s policies will be reviewed on a regular basis and updated as necessary. Any questions in relation to Nepsis, Inc.'s policies on inside information should be directed to Mark Pearson. All supervised persons will be required to review Nepsis, Inc.'s written Compliance and Supervisory Procedures Manual at least annually. Supervised persons will then sign an acknowledgement indicating that they are aware of, understand and agree to comply with Nepsis, Inc.'s policies and procedures at all times. Since Nepsis, Inc.'s insider trading policies and procedures are included in this manual, supervised persons are acknowledging that they are aware of, understand and will comply with Nepsis's insider trading policies and procedures at all times. If Nepsis® is aware of any securities that it is restricting from trading, Mark Pearson will maintain a list of these securities. This list will be kept current at all times and will be provided to all supervised persons on a regular basis.

Mark Pearson will perform the following procedures no less than quarterly for the purpose of detecting insider trading:

- Review trading activity reports or confirmations and statements for each officer, director, investment adviser representative and supervised person of Nepsis®.
- Review and monitor the trading activity of all accounts managed by Nepsis®.

The consequences for trading on or communicating material, non-public information are severe. Consequences can be imposed on the persons involved in insider trading and their employer. Penalties can be imposed even if the parties involved do not personally benefit from the activities involved in the violation. In addition to the regulatory and criminal penalties that could be imposed, supervised persons can expect that any violation of Nepsis, Inc.'s insider trading policy will result in serious penalties to all parties involved, potentially including dismissal from employment with Nepsis®.

Personal Securities Transactions

Nepsis® and its access persons may buy or sell securities or hold a position in securities identical to the securities recommended to clients. It is Nepsis, Inc.'s policy that no access person will put his or her interest before a client's interests. Access persons may not trade ahead of any client or trade in a way that would cause the supervised person to obtain a better price than the price a client would obtain. It is the access person's responsibility to know which securities are being traded by Nepsis®. Access persons can consult with Mark Pearson to determine whether a security is an appropriate purchase or sale by the access person. In addition, all access persons are prohibited from trading on non-public information and from sharing such information. Nepsis, Inc.'s access persons may not invest in an initial public offering ("IPO") for their own accounts or those of related household members. Nepsis, Inc.'s access persons are required to obtain approval from Mark Pearson prior to investing in a private placement.

Nepsis® does not allow "short-swing" trading or market timing of individual equities. However, occasionally, Nepsis® may decide to use hedging and leveraging products and techniques to manage portfolios when and where appropriate. Because of the ongoing oversight of portfolios and positions owned in portfolios, along with conducting the majority of purchasing securities for portfolios, the oversight on timing is and will be conducted on an ongoing basis.

Before an access person places a personal trade, the following should be considered:

1. Will the amount or nature of the transaction affect the price or market for the security?
2. Is the transaction likely to harm any client?
3. Is there an appearance or suggestion of impropriety?

Access persons must report trades implemented for a personal account, an account of any household family member (spouse, minor children, or other adults residing in the same household) or any account for which the access person acts as a trustee. Personal securities transactions that need to be reported include stocks, bonds, limited partnerships, options, and other general securities. Transactions involving direct obligations of the United States Government do not need to be included on the report.

Reporting Requirements

A report of all personal securities holdings must be submitted at the time a supervised person becomes affiliated with Nepsis® and at least annually thereafter. Such reports must contain current information (not older than 45 days). Holding reports must contain the following information:

- The title and type of security
- The security symbol or CUSIP number
- The number of shares and the principal amount of each reportable security
- The name of any broker, dealer, or bank with which the supervised person maintains an account
- The date the report was submitted

Supervised persons must disclose where all personal securities accounts are maintained. Upon hire and at least annually thereafter, all supervised persons will be required to complete a Brokerage Account Disclosure Form. Supervised persons should report all personal securities accounts to Mark Pearson at the time the account is established. Personal securities transactions must be reported quarterly within 20 days after the close of the calendar quarter in which transactions take place. The following are exceptions to the reporting requirements:

- Transactions effected pursuant to an automatic investment plan
- Securities held in accounts over which a supervised person has no direct or indirect influence or control
- No report is required for an adviser firm that only has one supervised person with access to nonpublic information regarding clients' purchase and sale of securities, is involved in making recommendations to clients or has access to such recommendations that are nonpublic

Gifts And Entertainment

Mark Pearson is in charge of Nepsis, Inc.'s gift and entertainment policies.

To monitor compliance, Mark Pearson will require that supervised persons report gifts given and received within a timely manner, deemed to be five business days prior to giving or after receiving the gift.

To monitor compliance, Mark Pearson will require that supervised persons report events attended and/or hosted within a timely manner, with a timely manner deemed to be five business days prior to extending an invitation or upon receipt of an invitation to attend an event.

As evidence of compliance, Kim Dworak will record gifts given and received on a Gift and Entertainment Log, retained among the central compliance files of Nepsis®.

Family member gifts are excluded from this policy.

Violations

Supervised persons are required to report any violations relating to Nepsis's Code of Ethics, Insider Trading or Personal Securities Transactions Policies and Procedures to Mark Pearson. Such reports will not be viewed negatively by Nepsis, Inc.'s management staff, even if upon review of the reportable event it is determined not to be a violation so long as the supervised person reported the event in good faith. The identity of the reporting party will remain confidential. Upon discovering a violation of any of these policies and procedures, Nepsis® may impose any sanctions that are deemed appropriate, including but not limited to, disgorgement of profits, reversal of the trade or suspension of trading privileges, verbal warning, written warning, fines, suspension or termination of employment.

SUPERVISION

Mark Pearson is in charge of establishing, implementing, and supervising the written policies and procedures of Nepsis®. Mark Pearson will establish policies to ensure compliance with the requirements of all applicable federal and state laws and regulations. In addition, Mark Pearson will ensure systems are in place to provide safeguards against inadvertent violation of laws, rules and regulations, and against those supervised persons who may be tempted to engage in improper conduct. Mark Pearson will be in charge of training all new and current supervised persons on the firm's internal controls and procedures. Mark Pearson will implement testing and reviews designed to provide reasonable assurance that Nepsis, Inc.'s policies and procedures are being followed and are effective.

Nepsis® considers any communication from a federal, state, or self-regulatory organization a serious matter. In the event Nepsis® is contacted, receives a visit, or receives a notice of a visit from any federal, state, or self-regulatory organization, Mark Pearson must be notified immediately.

In addition, any inquiry from a member of the press must be directed to Mark Pearson who will be responsible for conducting all official correspondence with any members of the media.

Outside Business Activities

Employment of any outside business activity by an associated person of Nepsis® may result in possible conflicts of interests for the associated person or for the firm and therefore must be reviewed and approved by Mark Pearson. In addition, outside business activities must be disclosed on the associated person's Form U4, and if applicable, the Form ADV. Outside activities which must be reviewed and approved include, but are not limited, to the following:

1. Being employed or compensated by any other entity;
2. Being active in any other business including part-time, evening or weekend employment;

3. Serving as an officer, director, partner, or in some other similar capacity for any other entity;
4. Ownership interest in any non-publicly traded company or other private investments; or
5. Any public speaking or writing activities.

Written approval from Nepsis® for any of the above activities must be obtained by supervised persons prior to engaging in the activity. All supervised persons must complete and submit an Outside Business Activities Disclosure Form at the time such activities will begin. Mark Pearson will review the activities of supervised persons to determine if any activity could be a conflict of interest with the rules and regulations of the applicable regulatory authorities. In addition, activities will be reviewed to ensure they do not interfere with any of the supervised person's responsibilities with Nepsis®.

BOOKS AND RECORDS

Nepsis® is required to keep and maintain certain books and records as appropriate concerning its advisory business. Mark Pearson is responsible for ensuring all books and records are prepared, maintained, and updated in a timely and accurate manner. Any records that are maintained at a branch office level will be reviewed as part of the annual branch audit. Advisory fees will not be paid to the investment adviser representative if the proper client information has not been provided to the home office. Home office books and records will be reviewed as part of the firm's annual review.

Prior to Nepsis® ceasing to conduct or discontinuing business as an investment advisor, it will arrange for and be responsible for the preservation of the books and records required for a period of no less than three years after termination. Nepsis® will provide notification where such books and records will be maintained during such period by completing and electronically filing the Form ADV-W via the IARD system.

Books and records will be kept in compliance with Rule 204-2 of the Advisers Act. Pursuant to this Rule, and unless otherwise stated, Nepsis® will keep all books and records in an easily accessible location for a period of five years from the end of the fiscal year in which an entry was made or published. For the first two years, the books and records will be maintained in an appropriate office of Nepsis®. Mark Pearson is responsible for ensuring the accurate creation of all required books and records and their maintenance in a manner that secures them from unauthorized alteration or use and protects them from untimely destruction. The following books and records which have been cited directly from Rule 204-2 will be maintained by Nepsis®.

1. A current copy of the firm's Articles of Incorporation, records of meeting minutes, stock certificate books and any other corporate records.
2. A journal or journals, including cash receipts and disbursements, records, and any other records of original entry forming the basis of entries in any ledger.
3. General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts.
4. All trial balances, financial statements, and internal audit working papers relating to the business of the firm.
5. All check books, bank statements, cancelled checks and cash reconciliations of the firm.
6. All bills or statements (or copies thereof), paid or unpaid, relating to the business of the firm.
7. A memorandum of each order given by the firm for the purchase or sale of any security, of any instruction received by the investment adviser concerning the purchase, sale, receipt or delivery of a particular security and of any modification or cancellation of any such order or instruction. Such memoranda shall show the terms and conditions of the order, instruction, modification or cancellation; shall identify the person connected with the firm who recommended the transaction to the client and the person who placed such order; and shall show the account for which entered, the date of entry and the bank, broker or dealer by or through whom executed where appropriate. Orders entered pursuant to the exercise of discretionary power shall be so designated.

8. Originals of all written communications received and/or copies of all written communications sent by the firm relating to:
 - (i) Any recommendation made or proposed to be made and any advice given or proposed to be given,
 - (ii) Any receipt, disbursement or delivery of funds or securities, or
 - (iii) The placing or execution of any order to purchase or sell any security: Provided, however,
 - (a) That the firm is not required to keep any unsolicited market letters and other similar communications of general public distribution not prepared by or for the firm, and
 - (b) That if the firm sends any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory service to more than 10 persons, the firm is not required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular or advertisement is distributed to persons named on any list, the firm shall retain with the copy of such notice, circular or advertisement a memorandum describing the list and the source thereof.
9. A list or other record of all accounts in which the firm has received any discretionary power with respect to the funds, securities or transactions of any client.
10. All powers of attorney and other evidences of the granting of any discretionary authority by any client, or copies thereof.
11. All written agreements (or copies thereof) entered into with any client or otherwise relating to the business of the firm.
12. A copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication circulated or distributed, directly or indirectly, to 10 or more persons (other than persons connected with the firm), and if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommends the purchase or sale of a specific security and does not state the reasons for such recommendation, a memorandum indicating the reasons therefore.
13. Code of Ethics.
 - (i) A copy of the firm's Code of Ethics adopted and implemented along with any amendments made to the Code of Ethics at any time within the past five years;
 - (ii) A record of any violation of the Code of Ethics, and of any action taken as a result of the violation; and
 - (iii) A record of all written acknowledgments of the Code of Ethics for each person who is currently, or within the past five years was, a supervised person of the investment advisor.
14. Personal securities holdings and transactions.
 - (i) A record of all access persons annual holding reports and quarterly transaction reports or other records used in lieu of such reports;
 - (ii) A record of the names of persons who are currently, or within the past five years were, access persons; and
 - (iii) A record of any decision, and the reasons supporting the decision, to approve the acquisition of securities by access persons under Rule 275.204A-1(c), of the Advisers Act, for at least five years after the end of the fiscal year in which the approval is granted.
15. A record of every transaction in any security that the firm holds any direct or indirect ownership interest.
16. A copy of the firm's Disclosure Brochure and each amendment or revision thereof, given or sent to any client or

prospective client, and a record of the dates that each written statement, and each amendment or revision thereof, was given, or offered to be given, to any client or prospective client who subsequently becomes a client.

17. Copies of all solicitor/referral fee arrangements, all written acknowledgments of client receipt of solicitor disclosure documents, and copies of the disclosure documents delivered to clients by solicitors.
18. Regarding performance advertising: All accounts, books, internal working papers, and any other records or documents that are necessary to form the basis for or demonstrate the calculation of the performance or rate of return of any or all managed accounts or securities recommendations in any notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication that the investment adviser circulates or distributes, directly or indirectly, to 10 or more persons (other than persons connected with the firm); provided, however, that, with respect to the performance of managed accounts, the retention of all account statements, if they reflect all debits, credits, and other transactions in a client's account for the period of the statement, and all worksheets necessary to demonstrate the calculation of the performance or rate of return of all managed accounts shall be deemed to satisfy the requirements of this paragraph.
19. Written compliance and supervisory policies and procedures programs.
 - (i) A copy of the firm's internal written compliance and supervisory policies and procedures that are in effect, or at any time within the past five years were in effect, and
 - (ii) Records documenting the firm's reviews, done at least on an annual basis, of the policies and procedures.
 - (iii) Records of violations of the firm's written compliance and supervisory policies and procedures and any actions taken as a result of the violations.
20. Custody and possession of securities and funds:
 - (1) A journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) for such accounts and all other debits and credits to such accounts.
 - (2) A separate ledger account for each such client showing all purchases, sales, receipts and deliveries of securities, the date and price of each purchase and sale, and all debits and credits.
 - (3) Copies of confirmations of all transactions effected by or for the account of any such client.
 - (4) A record for each security in which any such client has a position, which record shall show the name of each such client having any interest in such security, the amount or interest of each such client, and the location of each such security.
 - (5) A memorandum describing the basis upon which the firm has determined that the presumption that any related person is not operationally independent under the SEC Custody Rule (see: [Rule 206\(4\)-2\(d\)\(5\)](#)) has been overcome.
21. Records showing the securities purchased and sold, and the date, amount and price of each such purchase and sale for each client.
22. For each security in which any such client has a current position, information from which the investment adviser can promptly furnish the name of each such client, and the current amount or interest of such client.
23. Proxy voting:
 - (i) Copies of all policies and procedures concerning proxy voting.
 - (ii) A copy of each proxy statement that the firm receives regarding client securities. A third party may be relied upon to make and retain a copy of a proxy statement (provided that the firm has obtained an undertaking

from the third party to provide a copy of the proxy statement promptly upon request) or may rely on obtaining a copy of a proxy statement from the Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system.

(iii) A record of each vote cast by the firm on behalf of a client. A third party may be relied upon to make and retain a record of the vote cast (provided that the firm has obtained an undertaking from the third party to provide a copy of the record promptly upon request).

(iv) Copies of all documentation used that was material to making a decision on how to vote proxies on behalf of a client or that memorializes the basis for that decision.

(v) A copy of each written client request for information on how the firm voted proxies on behalf of the client, and a copy of any written response by the firm to any (written or oral) client request for information on how the proxies were voted.

24. Copies of written complaints received from any client or any notes taken as a result of a verbal client complaint.

25. Political Contributions:

(i) Records of all contributions made by the firm or any of its supervised persons, directly or indirectly, to an official government entity, to a political party, or to a political action committee; and the names and addresses of each solicitor used or contracted by the firm to solicit a government entity for investment advisory services.

(ii) The records of contributions are maintained in chronological order, and the list must include:

(i) The name and title of each contributor;

(ii) The name and title, including the specific municipal subdivision, of each recipient of a contribution or payment;

(iii) The amount of the contribution or payment and the date on which the contribution was made; and

(iv) Clarification indicating whether the contribution satisfied the exception for certain returned contributions under Rule 206(4)-5(b)(3) and was returned pursuant to that exception.

Client Files

Books and records concerning the clients of Nepsis® may be maintained in such a manner that the identity of any client to whom Nepsis® renders investment supervisory services is indicated by numerical or alphabetical code or some similar designation.

A file must be maintained for each Nepsis® client. Such files must contain any documents that establish and define Nepsis, Inc.'s relationship with the client. The following are examples of documents that must be maintained in the client files:

- Advisory contracts and any data gathering documents
- Copies of fee schedules
- Copies of any legal documentation
- Copies of documents granting discretionary authority
- Copies of any correspondence sent or received
- Copies of documents evidencing the delivery of client disclosure documents
- Copies of any reports prepared and provided*
- Copies of any monthly or quarterly brokerage, mutual fund and variable annuity statements*

* These files may be maintained separate from the client file in alpha or account number and chronological order.

Maintenance Of Electronic Records

All required documentation may be kept in paper format or via electronic media. Documents must be maintained in a format that may be immediately produced or reproduced upon request from a regulator. If documents are stored electronically, the following requirements will be met pursuant to SEC Rule 204(g) which permits micrographic and electronic storage of records provided:

- Records are arranged and indexed in a way that permits easy location, access, and retrieval of any particular record;
- Records are provided promptly upon request by the SEC or any other regulator;
- Records are legible, true, and complete in the medium and format in which the records are stored;
- A legible, true, and complete printout of the record can be provided;
- There is proper means to access, view, and print the records; and
- Records are separately stored, for the time required for preservation of the original record, with a duplicate copy of the record on any medium allowed by this section.
- Procedures must ensure the maintenance and preservation of the records, so as to reasonably safeguard them from loss, alteration, or destruction;
- To limit access to the records to properly authorized personnel and the SEC (including its examiners and other representatives); and
- To reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

CLIENT DOCUMENTS AND DISCLOSURES

Disclosure Brochure

Under the requirements of Rule 204-3 of the *Advisers Act*, Nepsis® is required to provide all clients and prospective clients with its Form ADV Part 2A written disclosure document and if the sponsor of a wrap fee program, its Part 2A Appendix 1 Wrap Fee Program Brochure. The major purpose of the Form ADV Part 2A is to full and fair disclosure to clients regarding things such as, the firm's services, fees, business practices, conflicts of interest, codes of ethics, proprietary and employee trading, material affiliations, and certain financial and disciplinary disclosures. The Part 2A Appendix 1 discloses specific information about the wrap fee program that the firm sponsors. The Part 2B Brochure Supplement provides information about the firm's investment adviser representative(s).

A current copy of the disclosure documents will be delivered to an advisory client or prospective client before or at the time the client enters into a contract with Nepsis®. Every client will acknowledge initial receipt of the disclosure documents in writing.

On an annual basis, within 120 days of Nepsis, Inc.'s fiscal year end, all existing clients will receive a copy of Nepsis, Inc.'s disclosure brochure (Part 2A or if a wrap-fee client, Part 2A Appendix 1) that includes or is accompanied by the summary of material changes; or a summary of material changes that includes an offer to provide a copy of the current brochure upon request. Such document(s) will be provided to the client without charge. In addition, any client may request a copy of the firm's disclosure documents at any time. Any request for a copy of Nepsis, Inc.'s disclosure documents, made verbally or in writing, will be mailed or delivered within seven days of receipt of the request. Furthermore, if at any time during the year Nepsis's response to Item 9 of Part 2A (disciplinary information) changes, Nepsis® will provide an interim update to clients that describes the material facts relating to the amended disciplinary event. Mark Pearson will ensure that a copy of each client's annual delivery of the disclosure document(s) or a dated sample copy of the annual delivery letter and a log of all clients to whom the annual delivery is sent is maintained. In addition, a log of all clients requesting a copy of any disclosure documents will be maintained.

Nepsis® will provide the SEC a copy of its Form ADV Part 2A and the Part 2A Appendix 1 by submitting the documents electronically via the IARD system. Further, all updates to the Part 2A and the Part 2A Appendix 1 will be filed through the IARD system and will be maintained as part of Nepsis, Inc.'s files.

Brochure Supplement

In addition to providing clients with Form ADV Part 2A and/or the Part 2A Appendix 1 Wrap Fee Program Brochure, Nepsis® will provide each client with the Form ADV Part 2B Brochure Supplement for each supervised person who provides advisory services



to that client and for each supervised person who has discretionary authority over the client's assets, even if the supervised person has no direct contact with that client. The Form ADV Part 2B Brochure Supplement is a disclosure document that provides clients with information about Nepsis, Inc.'s supervised persons who provide clients with investment advice or who have discretionary authority over client assets. The Brochure Supplement includes the supervised person's contact information, educational background and business experience, disciplinary information, other business activities, and compensation information.

The Brochure Supplement will be delivered before or at the time the supervised person begins to provide advisory services to the client. Further, the client will be given an update to the Brochure Supplement if at any time during the year there are material changes made to the supervised person's response to Item 3 of Part 2B (disciplinary information). This update will be provided without charge and will describe the material facts relating to the amendment. The SEC does not require that the Form ADV Part 2B be submitted electronically via the IARD system.

Electronic Delivery

Nepsis® may deliver the Form ADV Part 2A, 2A Appendix 1, 2B, and other documents to clients via electronic media. However, prior to doing so, Nepsis® must receive client consent to provide the documents electronically. In addition, even if a client consents to have documents delivered electronically, whenever a client requests a paper copy of a document, Nepsis® will promptly provide a paper copy of the document at no cost to the client.

Like paper documents, electronically delivered documents will be prepared and delivered in a manner consistent with the requirements of the Advisers Act. Regardless of the delivery format of the document, all documents distributed by Nepsis® will contain all material and required information presented in the manner prescribed by the *Advisers Act* or other federal securities laws.

Whenever Nepsis® distributes documents electronically, Nepsis® will do so in a manner that gives the firm reasonable belief that the delivery requirements are satisfied.

Conflicts Of Interest

As a fiduciary, Nepsis® has an obligation to always act in the best interests of its clients. Part of Nepsis, Inc.'s fiduciary duty includes disclosing all potential and real conflicts of interest that may materially affect a client's decision to conduct business with Nepsis®. Nepsis® and its supervised persons are required to disclose the following conflicts of interest to clients:

- Any interest the firm or a supervised person may have in any recommendations made;
- Compensation received from the issuer of a security being recommended by Nepsis® or any of its supervised persons, including special marketing allowances;
- Personal securities transactions for the firm and its supervised persons and whether the transactions are similar or inconsistent with investment advice given to clients. Supervised persons may not effect transactions in which they have a personal interest in a manner that could result in preferring their own interest to that of Nepsis, Inc.'s clients; and
- Any financial related business affiliations that Nepsis® has entered into. In addition, any outside business activities of Nepsis, Inc.'s supervised persons.

Client Agreements And Supporting Documents

Any time a relationship is established with a new client, all required disclosures will be provided to the client and all required information and forms will be obtained from the client. The client's investment objectives and goals will be documented and reviewed on an annual basis. In addition, all clients will complete an informational and data gathering form.

The *Advisers Act* does not require Nepsis® to enter into written agreements, but does set forth requirements if agreements are in writing. When entering into oral advisory agreements, Nepsis® must still follow Rule 204-2 of the *Advisers Act* concerning books and records and provide the Nepsis® disclosure documents. Any written agreements entered into between Nepsis® and its clients will, at a minimum, contain the following conditions:



- Agreements will not be assigned without client consent. Written consent will be obtained if required by applicable law, rule, or statute.
- Agreements will not purport to waive compliance with, or violate, the *Advisers Act* or rules under the *Advisers Act*.
- Agreements will not include any hedge clauses.
- Agreements will include an acknowledgement of receipt of Nepsis, Inc.'s disclosure documents, including Form ADV Part 2A, 2A Appendix 1 and 2B(s).
- Agreements will be signed by all parties contracting for services including the client(s) and an authorized officer of Nepsis®.

PRIVACY REQUIREMENTS

Regulation S-P was issued by the SEC in June 2000 in response to the privacy requirements of the *Gramm-Leach-Bliley Act of 1999* ("GLB Act"). Regulation S-P is a comprehensive set of SEC rules that are focused on preventing financial institutions from disclosing various types of non-public personal information gathered from individual clients to unaffiliated persons. Regulation S-P prohibits the sharing of non-public personal information with any non-affiliated third party unless the firm has provided notices of its privacy policies and "opt-out notices" allowing clients to "opt-out" of the disclosure of such information. The types of personal information covered generally include any information that is not already publicly available but is provided by a client in order to obtain financial products or information from an adviser providing services or engaging in transactions for the client.

The *GLB Act* permits states to enact privacy protections that are stronger than those contained in the *GLB Act* and Regulation S-P. In order to further meet the privacy concerns of their residents, California, Connecticut, Massachusetts, New Mexico, and Vermont have enacted privacy protections which are stronger than the provisions of the *GLB Act* and Regulation S-P. With regard to clients who are residents of these states, Nepsis® is prohibited from sharing non-public personal information with any affiliated third party unless the firm has provided notices of its privacy policies and "opt-in" notices allowing clients to "opt-in" to the disclosure of such information. An "opt-in" generally requires Nepsis® to obtain from its client and consumers a signed statement in which the person makes an affirmative declaration of permission to disclose certain personal information.

Nepsis® is required to adopt policies and procedures designed to protect various records and information it maintains about its natural person clients. It is required to provide "clear and conspicuous" notices reflecting its privacy policies and procedures to a client initially at the time a relationship is established and annually thereafter. The initial notice must be provided at the time the client enters into an advisory contract with Nepsis®. Any initial notice may be provided within a reasonable time after it establishes a client relationship if: (i) establishing the client relationship is not at the client's election, (ii) providing notice no later than when the client relationship is established would substantially delay the client's transaction and the client agrees to receive the notice at a later time, or (iii) a non-affiliated broker or dealer establishes a client relationship between the adviser and a consumer without the adviser's prior knowledge. For purposes of Regulation S-P, an individual who is the record holder of a fund's shares is considered the client. If the client has multiple accounts, Nepsis® is permitted to deliver a single Privacy Notice provided the notice makes it clear which accounts it applies to and the client can reasonably be expected to receive the actual notice regarding each account.

Nepsis, Inc.'s Privacy Notice will include, at a minimum, the following:

- A general description of its policies and procedures to protect the confidentiality, security and integrity of clients' non-public personal information;
- Categories of clients' non-public personal information collected;
- Categories of clients' non-public personal information disclosed;
- If applicable, categories of affiliates or non-affiliated third parties that may receive the information; and
- If applicable, an explanation of a client's right to opt out or opt in and the method used to exercise that right

In certain circumstances, Nepsis® is permitted to share client non-public personal information with non-affiliated third parties



without providing the client notice of and an opportunity to opt out. Such circumstances include sharing information:

- With a non-affiliate if necessary to effect, administer, or enforce a transaction that a client requests or authorizes
- In connection with processing or servicing a financial product or service a client authorizes
- In connection with maintaining or servicing the client's account with the institution.

Under these exceptions, Nepsis® does not need to provide the client the opportunity to opt out or opt in before sharing the client's non-public personal information with a non-affiliated broker/dealer in order to execute trades the client has authorized with a non-affiliated custodian that holds securities on behalf of the client.

Mark Pearson is responsible for maintaining Nepsis, Inc.'s Privacy Notice and all required records pertaining to such document. Mark Pearson will be responsible for training supervised persons and making sure everyone is aware of and complies with Nepsis, Inc.'s Privacy Notice policies and procedures. Mark Pearson will be responsible for ensuring that all clients receive the initial delivery and annual delivery of Nepsis, Inc.'s Privacy Notice.

Information Security Plan

Pursuant to Rule 30 of Regulation S-P, Nepsis® has adopted the following Information Security Plan to address the administrative, technical, and physical safeguards for the protection of client records and information. The purpose of this information security plan is to ensure the security and confidentiality of client personal information, protect against any anticipated threats or hazards to the security of client information, and protect against the risk of identity theft.

Personal information is considered a person's first and last name, or their first initial and last name, in combination with their Social Security number, driver's license number or state issued identification card number, or their financial account number or credit or debit card number. Personal information does not include information that is lawfully obtained from publicly available information, or from federal, state, or local government records that are available to the general public. The personal information collected by Nepsis® will be limited to what is reasonably necessary to accomplish business purposes or to satisfy regulations. Further, access to personal client information will be limited to those employees required to know such information.

To protect clients' personal information, Nepsis® has instituted the following safeguards:

- Client files are physically locked during non-business hours;
- Strong electronic passwords are utilized that:
 - Contain alphanumeric/special character combinations;
 - Require users to change the password after a certain time period; and
 - Lock the device after several unsuccessful attempts at access
- When disposing of old computers, hard drives, and other storage medium are removed and physically destroyed;
- Whenever possible, alternatives are used in place of social security numbers and account numbers;
- Any email request for client information or to change client information must be sent using DMARC technology - *or* - Any electronic request for client information or request to change client information must be confirmed via physical writing or through oral communication (in person or via the phone);
- Wireless connections (WEP/WPA) are password protected;
- At least annually, Nepsis will employ a qualified professional to conduct a security audit; and
- Passwords are never provided by email or through a web page accessed through a link in an email.

In addition, employees of Nepsis® are required to:

- Put away open client files when leaving their desk;
- Shred documents when disposing of physical files;
- Never share their electronic passwords;
- Set electronic devices to require users to re-login after a period of inactivity;
- Encrypt all client information transferred or stored on portable electronic devices such as laptops, tablets, external hard drives, CD-Roms, disks, thumb drives, and smart phones; and
- Utilize and update patches for operating systems, firewalls, and anti-virus and malware software for business computers, and personal electronic devices used for business purposes.

To limit outside access to confidential client information via the use of smart phones, each employee is required to password protect his or her smart phone and set the auto-lock function for the shortest possible time. The auto-lock function of the smart phone should also be set to clear the smart phone's memory after a set number of failed log-in attempts or to automatically power down the phone.



To further protect the confidentiality of clients' personal information, all visitors to Nepsis, Inc.'s office are restricted to one entry point for each building in which personal information is stored. In addition, visitors will be required to present a photo ID, sign in, and wear a plainly visible "Guest" badge or tag. At no time will visitors be permitted in any area of Nepsis, Inc.'s office where client personal information is stored or accessible, unless the visitor is escorted by an employee of Nepsis®.

In the event of termination, an employee must return all records containing any form of client personal information. This includes all information stored on laptops or other portable devices or media, and information stored in files, records, work papers, etc. The terminated employee's physical and electronic access to personal information of clients will be immediately blocked and the terminated employee will be required to surrender all keys, IDs, access codes, or badges that permit access to Nepsis, Inc.'s premises or information. In addition, the terminated employee's remote electronic access to personal information will be disabled and his or her voicemail access, email access, internet access, and passwords will be invalidated.

Mark Pearson is in charge of Nepsis, Inc.'s information security. Accordingly, Mark Pearson is responsible for training employees, testing and regularly monitoring the security program, conducting an annual review of the effectiveness of the information security plan, conducting a review whenever there is a material change in the business practices of Nepsis® that may implicate the security or integrity of clients' personal information, and conducting an annual training session for all individuals who have access to clients' personal information.

Any outside service provider who does business with Nepsis® must contractually agree to keep confidential any non-public confidential client information. Mark Pearson will conduct due diligence of any service provider used by Nepsis® to ensure the service provider's ability to protect client information. (See the Due Diligence section of this manual for more details).

Security Breach

Employees should report any suspicious or unauthorized use of client information to Mark Pearson. Mark Pearson will be responsible for conducting a reasonable investigation to determine whether a security breach occurred and the likelihood of the information being misused.

In the event of a security breach, Nepsis® will assess the breach and identify which systems and the types of information that were compromised. The firm will then take steps to contain and control the breach and to prevent further unauthorized access or use. Mark Pearson will notify clients of the breach if misuse has occurred or it is reasonably possible that misuse will occur. Further, Mark Pearson will provide notice to the SEC or the proper state securities authority.

Mark Pearson will prepare and archive a report of each Security Breach including when the breach occurred, the information stolen, and an explanation of the steps taken to prevent a reoccurrence of the breach.

PROXY VOTING

If the firm elects to vote proxies on behalf of clients, as a fiduciary such proxies must be voted in the best interests of the client. According to the *Advisers Act*, if an investment adviser votes proxies on behalf of clients, the investment adviser must satisfy the following requirements:

- Adopt and implement written proxy voting policies and procedures reasonably designed to ensure that the fund manager votes client and fund securities in the best interests of the clients and fund investors and addressing how conflicts of interest are handled;
- Disclose its proxy voting policies and procedures to clients and fund investors and furnish clients and fund investors with a copy of these policies and procedures if requested;
- Inform clients and fund investors as to how they can obtain information from the manager on how their securities were voted; and
- Retain required records.

Under the *Employee Retirement Income Security Act of 1974* ("ERISA"), investment advisers have special fiduciary responsibilities. Under ERISA, if the authority to manage a plan has been delegated to an investment manager, only the investment manager has the authority to vote proxies on behalf of the plan except, when the plan named fiduciary has reserved to itself or to another named fiduciary (as authorized by the plan document) the right to direct a plan trustee regarding the voting of proxies.

For accounts that Nepsis® provides ongoing management and trade execution services, Nepsis® will, if required by the account custodian, vote proxies on behalf of the client upon receiving written authorization. Mark Pearson is in charge of voting all client proxies, corporate reorganizations, and other corporate actions on behalf of clients (collectively referred to as “proxies” for this policy). Mark Pearson is responsible for ensuring all records are retained per the requirements set forth under the *Advisers Act*.

Generally, Nepsis® believes the best financial interest of its clients is consistent with management’s recommendations. Therefore, Nepsis® will generally vote consistent with management’s recommendations absent a compelling documented basis to vote otherwise. This will mean voting “for” proposals that are determined to improve the management of a company, increase the rights or preferences of the voted securities, and/or increase the chance that a premium offer would be made for the company or for the voted securities. Nepsis, Inc.’s decision to vote in support or opposition of a proposal will be based on the specific circumstances described in the proxy statement and other available information.

Nepsis® will also consider any voting guidelines issued by clients, so long as these guidelines are consistent with Nepsis, Inc.’s duties under applicable law, including ERISA.

Voting Guidelines: Routine Matters

Nepsis® expects to vote proxies in favor of routine proposals, unless there is specific information that approval of the proposal would adversely affect the value of the investment or would not be in the best interest of clients. Such routine matters generally include, among others: election of directors, appointment of independent auditors, increase in the outstanding common stock or other equity classes, date and place of the annual meeting, ratification of directors’ actions on routine matters, and indemnification of directors and/or officers.

Voting Procedures: Social Conscience/Moral Issues

Nepsis® will generally vote against proxies requiring management action on a moral or social issue unless such issue has escalated to the point where the company may be adversely affected by protests, governmental actions, or other serious economic consequences if no action is taken. Where the economic impact of a proposal is not clear, a vote to “abstain” may be appropriate.

Voting Procedures: Financial or Corporate Governance Questions

Financial and corporate governance issues take more time to consider and may be complicated by activities such as hostile takeovers and mergers. Nepsis® will generally vote in favor of the following types of proposals: incentive compensation plans for certain key employees and directors, mandatory retirement age for directors, confidential voting, cumulative voting, proposals to lower barriers to shareholder action, proposals to restore shareholder ability to remove directors with or without cause.

Nepsis® will generally vote against the following types of financial and corporate governance proposals: board entrenchment proposals and anti-takeover measures, such as “poison pill” and “golden parachute” provisions, limitations on shareholder ability to act, blank check preferred stock authorizations, eliminating cumulative voting rights, and proposals to adopt classified boards.

Voting Guidelines: Client Guidelines

Some Nepsis® clients may have their own set of proxy voting guidelines. These may conflict with the proxy guidelines discussed above or the voting guidelines of another client. If such a situation arises, Nepsis® will comply with client guidelines by voting the proxies attributable to that client on a proportionate basis (based on the number of shares held by the client).

Proxy Voting: Conflicts of Interest

In the unlikely event that the proxy issue is not addressed by the guidelines above and materially conflicts with the interests of Nepsis® or any person involved in the proxy voting process, Nepsis® will nevertheless vote such proxy in the best financial interest of its clients and will document its basis for such vote.

Proxy Voting: Procedures

Nepsis® collects proxy statements as they are received and compares them against internal records to ensure the proxies represent all the shares to be voted by Nepsis®. Upon receipt of proxies, needed information will be gathered by Mark Pearson and then voted by Mark Pearson. Votes are made based on the procedures outlined above. If the proxy subject matter does not fall within these guidelines, Mark Pearson will ensure the proxy is voted in the clients’ best interests.

CUSTODY

Under Rule 206(4)-2 of the *Advisers Act* (“Rule 206(4)-2”) and its requirements, custody is defined as holding, directly or indirectly, clients’ funds or securities, or having the authority to obtain possession of them. Under Rule 206(4)-2, custody will include the following:

- Having possession of client funds or securities, unless such assets are received inadvertently and the adviser returns them to the sender within three business days (This would not include possession of a check drawn by a client that is made payable to a third party.);
- Having arrangements, including a general power of attorney, whereby an adviser is authorized or permitted to withdraw client assets maintained with a custodian upon the adviser’s instruction to the custodian (This would include having the ability to deduct fees or other expenses directly from a fund’s or client’s account.) and;
- Acting in any capacity that provides the adviser or any of its supervised persons with legal ownership or access to client assets, such as acting as general partner of a limited partnership, as managing member of a limited liability company, or as trustee of a trust.

According to this definition, Nepsis® is deemed to have custody of client assets since it has management fees deducted directly from client accounts and paid to Nepsis®. However, the automatic deduction of advisory fees from client accounts is the only form of custody Nepsis® will maintain. Nepsis® will not have direct access to client funds and securities, nor will it have control over client funds and securities. According to the exemption provided in the SEC’s *Custody of Funds or Securities of Clients by Investment Advisers Rule*, since the deduction of client fees is the only form of custody Nepsis® will maintain, Nepsis® may indicate on its Form ADV Part 1, Item 9 that it does not have custody of any advisory clients’ cash or bank accounts or securities. Further, since the only form of custody the firm has is the deduction of advisory fees, Nepsis® is not subject to the Rule’s surprise verification examination requirements.

The following are prohibited:

- Nepsis® and/or a related person will not serve as a managing member, general partner, trustee or in any similar capacity of any pooled investment vehicle.
- Supervised persons are prohibited from deducting fees directly from client accounts.
- Fees of more than \$1,200 will not be billed more than six (6) months in advance.
- Funds and securities will not be held on a client’s behalf.
- Supervised persons are prohibited from signing checks on a client’s behalf.
- Supervised persons are prohibited from serving on the board of directors of an organization that will direct investments to Nepsis®.
- Supervised persons will not serve as a trustee for any non-family client trust or estate. Exceptions may be made but prior to engaging in such service they must be approved in writing by Mark Pearson.
- Nepsis® and its supervised persons will not receive funds from the proceeds of any sale of a client’s securities in the name of Nepsis® or its supervised persons.
- Nepsis® and its supervised persons will not transfer or wire funds from a client’s account to any account other than other accounts owned by the same client. If funds must be wired or transferred from a client’s account to another account not owned by the client (i.e. a third-party account), written instructions signed by the client must be obtained by Nepsis® to be forwarded to the qualified custodian prior to any funds being wired or transferred. To the extent Nepsis® or its supervisory persons receive any written instructions to wire or transfer funds from client’s account to the third-party account and such instructions were not discussed in person or over the telephone with client Nepsis® or its supervised person will verify through a telephone call or meeting directly with client that such instructions are authentic before forwarding such written instructions to the qualified custodian for processing.

- Nepsis® will not request a check or remit funds from an account unless the request is to the account owner. To the extent, Nepsis® also has the ability to change the client's address of record on the account, Nepsis® must ensure the client's custodian delivers a notice of all address changes to the new address and old address at least 30 days after making the change. If the custodian does not deliver such notice and Nepsis® has the ability to remit funds from an account and change the address on the account, Nepsis® is deemed to have custody.
- Supervised persons are prohibited from accepting client securities (i.e., stock certificates) to be forwarded to the qualified custodian by Nepsis®. Supervised persons are not allowed to accept client securities. If client securities are accepted, Nepsis® would be in violation of the custody rule's requirement to maintain all client funds and securities with a qualified custodian at all times.
- Nepsis® may not accept or receive client securities or funds from a third party (other than from the client as described below). If Nepsis® inadvertently receives client securities or funds from a third party, Nepsis® will promptly return (within 3 business days of receipt) such securities and funds to sender.
- Nepsis® may accept and receive funds (i.e., checks signed by a client and made payable to a third party) from a client to be forwarded to a third-party custodian. With the exception of fees paid by client to Nepsis® for advisory services rendered, such as management or financial planning services, checks from a client must never be made payable to Nepsis®. Funds from a client must be made payable to the custodian in charge of maintaining the client's account. Any time funds to or from the client are made payable to Nepsis® when the funds or securities should have been made payable to the custodian or a third party, the funds must be destroyed (if directed by the client) or returned to the client promptly. When accepting funds from a client made payable to a third party, the funds must be forwarded to the account custodian promptly (i.e., forwarded to the custodian the same business day or, if received at the end of the business day, forwarded to the custodian the following business day). Cash will never be accepted for deposit to a client's account.
- Nepsis® will not utilize a client's personal user name and password for online access to a client's account if such access would give Nepsis® the ability to withdraw funds and securities from a client's account.

As required under Rule 206(4)-2, the following procedures have been implemented by Nepsis:

1. Accounts must be maintained with a qualified custodian. Pershing LLC serves as the qualified custodian for Nepsis, Inc.'s advisory accounts. However, clients are allowed to direct which custodian is used. Most regulated banks and savings associations, registered broker/dealers, registered futures commission merchants, and foreign financial institutions may serve as qualified custodians. Funds and securities must be maintained by the custodian, either in a separate account for each client or fund in the client's/fund's name or in accounts containing only funds or securities of the adviser's clients or funds under the name of the adviser as agent/trustee for the clients or funds. Shares of registered open-end investment companies can be held by the fund's transfer agent. In addition, privately placed and un-certificated securities are not subject to this rule, if their ownership is recorded in the client's name only on the books of the issuer or transfer agent and are transferable only with the prior consent of the issuer or its shareholders.
2. Notice must be provided to clients. Upon opening an account with a qualified custodian, Nepsis®z will notify the client or investor in writing of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. If this information changes, notification must be provided to the clients. Clients or investors may designate an independent representative to receive such notices.
3. Nepsis® will establish reasonable belief, upon due inquiry, that the client's qualified custodian is sending account statements at least quarterly to the client and that the account statements identify the amount of funds and each security in the account at the end of each quarter. Statements must also set forth all transactions in the account during the quarter.

IDENTITY THEFT PREVENTION PROGRAM

Nepsis® has developed and implemented the following Identity Theft Prevention Program designed to detect, prevent, and mitigate identity theft in connection with certain investment advisory client account where Nepsis® serves as the investment adviser of record or provides investment advisory services related to such client account.



The following definitions are used in correlation with Nepsis, Inc.'s Identity Theft Prevention Program:

Identity theft means a fraud committed or attempted using the identifying information of another person with authority.

Red Flag means a pattern, practice, or other specific activity that indicates the possible existence of identity theft.

Investment advisory client account is defined as an account held by qualified custodian where Nepsis® is investment adviser of record or Nepsis® otherwise provides asset management or advisory services for such account.

This Identity Theft Prevention Program covers how Nepsis® will identify relevant types of identity theft red flags, detect the occurrence of those red flags, respond appropriately to the detected red flags, and periodically update the identity theft program. Nepsis® has considered the size, complexity, nature and scope of its business model and activities when developing its Identity Theft Prevention Program.

Red Flags

To identify the red flags that are relevant to the investment advisory client accounts of Nepsis®, it will consider the types of client accounts receiving asset management or investment advisory services from Nepsis®, identify potential risk factors in servicing such investment advisory client accounts, review all past identity theft issues, incidents or breaches encountered by Nepsis® and/or existing clients of Nepsis®.

Nepsis® recognizes the following as red flags that may suggest the potential threat of identity theft:

- Receipt of an alert, notification, or warning from a consumer reporting agency, fraud detection service or similar service provider;
- Receipt of spam emails from client's email address or notification the client's email account has been hacked;
- Receipt of suspicious documents, including documents that appear to have been altered, appear forged or appear inauthentic or inconsistent with firm's documents;
- Presentation or receipt of suspicious personal identifying information such as address change, telephone change or change in email address;
- Unusual use or suspicious activity related to an investment advisory client account;
- Notice from clients, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with an investment advisory client account.
- Receipt of a client request (or signed authorization) to wire or issue a check to a third-party from an investment advisory client account:
 - The use of number 0 instead of letter O, number 1 instead of lower case letter l, or .net instead of .com in the email address of the request (or authorization) against longtime email address on file for the client;
 - A recent change in the client's contact information;
 - The use of a contact address or telephone number in the request (or authorization) which is inconsistent with the client information on file;
 - The use of incorrect words, spellings or phrases in the email which is inconsistent with client's normal pattern of communication;
 - The client's signature on any disbursement forms does not match the client's signature on file;
 - The request is inconsistent with client's past or explanation for the disbursement does not make sense;
 - The wire is to a foreign bank or the wire/check is to unknown party; and/or
 - The email stresses urgency and/or insists upon no verbal communication with the client.

Identity Verification

For new investment advisory client accounts, Nepsis® will verify the identity of the client who is establishing the investment advisory relationship with Nepsis® by utilizing reasonable means such as requesting that the client provide name, address, identification number. When Nepsis® is able to verify the identity of the client in person, Nepsis® will further verify client's identity by requesting client provide a government issued identification card.

For existing investment advisory client accounts, Nepsis® will continue to confirm the identity of client associated with the

existing account before providing any confidential information pertaining to client or client's account. Nepsis® will monitor the transactions of existing investment advisory client accounts to watch for unusual or suspicious activity or for potential data breaches. It is the policy of Nepsis® to verify the validity of change of address requests.

Preventing And Mitigating Identity Theft

If Nepsis® detects a potential red flag or identity theft violation, Nepsis® will evaluate the risk to determine an appropriate response, which may include but is not limited to the following actions:

- Notifying (via different communication channel) the client of the situation, events pertaining to the situation, and/or of potential risk(s) present;
- Monitoring client account for evidence of identity theft;
- Changing any passwords, security codes, or other security devices that permit access to the investment advisory client account;
- Refusing to initiate or approve a request to disburse or wire funds to a third-party;
- Reopening an investment advisory client account with new account number;
- Closing an existing investment advisory client account;
- Notifying law enforcement;
- Determining that no response is warranted under the particular circumstances.

Updating The Identity Theft Prevention Program

Nepsis® will update on an as-needed basis its Identity Theft Prevention Program (including the Red Flags determined to be relevant) to reflect changes in risks to clients or the safety and soundness of Nepsis® from identity theft. When updating its Identity Theft Prevention Program, Nepsis® will consider past experiences with identity theft, changes in technology or the implementation of new systems, changes in methods to detect, prevent and mitigate identity theft, changes in the types of accounts that are offered to clients, and/or changes in the firm's current business arrangements with service providers.

Oversight Of The Identity Theft Program

Oversight of Nepsis, Inc.'s Identity Theft Program will be handled by Mark Pearson, who will be in charge of implementing the Identity Theft Program and for approving material changes to the Identity Theft Program to address changing identity theft risks. Nepsis® will prepare and maintain as part of its books and records, reports detailing the compliance and effectiveness of the Identity Theft Program and documenting incidents involving identity theft incidents, responses and corrective actions to incidents of identity theft, and recommendations for changes needed in the current policies and procedures.

Oversight Of Service Provider Arrangements

When engaging a third-party service provider to perform activities in connection with one or more Investment advisory client account Nepsis® will ensure the activity of the service provider is conducted in accordance with reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft.

Wire Fraud Prevention

To prevent against fraud, Nepsis® requires its employees and supervised persons to follow the protocols set in place related to requests to wire or issue checks to third-parties from an investment advisory client account.

- To the extent that a client inquires via email as to the balance of client's accounts, the employee or supervised person of Nepsis® will provide such information if (i) such employee/supervised person knows client's voice or face and communicates with client via telephone or video chat before providing such information, or (ii) the client provides employee/supervised person with the "secret password" established by client and Nepsis® for purposes of discussing or providing instructions regarding client's account(s).

- To the extent client requests via email that Nepsis® pre-populate a third-party disbursement or wire form, employee/supervised person will only provide blank forms via email. Any disbursement or wire form completed or pre-populated by Nepsis® will only be sent via U.S. Mail or overnight courier by Nepsis® to client's longtime address of record or available via an encrypted client portal that has been secured with a unique password that wasn't delivered to client via email.
- To the extent client requests (or forwards a signed authorization) a wire or check to a third-party, the employee/supervised person receiving the request will check the request (or authorization) for the following red flags:
 - The use of number 0 instead of letter O, number 1 instead of lower case letter l, or .net instead of .com in the email address of the request (or authorization) against longtime email address on file for the client;
 - The use of a contact address or telephone number in the request (or authorization) which is inconsistent with the client information on file;
 - The use of incorrect words, spellings or phrases in the email which is inconsistent with client's normal pattern of communication;
 - The client's signature on any disbursement forms does not match the client's signature on file;
 - The request is inconsistent with client's past or explanation for the disbursement does not make sense;
 - The wire is to a foreign bank or the wire/check is to unknown party; and/or
 - The email stresses urgency and/or insists upon no verbal communication with the client.

In the event that any of the above red flags exist, the employee/supervised person should scrutinize the request and immediately alert the Chief Compliance Officer of Nepsis®.

- To the extent client requests via mail or email to wire or issue a check to a third-party, (i) an employee/supervised person at Nepsis® that personally knows the client and client's voice or face will confirm the client's identity via client's telephone (preferably landline) number or skype or facetime account on file with Nepsis®, or (ii) an employee/supervised person with access to the "secret password" established by client and Nepsis® for purposes of discussing or providing instructions regarding client's account(s) will confirm client's identity and the authenticity of the request via client's telephone (preferably landline) number on file with Nepsis®. During the authorization call, the employee/supervised person will take the following precautions.
 - The employee/supervised person of Nepsis® will not use email to confirm client's identity and the authenticity of the risk.
 - If a request involves an unknown account, foreign bank, unknown party, or unknown purpose or is inconsistent with the client's past history, the employee/supervised person will ask detailed questions of client about the reasons for the requested transaction.

In the event that the employee/supervised is unable to confirm the identity and authenticity of the request via the above authorized communication methods (which is not email), the employee/supervised person will **not** initiate/authorize/forward the request and immediately advise the client at his address and telephone number of record and the investment adviser representative of record, the service/operations team members and the Chief Compliance Office of Nepsis® and the qualified custodian for the client's account(s) of the request/denial.

- Employees and supervised persons are prohibited from providing client information to a 3rd party, either verbally or via email, without first obtaining signed, by client, permission form to disclose personal information on behalf of client.

Training

Nepsis® requires that all employees and supervised persons are trained on Nepsis, Inc.'s Identity Theft Prevention Program and policies concerning preventing wire fraud. Employees and supervised persons will be required to sign and acknowledge documentation indicating that they have been trained on and understand the firm's policies and procedures concerning Identity Theft Red Flags, the firm's Identity Theft Program, and wire fraud prevention procedures. All staff is expected to be able to effectively implement Nepsis, Inc.'s Identity Theft Program and wire fraud prevention procedures.

Fee Billing

Nepsis® is responsible for calculating fees billed from the majority of client accounts and for forwarding fee billing instructions to the client's account custodian. In some cases, however, the custodian calculates and deducts Nepsis's fee as part of a program the custodian sponsors.



In those cases where Nepsis® calculates the fee, Mark Pearson is responsible for completing this task. It is the policy of Nepsis® that all of its management fees are authorized by the client to be automatically deducted from the client's accounts. Exceptions to this policy must be approved by Mark Pearson.

When opening an account, Mark Pearson is responsible for coding it with an approved fee ID code that corresponds to the client's annual fee schedule as it appears on the client agreement or fee schedule. If a new fee schedule and corresponding fee ID is required to match the schedule shown on the client agreement, Mark Pearson must ensure the proposed new fee schedule is within the stated fee range according to the Nepsis® Form ADV. Fees that fall outside of the Nepsis® approved fee schedule must be reported to Mark Pearson for review and approval. Once approved, the new fee schedule and fee ID code are entered into the fee calculation system.

Mark Pearson is responsible for checking all fee-billing information, delivering instructions to account custodians, and reconciling fees paid by custodians to the amounts billed on the invoices.

TRADING

An advisor's trading practices must be fair to clients and must include a fair and reasonable allocation system. As a fiduciary, Nepsis® has a responsibility to make only suitable investment recommendations to its clients. Nepsis® must obtain sufficient information from each client to determine the nature of the client's investment objectives and policies.

Trading Errors

Nepsis® and its investment adviser representatives will take care when handling client orders in order to avoid errors. Nepsis® makes all attempts to implement client trades correctly. If a trade error does occur where Nepsis® or any of its supervised persons is responsible for the error and a trade correction is needed, Nepsis® will not pass the costs (including any losses) on to the client; will not use soft dollars to pay for correcting the error; and will not use another client's account to correct the error. Nepsis® will bear all costs of correcting trade errors for which it was responsible.

Nepsis® will maintain a report/file of all trade errors. The following will be documented for each trade error:

1. The client that was affected
2. A description of the error
3. The broker/dealer that was involved (if applicable)
4. The name of the security
5. The transaction date
6. A description of how the error was resolved

Mark Pearson will be responsible for periodically reviewing the trade error report/file to determine that trade corrections are being appropriately handled and to determine if additional policies and procedures need to be implemented or changes need to be made to lessen the frequency or number of trades that are occurring.

Trade Allocation

Nepsis® must allocate all investment opportunities among eligible clients promptly and on a documented, equitable basis. In some instances, Nepsis® may encounter situations where it may be beneficial for one or more of its clients' accounts to purchase or sell a security where the investment opportunity is limited. In these instances, Nepsis® will allocate the opportunity among its eligible client accounts. The SEC requires registered advisers to allocate securities transactions and make advisory recommendations in a fair and equitable manner or provide a fair and clear disclosure that the adviser does not. Failure to meet these requirements may result in a violation of the anti-fraud provisions of the Advisers Act. Allocation decisions must be made in a timely manner. Generally, this means that decisions will be made prior to placing the order. Nepsis® or its supervised persons' proprietary accounts cannot be traded in a favorable manner over client accounts.

Nepsis® allocates aggregated or block transactions on a pro rata basis. Pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. In general, the trading software used to execute trades will calculate the pro rata share of each transaction included in a block order and assign the appropriate number of shares of each allocated transaction executed for the client's account.

AGGREGATION OF CLIENT ORDERS

In some instances, an adviser may be able to obtain better prices and lower execution costs for its clients if it aggregates (also known as bunching or block trading) multiple smaller orders into one large order. When determining whether or not to aggregate a transaction, Nepsis® still remains subject to its duty of best execution.

Including proprietary accounts of Nepsis® (and its affiliates) and/or personal accounts of its supervised persons in an aggregated order creates a conflict of interest due to the fact that Nepsis® and/or its supervised persons would have an incentive to favor such proprietary or personal accounts. If Nepsis® will include proprietary or personal accounts in aggregated client orders, it will:

1. Disclose its trade aggregation policy to all clients in its Form ADV Part 2;
2. Aggregate transactions only if it believes that aggregation is consistent with its duty of best execution;
3. Allocate orders on a pro rata basis for partially filled orders;
4. Not favor any client over any other client, proprietary account of Nepsis® (and its affiliates) or personal account of a supervised person of Nepsis, and each client/proprietary account/personal account participating in the order will participate at an average share price of all Nepsis, Inc.'s transactions in that security on the day of execution and transaction costs will be shared on a pro rata base for each client's participation in the transaction;
5. Prepare a written statement prior to entering into an aggregated order that will specify the participating clients/proprietary accounts/personal accounts and how Nepsis® intends to allocate the order among clients;
6. Deviate from the written allocation statement only on a fair basis with written documentation approved by Mark Pearson no later than one hour after the opening of the markets on the trading day following the day the order executed;
7. Maintain accurate records relating to the aggregated trades, including, each client account/proprietary account/personal account that is included in an aggregated order, the securities held by and bought and sold for that client account/proprietary account/personal account;
8. Not aggregate client/proprietary/personal assets collectively any longer than necessary to settle the purchase or sale transaction;
9. Not receive any additional compensation or remuneration as a result of any aggregated order; and
10. Render individual advice and treatment to each advisory client.

Mark Pearson will perform periodic spot checks of all aggregated orders to ensure that Nepsis, Inc.'s policies and procedures are adhered to and that trades are being allocated in a fair and equitable manner.

Best Execution

Nepsis® has a duty to obtain best execution for client transactions. This means that Nepsis® must execute transactions for clients in such a manner that the clients' total costs or proceeds in each transaction are most favorable under the circumstances. Nepsis® currently uses Pershing LLC. In selecting Pershing LLC., or any other broker/dealer, to execute client securities transactions, Nepsis® considers the full range of services offered by Pershing LLC., including, but not limited to, the following:

- Execution capabilities including the ability to handle trades and answer calls in a volatile market
- Commission rates
- Financial responsibility
- Value of research or brokerage provided
- Technology provided
- Willingness, ability, facilities and infrastructure to work with investment adviser firms
- Administrative resources
- Responsiveness
- Pricing for services provided

The SEC has indicated that best execution is not determined by the lowest possible commission costs but by the best qualitative execution. Nepsis® must systematically and periodically evaluate Pershing LLC., along with other broker/dealers to ensure that Pershing LLC. best execution services are optimal. Mark Pearson will be responsible for performing such periodic evaluations. When performing evaluations, Nepsis® will consider:



1. Trading expertise
2. Execution Capabilities
3. Reputation and integrity
4. Facilities
5. The full range and quality of services available when placing trades
6. Financial services offered
7. Willingness and ability to commit capital
8. Access to underwritten offerings and secondary markets
9. Reliability in executing trades and keeping records
10. Fairness in resolving disputes
11. The number of primary markets that will be checked
12. Timeliness of trade execution
13. The responsiveness of all parties involved in the trade execution process
14. In relation to particular transactions- the character of the market for the security (e.g., price, volatility, relative liquidity and pressure on available communications), the size and type of the transaction

Mark Pearson will document these evaluations and will be responsible for selecting the broker-dealers through whom trades will be executed.

Client Directed Brokerage Arrangements

A directed brokerage arrangement exists when a client instructs the adviser to execute such client's trades through a particular broker/dealer. Nepsis® allows directed brokerage arrangements. Associated persons should be aware that Nepsis® still has a fiduciary duty to its clients in these situations and will not agree to directed brokerage arrangements without providing adequate disclosures to the client. Prior to a directed brokerage arrangement, disclosures will be made regarding the potential impact of directed brokerage, including the fact that such an arrangement may impair Nepsis, Inc.'s ability to obtain best execution for the client, that the client may not benefit from aggregated orders and that directed trades will be placed after effecting non-directed trades. In addition, Nepsis® will require all directed brokerage arrangements to be provided by the client in writing.

Discretionary Trading

A discretionary account is an account established with pre-approved authority for an investment adviser representative to execute transactions without having to ask for specific approval. Discretion is defined as the authority to decide:

- What security
- The number of shares or units
- Whether to buy or sell

Discretionary authority is not required for decisions regarding the timing of an investment or the price at which the investment is bought or sold.

Nepsis® will maintain discretionary authority over its clients' accounts. Prior to any transaction being implemented for the client on a discretionary basis, written authority will be received from the client.

Discretionary accounts will also be subject to the following rules:

- Trading discretion is authorized when the new account paperwork is completed. If a trade is not executed on a discretionary basis, the trade request is noted in a business process and stored in the client management system.
- A record must be kept of all transactions.
- No excessive trading may occur in the account, relative to the size of the account and the client's investment objectives.

Soft Dollar

Soft dollar arrangements generally involve an adviser obtaining products or services (other than securities execution) from a broker/dealer in return for directing client securities transactions to the broker/dealer. In these situations, an adviser may cause its clients' accounts to pay a commission that is higher than the lowest commission rate available from other broker/dealers for similar transactions. Currently, Nepsis® does not have any soft dollar arrangements. If this policy changes, the firm has an obligation to fully disclose such arrangements to clients in its Form ADV. In addition, Nepsis® will determine that the brokerage commissions paid by the client are reasonable in light of the brokerage and research services it receives. Client trades will always be implemented based on the goals and objectives of the client and not on the incentives to Nepsis® or its supervised persons for implementing the trades.

The safe harbor in Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)") protects advisers from the possible claim that soft dollar arrangements may be deemed to be a breach of fiduciary duty. In order to meet the requirements of the safe harbor, an adviser must generally:

- Determine in good faith that the amount of commission paid for a transaction in excess of the amount another broker-dealer would have charged was reasonable in relation to the value of the brokerage and research services provided by the executing broker-dealer;
- Have investment discretion over any accounts used to pay commissions that result in soft dollar benefits to the adviser;
- Provide disclosure in the adviser's Form ADV relating to the policies and practices with respect to commissions that will be paid for effecting securities transactions;
- Receive only services that constitute research and brokerage services as defined by Section 28(e)(3);
- Obtain soft dollar credits only with respect to commissions generated from agency transactions or markups or markdowns from a limited category of riskless principal transactions;
- Ensure that the broker-dealer providing the brokerage or research services retains sole financial responsibility for making payments to any third party in the event that the broker-dealer arranges for the adviser to receive permissible third-party goods or services; and
- Make a reasonable allocation of the cost of any "mixed use" product (i.e., a product used for research and non-research purposes), pay for the non-research portion with its own money, and retain adequate records to support the allocation.

Under the Section 28(e) safe harbor provision, the phrase "brokerage services" encompasses traditional securities execution and related services, such as clearance, settlement, and custody. Under Section 28(e), "research services" are limited to advice, analyses, and reports. According to the SEC's July 24, 2006 Interpretive Release, this means that traditional research reports, market data, and other items that satisfy the eligibility criteria of Section 28(e) are eligible for the safe harbor as research, but that computer software is not. Mass marketed publications, such as the Wall Street Journal, are not eligible under the safe harbor. According to the SEC, the key determining factor in whether a product or service is or is not considered research is whether it provides lawful and appropriate assistance to the adviser in carrying out the adviser's investment decision-making responsibilities. Products or services that aid in the adviser's marketing or general administrative activities would not fall under the safe harbor.

If Nepsis® engages in any soft dollar practices that fall outside of the scope of Section 28(e), Mark Pearson will ensure that such arrangements are permissible under any applicable laws, rules, and regulations, as well as any documents governing the funds it manages. In addition, Nepsis® will make a detailed disclosure on its Form ADV Part 2A and Part 2A Appendix 1. Such disclosure will describe the soft dollar arrangements and any goods or services received.

Principal Transactions

Nepsis® does not engage in principal transactions. A principal transaction occurs when an advisor, acting for its own account (or the proprietary account of an affiliate), buys a security from or sells a security to, a client's account. Section 206(3) of the *Advisers Act* ("Section 206(3)") governs principal transactions and prohibits transactions where an adviser is acting as a principal for its own account and knowingly buys or sells securities from or to, a client, unless the client consents to the principal transactions after receiving full disclosure. This would also apply when an affiliate of the adviser is acting in a principal capacity with the advisory client such as when an adviser causes a client to engage in a trade with the advisor's affiliate. In addition, if an adviser indirectly structures a principal transaction, the SEC has determined that the transaction will be subject to Section 206(3).

According to Section 206(3), investment advisors must provide written disclosure and receive client consent prior to the completion (upon settlement) of each principal transaction. This would include "riskless principal" transactions. Such disclosure

and consent will not be obtained through a prospective, blanket consent from clients. Once the investment advisor obtains client consent, sufficient disclosure must be provided disclosing the potential conflicts of interest. Such disclosure must state that the investment advisor is acting as principal and describe the material terms of the transaction which will generally include:

- The original purchase price for any security it sells to a client;
- The price it expects to receive on the resale of the security it buys from a client; and
- The price that the security could be bought or sold at elsewhere if the price would be better for the client.

Nepsis® does not currently allow or engage in principal transactions in advisory accounts. If this policy changes in the future, Nepsis® will disclose that it engages in principal transactions in its Form ADV and will implement additional policies and procedures to review and monitor these transactions.

Cross Trades

Nepsis® will not engage in cross transactions that involve a broker/dealer and where Nepsis® has discretion over only one of the client accounts involved in the transaction and it, or an affiliated broker/dealer, executes the transaction for both sides in a brokerage capacity.

Nepsis® may engage in cross trades when it is deemed to be in the best interests of the client. A cross trade occurs when a transaction is implemented between two different clients, both of which are managed by Nepsis®. These types of cross transactions will only be used when it can be determined that doing so would achieve “best execution” and benefit the clients involved by saving commissions, market impact costs, and other transaction charges. Prior to implementing cross trades, full disclosure will be made in Nepsis, Inc.’s Form ADV.

Cross trades will not be performed if an account is subject to ERISA since it is virtually prohibited. In addition, if a client account managed by Nepsis® is deemed to hold “plan assets”, then cross trades will be prohibited regardless of whether the other side to the transaction is subject to ERISA.

POLITICAL CONTRIBUTIONS

According to Rule 206(4)-5 under the *Advisers Act*, a “contribution” is defined as “any gift, subscription, loan, advance, or deposit of money or anything of value made for: (i) the purpose of influencing an election for a federal, state or local office; (ii) payment of debt incurred in connection with any such election; or (iii) transition or inaugural expenses of the successful candidate for state or local office.”

A “government entity” includes “any state or political subdivision of a state including: (i) any agency, authority, or instrumentality of the state or political subdivision; (ii) a pool of assets sponsored or established by the state or political subdivision or any agency, authority or instrumentality thereof, including, but not limited to a ‘defined benefit plan’ as defined in section 414(j) of the Internal Revenue Code (26 U.S.C. 414(j)), or a state general fund; (iii) a plan or program of a government entity; and (iv) officers, agents, or employees of the state or political subdivision or any agency, authority or instrumentality thereof, acting in their official capacity.”

Government “official” includes “any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity, if the office: (i) is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity; or (ii) has the authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity.”

SEC Rule 206(4)-5 under the *Advisers Act* addresses political contributions by certain investment advisers. First, the Rule prohibits an investment adviser from providing advisory services, either directly or through a pooled investment vehicle, for two years if the investment adviser or its supervised persons have made a political contribution to an individual in a position to influence the award of a management contract. There is a de minimis exception to this rule which allows for individuals to contribute up to \$350 to a candidate per election if the contributor is allowed to vote for the candidate and up to \$150 per candidate per election if the contributor is not allowed to vote for the candidate. Second, the Rule prohibits an investment adviser and its supervised persons from soliciting or coordinating campaign contributions for candidates or political parties. Finally, the Rule prohibits investment advisers from paying any third-party solicitor, unless the third-party solicitor is an SEC registered broker/dealer or registered investment adviser who will be subject to similar pay-to-play restrictions.

Since there is the possibility that an official or candidate may be or become a client of Nepsis®, Nepsis® recommends that its employees do not make contributions to any elected official or candidate. However, all supervised persons of Nepsis® are allowed to make a contribution to an elected official or candidate. If a supervised person wishes to make a political contribution, the individual must notify and obtain approval from, Mark Pearson prior to making the political contribution. To properly notify Mark Pearson the supervised person must fill out the Political Contributions Reporting Form.

Nepsis® does not permit its employees to make contributions to any elected official or candidate that is also a client of Nepsis® regardless of the amount of the contribution. This prohibition includes a ban from coordinating or asking others to make contributions, a ban of the use of third-parties to solicit any government or any government entity as a client, and bans all such indirect activity through spouses, lawyers, affiliated companies, etc.

Nepsis® does not restrict its supervised persons from making contributions to any elected official or candidate that is a client of Nepsis®. Pursuant to the *de minimis* exception of Rule 206(4)-5, supervised persons of Nepsis® are allowed to make a contribution to an elected official or candidate in an amount up to \$350 per election if the supervised person is able to vote for the official or candidate and up to \$150 per election if the supervised person is not able to vote for the official or candidate. Supervised persons are prohibited from making contributions which exceed this *de minimis* threshold. If a supervised person wishes to make a political contribution, the individual must notify and obtain approval from Mark Pearson prior to making the political contribution, regardless of the amount of the contribution. To properly notify Mark Pearson the supervised person must fill out the Political Contributions Reporting Form.

ADVISORY SERVICES & FEES

Financial Planning & Consulting Services

Nepsis, Inc.'s investment adviser representatives may provide financial planning and consulting services to clients. These services may cover a wide array of topics but must fall within the parameters of Nepsis, Inc.'s Form ADV. Fees for financial planning and consulting services may be charged on an hourly or a fixed fee basis, but must not exceed the fee arrangements disclosed in Nepsis, Inc.'s Form ADV. Investment adviser representatives conducting financial planning services must use an approved financial planning agreement which will disclose the nature of services being provided and the exact fee being charged. Fees for financial planning and consulting services must be payable to Nepsis®. All financial planning and consulting services conducted by Nepsis, Inc.'s investment adviser representatives must be reviewed and approved by Mark Pearson.

Asset Management Services

Nepsis® provides asset management services on a discretionary and non-discretionary basis. Investment adviser representatives of Nepsis® will assist clients in establishing and managing an account. Investment adviser representatives must gather information on a client's age, investment experience, time horizon, liquidity needs, risk tolerance, financial history, goals, objectives, and financial concerns in order to assist the client in developing an asset allocation strategy. Investment adviser representatives will manage the client's account on a continuous basis based on the individual needs of the client.

Fees for asset management services will be based on the assets under management and not on the transactions in the client's account. All accounts established through the Nepsis® asset management program will be held at Pershing LLC. Investment adviser representatives of Nepsis® must conform their client fees and fee billing practices to those described in the Nepsis® Form ADV. The exact fee and how fees will be charged are disclosed to clients, in the agreement for services, prior to services being provided.

Money Managers

Nepsis® provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. When referring clients to third-party money managers, Nepsis® is paid a portion of the fee generated from the referred client.

Each third-party money manager arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and any applicable state securities rules and regulations.



Inverse & Leveraged ETF Recommendations

As a firm Nepsis, Inc. may utilize inverse/leveraged. Exchange Traded Funds as small portion of our model portfolios. This is the only use of Inverse/Leveraged ETFs allowed by the firm - **Investment Adviser Representatives are not allowed to utilize inverse/leverage ETFs in client's separately managed accounts.**

If inverse or leveraged ETF s are utilized in a Model Portfolio the Chief Investment Officer must ensure that:

- (i) the use of an inverse/leveraged ETF is in the Model Portfolio meets the portfolios financial status, risk exposure limits and investment goals, and
- (ii) the risks and specialized uses of such ETFs, including the fact that inverse/leveraged ETFs are not suitable for investors pursuing a long-term buy and hold strategy is disclosed to clients.

Although inverse/leveraged ETFs may be designed to track the performance of a traditional ETF in a certain manner (e.g., to achieve twice the return or an opposite return), their performance over time can differ greatly from the performance of the underlying ETF. Inverse or leveraged ETFs may be useful in sophisticated, active trading strategies that seek to hedge against downward market trends. However, it is rarely suitable for an investor to hold an inverse/leveraged ETF for more than one trading day.

When communicating with the public or a client about the firm's Model Portfolios that may contain inverse/leveraged ETFs, Nepsis, Inc. and the investment adviser representative's communications must be fair and balanced, include the advantages and disadvantages of inverse/leveraged ETFs, and avoid any misrepresentations or material omissions.

The firm's Chief Investment Officer is responsible for analyzing whether to include inverse/leveraged ETFs in a Model Portfolio. When analyzing whether to include the use of inverse/leveraged ETFs, the Chief Investment Officer will consider various factors, the importance of which will depend on the Model Portfolio's circumstances. Some of the factors which will be considered by the Chief Investment Officer will include the following:

- The Model Portfolios risk limits and investment strategy;
- The investment's intended holding period;
- Whether the costs associated with purchasing an inverse/leveraged ETF outweigh the expected benefits (inverse/leveraged ETFs often have higher fund expense ratios than regular ETFs); and
- Whether the potential participants in the Model Portfolio understand the risks and specialized uses of this type of investment, including the increased risk of loss the longer the investment is held.

The Chief Investment Officer will document the analysis underlying any recommendation of whether the purchase of an inverse/leveraged ETF is in the best interest of the clients participating the Model Portfolio, including specific documentation of the information forming the basis of the Chief Investment Officer's belief that the investment is in the client's best interest.

Nepsis, Inc. will exercise investment discretion in making the decision to include the purchase of inverse/leveraged ETFs in the firm's Model Portfolios.

Nepsis, Inc. has designated Mark Pearson("Supervisor") as the supervisor for reviewing recommendations of inverse/leveraged ETFs Nepsis, Inc. and monitoring the firm's compliance with these procedures. Supervisor will document such reviews including date reviewed, outcome, and actions taken, if any.

Different Fee Rates For Asset Classes In Retirement Account

An investment adviser representative of Nepsis® who recommends that a client invest his or her retirement account(s) (an account that is maintained on behalf of a retirement plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), an individual retirement account ("IRA"), Coverdell Education Savings Account ("ESA"), Archer Medical Savings Account ("MSA"), and an ERISA covered Section 403(b) plan maintained by a private employer as defined in the U.S. Department of Labor's "Conflict of Interest Rule") in certain asset classes may earn more compensation than if the investment adviser representative had recommended investments in other asset classes. This creates a conflict of interest because Nepsis® and the investment adviser representative have an economic incentive to encourage the retirement client to invest in asset classes that result in the client paying a higher fee to Nepsis®.



In order to mitigate this conflict of interest, the investment adviser representative assigned to the client will (i) provide investment advice to a client regarding investing in certain asset classes for the client's retirement account in accordance with its fiduciary status described below, (ii) not recommend investments which result in Nepsis® or any supervised person of Nepsis® receiving unreasonable compensation related to the client's investment in certain classes of assets, and (iii) fully disclose compensation received by Nepsis® and its supervised persons and any material conflicts of interest related to the investment adviser representative recommending that the client invest in certain asset classes, and refrain from making any materially misleading statements regarding such asset classes or specific investments.

It is the policy of Nepsis® that its investment adviser representatives will only recommend or select an asset allocation plan or specific investment for a retirement account when in the best interest of the client and without regard to the financial interest of Nepsis® and its investment adviser representatives and affiliates.

For purposes of this section, "best interest" will mean that when an investment adviser representative provides investment advice to a client regarding whether to invest a retirement account in asset classes that require client to pay a higher fee to Nepsis®, the investment adviser representative will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of investment adviser representative, Nepsis® or its affiliates.

When communicating with the public or a client about whether to invest in a particular class of assets in a retirement account, Nepsis® and the investment adviser representative's communications must be fair and balanced, include the advantages and disadvantages of investing in the recommended class of assets as compared to other classes of assets, and avoid any misrepresentations.

The investment adviser representative is responsible for analyzing whether to recommend the client invest in a retirement account in an asset class paying a higher fee to Nepsis® rather than an asset class resulting in lower compensation to Nepsis®. When analyzing whether to recommend the client invest in an asset class paying a higher fee to Nepsis® rather than an asset class resulting in lower compensation to Nepsis®, the investment adviser representative will consider various factors, the importance of which will depend on an investor's individual needs and circumstances. Some of the factors which will be considered by the investment adviser will include the following:

- The client's risk tolerance;
- The client's goals and investment horizon;
- Characteristics of the asset class(es);
- Expected returns; and
- Costs to client.

The investment adviser representative will document the analysis underlying any recommendation that the client invest in an asset class in a retirement account that causes the client to pay Nepsis® a higher fee, including the reasons for the investment adviser representative's conclusion that such recommendation is in the best interest of the client.

Nepsis® is responsible for ensuring that its annual fee schedule and the difference in the rates among asset classes for a retirement account does not result in unreasonable compensation being paid to Nepsis® or its investment adviser representatives. In addition, the investment adviser representative is responsible for not charging an asset management fee that is unreasonable in relation to the asset class of investments that is recommended for the retirement account. Reasonable does not mean that the compensation has to be the lowest; rather reasonable will mean not excessive based upon the going market rate for the services actually rendered.

IRA Rollover Recommendations

An investment adviser representative who recommends a retirement plan participant roll over assets from a retirement plan into an individual retirement account ("Rollover IRA") may earn an asset-based fee as a result of this recommendation but will earn no compensation if assets are retained in the plan. This creates a conflict of interest because Nepsis® and the investment adviser representative have an economic incentive to encourage the retirement plan participant to roll retirement plan assets into a Rollover IRA managed or advised by Nepsis®.



In order to mitigate this conflict of interest, the investment adviser representative assigned to the client will (i) provide investment advice to the retirement plan participant regarding a rollover of funds from the retirement plan in accordance with its fiduciary status described below, (ii) not recommend investments which result in Nepsis® or any supervised person of Nepsis® receiving unreasonable compensation related to the rollover of funds from the retirement plan to a Rollover IRA, and (iii) fully disclose compensation received by Nepsis® and its supervised persons and any material conflicts of interest related to the investment adviser representative recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When the investment adviser representative provides investment advice to a retirement plan participant regarding whether to maintain investments and/or proceeds in a retirement plan, rollover such investment/proceeds from the retirement plan to an individual retirement account (“Rollover IRA”) or make a distribution from a retirement plan, the investment adviser representative will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client’s needs, without regard to the financial or other interests of investment adviser representative, Nepsis® or its affiliates.

When communicating with the public or a client about whether to maintain investments and/or proceeds in a retirement plan, rollover such investment/proceeds from the retirement plan to Rollover IRA or make a distribution from a retirement plan, Nepsis® and the investment adviser representative’s communications must be fair and balanced, include the advantages and disadvantages of the other forms of holding retirement assets, and avoid any misrepresentations.

The investment adviser representative is responsible for analyzing whether to recommend the rollover of retirement plan assets to a Rollover IRA rather than keeping assets in a current or previous employer’s plan or rolling assets over to a new employer’s retirement plan.

In preparation for the analysis about whether to roll over retirement plan assets, the investment adviser representative will take diligent and prudent steps to obtain from the client or the client’s retirement plan the following: (a) copy of a recent quarterly statement for the client’s account at the retirement plan; and (b) copy of the quarterly account statement copy of the retirement plan’s 404a-5 disclosures (which are also known as the retirement plan participant disclosures and/or the Investment Comparative Chart). If, after prudent efforts, the investment adviser representative is unable to obtain a copy of the retirement plan’s 404a-5 disclosures (which are also known as the retirement plan participant disclosures and/or the Investment Comparative Chart), the investment adviser representative will disclose to client in writing the importance of such information and the potential for flaws in analysis and/or recommendations if the investment adviser representative relies on substitute information, such as third-party benchmarks. To the extent that the investment adviser representative is unable to obtain the requisite information from the client, the investment adviser representative will rely upon the last Form 5500 filed by the retirement plan and applicable benchmarks prepared by third-parties to determine whether the employer/sponsor pays for some or all of the client’s current retirement plan’s administrative expenses and the different levels of services and investments available under the current retirement plan. If the investment adviser representative relies on benchmarks provided by a third party, the investment adviser will explain to the client in writing the limitations of the benchmark(s) and how the investment adviser determined the third-party benchmark was reasonable.

When analyzing whether to recommend the roll over retirement plan assets to a Rollover IRA rather than keeping assets in a current or previous employer’s plan or rolling over to a new employer’s retirement plan, the investment adviser representative will consider various factors, the importance of which will depend on an investor’s individual needs and circumstances. Some of the factors which will be considered by the investment adviser will include the following:

- Investment Options;
- Fees and Expenses;
- Services;
- Penalty-Free Withdrawals;
- Protection from Creditors and Legal Judgments;
- Required Minimum Distributions; and
- Employer Stock.

The investment adviser representative will document the analysis underlying any recommendation of whether a rollover IRA or other option is in the best interest of the plan participant, including specific documentation of the services to be provided in exchange for the investment adviser’s fee.

The investment adviser representative is responsible for helping the retirement plan participant understand the advantages and disadvantages of whether a rollover IRA or other option is in the best interest of the retirement plan participant. The investment adviser representative will obtain and sign a Rollover IRA form that has been reviewed, completed and signed by the plan participant prior to or at the time the plan participant authorizes the rollover of assets from a retirement plan to a Rollover IRA. The IRA Rollover form is used to memorialize the investment adviser representative's analysis of why the rollover of the retirement plan proceeds to an IRA is in the best interest of the client and the discussion with client regarding Nepsis® and the investment adviser representative's conflict of interest and the reasons for the rollover.

The investment adviser representative is responsible for not charging an investment advisory fee which is unreasonable related to the Rollover IRA. Reasonable does not mean that the compensation has to be the lowest; rather reasonable will mean not excessive based upon the going market rate for the services actually rendered.

Nepsis® has designated Mark Pearson ("Supervisor") as the supervisor for reviewing and approving or denying the rollover IRA and the investment advisory fee related to such Rollover IRA is reasonable. Supervisor will document such review including date reviewed, whether approved or denied and any reasons for a denial.

RELATIONSHIPS WITH INTRODUCING ADVISORS & SOLICITORS

Rule 206(4)-3 of the *Advisers Act* ("Rule 206(4)-3") sets forth certain conditions that govern the ability of an adviser to make cash payments for the solicitation of clients. These conditions apply to the adviser and the solicitor. For purposes of this Rule, a solicitor will include any person affiliated with the adviser (i.e., partners, employees, and those of its affiliated entities), as well as any other third party (i.e., attorneys, accountants, other investment advisers).

The following conditions apply to Rule 206(4)-3:

1. The adviser is registered under the *Advisers Act*;
2. The solicitor has not previously committed certain violations outlined in the *Advisers Act*;
3. The cash fee is paid pursuant to a written agreement with the adviser and a copy of such agreement is maintained by the adviser; and
4. The fee is paid to a solicitor for solicitation services regarding providing impersonal advisory services or who is a partner, supervised person, or individual with similar status of the adviser and such status is disclosed to clients; or
5. There is a written agreement with the adviser that:
 - a. Describes the solicitation activities and compensation;
 - b. Obligates the solicitor to comply with the adviser's policies and procedures, the *Advisers Act* and all applicable rules and regulations;
 - c. Obligates the solicitor to provide the client with the adviser's disclosure brochure (Form ADV Part 2A and/or Part 2A Appendix 1) and a separate disclosure document that, at a minimum, contains the solicitor's name, the adviser's name, the nature of the relationship between the solicitor and the adviser, disclosure that the solicitor is compensated by the adviser for referrals, the terms and description of such compensation, and any additional fee, if any, that will be charged to the client other than the standard advisory fee.

Prior to executing an advisory contract, the solicitor must provide the adviser with a signed and dated acknowledgment from the client acknowledging receipt of the adviser's brochure and the solicitor's disclosure document.

Many states have additional regulations that govern solicitors and generally define an investment adviser representative as any individual who solicits advisory services. Therefore, solicitors may be required to register with the adviser prior to providing referral services on behalf of the adviser.

Mark Pearson will be responsible for implementing and supervising proper policies and procedures for the firm prior to any solicitor arrangements and ensuring that any fees paid for client referrals are consistent with the requirements of Rule 206(4)-3.

Mark Pearson is responsible for conducting and documenting initial and annual due diligence of all solicitors. At a minimum, due diligence will include the following:

- A background check
- A credit check

- A review of state licensing rules
- A review of professional background and licenses
- A confirmation regarding whether the solicitor is affiliated with a broker/dealer and/or investment adviser
- A confirmation that the solicitor is not prohibited (as set forth under Rule 206(4)-3) from entering into the arrangement

At least annually, Mark Pearson will contact all solicitors to confirm each solicitor is delivering at the time of solicitation to all prospects the solicitor disclosure statement, Form ADV Part 2A and/or Part 2A Appendix 1, and the Form ADV Part 2B Brochure Supplement(s) for any supervised person(s) of the adviser who will formulate the investment advice for the client and will have direct contact with the client, and any supervised person(s) of the adviser who has discretionary authority over the client's assets.

DUE DILIGENCE

Pursuant to Section 206 of the *Investment Advisers Act*, Nepsis® has a duty to its clients to conduct a reasonable investigation concerning any third parties hired to work on behalf of the firm. To comply with this duty, Nepsis® will implement a system to conduct a due diligence review of any third party hired to work on behalf of, or provide services to the firm. These procedures will be reasonably designed to ensure that each third party is properly investigated before an agreement is signed with the third party and before the third party does work on behalf of Nepsis®.

Nepsis® must make a determination of the scope of its investigation based upon the unique facts and circumstances. The fact that Nepsis, Inc.'s clients may be sophisticated and knowledgeable does not mitigate Nepsis, Inc.'s duty to investigate any third party. Further, Nepsis® may not rely blindly upon the third party for information concerning the third party's company in lieu of Nepsis® conducting its own reasonable investigation.

While there are no "iron clad" rules as to what Nepsis® must do to satisfy the due diligence requirements, the presence of any "red flags" must alert Nepsis® to the need for further inquiry. Red flags might arise from information that is publicly available or information that is discovered during the course of the investigation. When presented with red flags, Nepsis® must do more than simply rely upon representations by the third party's management or the due diligence report of the third party's counsel. Nepsis, Inc.'s responsibility to conduct a reasonable investigation will obligate it to follow up on any red flags that it encounters during its inquiry as well as to investigate any substantial adverse information about the third party.

To demonstrate that it has performed a reasonable investigation, Nepsis® will retain records documenting both the process and results of its investigation. Such records may include descriptions of the meetings that were conducted in the course of the investigation, the tasks performed, the documents and other information reviewed, the results of such reviews, the date such events occurred and a record of which individuals conducted the reviews or attended the meetings.

Broker/Dealers

Prior to recommending a broker/dealer, Nepsis® will conduct a full due diligence investigation and will ensure that clients receive best execution. Mark Pearson is responsible for conducting and documenting the initial due diligence review of each broker/dealer. Mark Pearson will also conduct due diligence reviews at least annually. In order to ensure that Nepsis® has fully satisfied its investigation responsibilities, the initial investigation of a broker/dealer will, at a minimum, include the following:

- Conduct a background check of the broker/dealer via FINRA Broker Check;
- Review the broker/dealer's trading expertise;
- Examine the execution capabilities;
- Examine the facilities;
- Review the range and quality of services available;
- Verify the willingness and ability to commit capital;
- Investigate access to underwriting offerings and secondary markets;
- Review the reliability in executing trades and keeping records;
- Verify the firm shows fairness in resolving disputes;
- Verify timeliness of trade execution;
- Examine the responsiveness of all parties involved in trade execution; and
- In relation to particular transactions, review the character of the market for the security (e.g., price, volatility, relative liquidity, and pressure on available communications), the size, and type of the transaction.



Mark Pearson will conduct a review at least annually to examine any material changes the broker/dealer has made in its business practices since the last due diligence review.

Solicitors

Rule 206(4)-3 of the *Advisers Act* (“Rule 206(4)-3”) sets forth certain conditions that govern the ability of an investment adviser to make cash payments for the solicitation of clients. Prior to entering into an agreement with a solicitor, Nepsis® will conduct a full due diligence investigation into the solicitor and their business practices to ensure that all the requirements of Rule 206(4)-3 are met. Mark Pearson is responsible for conducting and documenting the initial and annual due diligence review of each solicitor. In order to ensure that Nepsis® has fully satisfied its investigation responsibilities, the initial investigation of a solicitor will, at a minimum, include the following:

- Conduct a background check of the solicitor via IAPD.com and FINRA Broker Check;
- Check the credit of the solicitor;
- Verify the solicitor and its associates are properly registered as an investment adviser and investment adviser representatives;
- Verify the information included in the solicitor’s disclosure document;
- Review state licensing rules;
- Review the background and the current status of professional licenses and designations of the solicitor;
- Determine if the solicitor is affiliated with any broker/dealer or investment adviser;
- Verify the solicitor is not prohibited (as set forth under Rule 206(4)-3) from entering into a solicitor arrangement; and
- Verify that the solicitor provided Nepsis® with a signed and dated acknowledgement from the client acknowledging receipt of the investment adviser’s disclosure brochure and the solicitor’s disclosure document.

Mark Pearson will conduct an annual review to examine any material changes the solicitor has made to its business practices since the last due diligence review. At least annually, Mark Pearson will contact all solicitors to confirm each solicitor is delivering, at the time of solicitation to all prospects, the solicitor disclosure statement, Form ADV Part 2A and/or Part 2A Appendix 1, and the Form ADV Part 2B Brochure Supplement(s) for any supervised person(s) of the adviser who will formulate the investment advice for the client and will have direct contact with the client, and any supervised person(s) of the adviser who has discretionary authority over the client’s assets.

Third-Party Money Managers

Prior to entering into an agreement with a third-party money manager, Nepsis® will conduct a full due diligence investigation into the third-party money manager and its business practices. Nepsis® may conduct this investigation by submitting a Request for Proposal (RFP) covering the topics discussed below, to each third-party money manager that the firm investigates. Mark Pearson is responsible for conducting and documenting the initial and annual due diligence review of each third-party money manager. In order to ensure that Nepsis® has fully satisfied its investigation responsibilities, the initial investigation of a third-party money manager will, at a minimum, include the following:

- Conduct a background check of the solicitor via IAPD.com;
- Review the money manager’s entire Form ADV, disclosure brochures, marketing material, and client agreements;
- Review the money manager’s due diligence kit;
- Conduct a background check of the money manager;
- If the firm has a pre-determined minimum amount for assets under management, verify that the firm meets this requirement;
- Check the credit of the money manager;
- Verify that the money manager maintains errors and omissions insurance, a fidelity bond, and/or an ERISA fiduciary bond;
- Review the firm’s most recent regulatory examination letters;
- Review Form U4 disclosures for the firm’s officers, directors and portfolio managers to analyze any reported regulatory actions, criminal actions, civil actions, client complaints, arbitrations, and financial disclosures;
- Review the money manager’s past performance and measure that performance against various indexes;
- Verify that the firm has proper disclosure regarding its past performance;
- Verify that the firm is Global Investment Performance Standards (“GIPS”) certified; or if the firm is not GIPS certified, verify that the firm aims to achieve GIPS compliance; and
- Verify that the firm subjects itself to an annual surprise audit.

Mark Pearson will conduct an annual review to examine any material changes the money manager has made in its business practices since the last due diligence review. During this review, Mark Pearson will review the third-party money manager's annual internal or external audit, any regulatory reviews or examinations, and any arbitrations or disciplinary actions taken against the money manager.

Software Vendors

Prior to entering into an agreement with a third-party service vendor, like a cloud computing service provider, Nepsis® will conduct a full due diligence investigation into the third-party service provider and its business practices. Mark Pearson is responsible for conducting and documenting the initial and annual due diligence review of each third-party service vendor. In order to ensure that Nepsis® has fully satisfied its investigation responsibilities, the initial investigation of each third-party service vendor will, at a minimum, include the following:

- Verify that Nepsis® will have unrestricted access to client data;
- Verify that client data will be easily retrievable in any format requested;
- Verify that the vendor does not retain any portion of the data once it is deleted by Nepsis®;
- Verify that the vendor provides a service level guarantee (99.9% or greater is recommended);
- Verify that the data will be encrypted and that the vendor has implemented firewalls, socket security features, electronic audit trails and intrusion-detection systems;
- Verify that the data is written to more than one drive or to more than one server;
- Verify that Nepsis® will have the ability to increase encryption on certain data (i.e. confidential client information);
- Verify that the vendor has security measures in place for vendor personnel who will have access to Nepsis, Inc.'s data;
- Verify that the vendor is required to notify Nepsis® in the event of a security breach;
- Review the vendor's security audit;
- Review the agreement with the vendor to ensure that a provision is included that places a duty on the vendor to secure Nepsis, Inc.'s data;
- Verify who at the vendor will have access to Nepsis, Inc.'s data;
- Verify that the agreement with the vendor acknowledges that the employees of the vendor act as agents of Nepsis® and are therefore subject to the fiduciary responsibility to protect confidential client information;
- Verify in which geographical locations Nepsis, Inc.'s data will be stored;
- Verify how often the vendor will back-up the data, how many back-up copies will be maintained, and whether Nepsis® has the ability to back-up the data locally;
- Verify that the vendor will not use Nepsis, Inc.'s data for its own purpose, such as selling customer information to third parties for marketing purposes;
- Review the agreement with the vendor to verify that the agreement requires the vendor to keep Nepsis, Inc.'s data confidential and prohibits the vendor from sharing the data or using the data for its own purposes;
- Verify that the agreement with the vendor requires the vendor to notify Nepsis® if the vendor is served with a subpoena and refrain from producing the requested information until Nepsis has time to respond;
- Review the vendor's operation record and financial statements, to verify that the vendor is financially and operationally stable;
- Review the firm's Type 1 or Type 2 (preferable) SAS (Statement on Auditing Standards) 70 Report;
- Verify the vendor has a business continuity and disaster recovery plan that is regularly tested;
- Verify that Nepsis® will be able to recover its data if the vendor goes bankrupt, or the relationship between Nepsis® and the vendor is terminated;
- Verify that Nepsis® will be able to recover its data if Nepsis® fails to make payments to the vendor;
- Review the agreement with the vendor to verify that there is an acknowledgement by the vendor that it has no ownership or security interest in the data;
- Review the agreement with the vendor to verify that the end user licensing agreement contains legal restrictions regarding responsibility or liability, choice of law of forum, or limitation of damages; and
- Review the termination provision in the agreement with the vendor to verify that Nepsis® will be able to retrieve the data and that the vendor will not retain a copy of it.

After completing an initial due diligence review, Mark Pearson will be responsible for conducting ongoing due diligence. Mark Pearson will conduct a review at least annually to examine any material changes the vendor has made in its business practices.

COMPLAINTS AND INVESTIGATIONS

Complaints

Nepsis® takes all customer complaints seriously. It is Nepsis, Inc.'s policy to respond to all verbal and written complaints regarding possible sales practice violations, suspicious activities, or operational problems/concerns regarding its advisory accounts whether regarding a current or past affiliation. A customer complaint can be defined as:

Any written or verbal statement of a client or any person acting on behalf of a client alleging a grievance involving the activities of those persons under the control of Nepsis® in connection with, but not necessarily limited to, the solicitation or execution of any transaction, the disposition of securities or funds of that client, or any advisory services provided by Nepsis®.

Because the severity of a client complaint can be very subjective, supervised persons are encouraged to report any complaints they believe falls outside the scope of a general customer service grievance. The recipient of a complaint needs to notify Mark Pearson who will research the complaint allegations and gather additional information and documentation.

Mark Pearson will determine if a complaint is an internal issue only or must be reported to outside parties such as Nepsis, Inc.'s E&O carrier, regulatory bodies, or outside counsel. Supervised persons are required to respond to any request from Mark Pearson necessary to investigate or determine liability regarding the allegations in a timely manner.

Mark Pearson will be responsible for ensuring that all customer complaints are handled in accordance with all applicable laws, rules and regulations. A file including the following items will be maintained for each complaint received:

1. A copy of the original complaint received;
2. The date the complaint was initially received;
3. Identification of all representatives providing any form of service on the account;
4. Copies of all correspondence to or from the client in relation to the complaint; and
5. A written report of any actions taken in response to the complaint in addition to all documentation necessary to properly respond to the allegations.

If it is determined that the complaint is a reportable event according to any advisory rules and regulations, then, as necessary, the Form U4 and the Form ADV will be updated immediately by Mark Pearson.

Regulatory Examinations

During an SEC regulatory examination, the team of examiners will review various items, including compliance with recordkeeping requirements, soft-dollar and referral arrangements, regulatory and client disclosures, custody issues, performance reporting, advertising practices, trade errors, and conflicts of interest. All investment advisers should anticipate that the SEC will review the adviser's "best execution" practices including policies, procedures and corresponding client disclosures relative to allocation, bunching, effecting transactions for client accounts through broker-dealers that refer clients to the adviser, directed brokerage arrangements, suitability determination, access persons' personal securities transactions, and IPO allocation policies. The SEC also requires the preparation and implementation of written contingency/disaster policies and procedures.

All supervised persons play an integral role in implementing Nepsis, Inc.'s compliance policies and procedures and it is fully expected that all supervised persons will need to assist in preparing and participating in an SEC examination. It is critical for supervised persons to recognize compliance is an ongoing and constantly evolving process that requires reviews, updates, and amendments of advisory filings, disclosures, and procedures. It is Nepsis, Inc.'s intent to be proactive with respect to compliance matters.

In order to prepare for an SEC examination, Nepsis® conducts periodic assessments of its compliance programs. In addition, Nepsis® may contract with outside parties to perform annual review services or mock regulatory examinations on an as-needed basis. The purpose of periodic assessments and any mock regulatory examination is to prepare Nepsis® for an actual examination.

All supervised persons are expected to participate in compliance program assessments and mock regulatory examinations, as applicable. Mark Pearson will be ultimately responsible for documenting and organizing assessments and mock regulatory examinations, but Mark Pearson does rely on each supervised person depending upon the supervised person's duties and functions.



Investigations

Regulatory bodies may initiate investigations in regard to an event that is required to be disclosed on the Form U4, Form U5 or a customer complaint. Any supervised person receiving notice of an investigation must report it to Mark Pearson immediately. Supervised persons will supply all requested information and documentation to Mark Pearson promptly. Mark Pearson will be responsible for preparing a final response to all regulatory matters.

HANDLING WHISTLEBLOWER COMPLAINTS

Pursuant to the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Nepsis® has adopted the following procedures for receiving and reviewing employee whistleblower complaints.

All employee complaints concerning violations of the *Advisers Act* or any other provision of law, rule, order, standard, or prohibition prescribed by the SEC or any state securities authority should be reported to Mark Pearson. Nepsis® encourages employees to submit complaints to the firm before contacting the SEC or other regulatory agencies. This will give Nepsis® the opportunity to begin investigating the problem as quickly as possible and may increase the amount of the award given to the whistleblower. Complaints may be reported anonymously, however, Mark Pearson will request that the employee put the complaint in writing, and include the exact nature, scope and breadth of the accusation.

Once Mark Pearson has received a complaint, Mark Pearson will notify the following outside counsel.

He will quickly investigate the complaint by obtaining all relevant documents and interviewing the appropriate personnel. If the whistleblower is identifiable, he will continually keep the whistleblower informed as to the progress of the investigation but will maintain confidentiality.

When Mark Pearson has reviewed the complaint, he will determine the appropriate action to take to remedy the situation. Nepsis® will maintain records which contain all the information submitted with the complaint and a report or memorandum detailing the investigation and the actions taken by the advisory committee as a result of the complaint.

Sixty days after an employee files a complaint, Mark Pearson will follow up with the employee to ensure the employee has not been retaliated against. If the employee reports retaliation, Mark Pearson should initiate a follow up investigation by repeating the same procedure as above. If the retaliation was caused by an individual involved in the original review process, that individual will not be involved in the retaliation investigation.

To track employee retaliation, Nepsis® will maintain a confidential record keeping system that will enable it to track the employment history of those employees who have filed whistleblower complaints so that Nepsis® can track whether those employees were treated fairly. This record keeping system will also be used to ensure that the anti-retaliation protections are not being abused by any employees of Nepsis®.

Retaliation Prohibited

Nepsis will not discharge or in any other way discriminate against any employee because the employee, whether at the initiative of the employee or in the ordinary course of the duties of the employee, has:

1. Provided, caused to be provided, or is about to provide, information to Nepsis®, the SEC, any state securities authority, or any other state, local, or federal government authority or law enforcement agency in relation to any violation of the *Advisers Act*, or any other provision of law, rule, order, standard, or prohibition prescribed by the SEC or any state securities authority;
2. Testified or will testify in any proceeding resulting from the administration or enforcement of any provision of the *Advisers Act*, or any other provision of law, rule, order, standard, or prohibition prescribed by the SEC or any state securities authority;
3. Filed, instituted, or caused to be filed or instituted any proceeding under the *Advisers Act*, or any other provision of law, rule, order, standard, or prohibition prescribed by the SEC or any state securities authority; or
4. Objected to, or refused to participate in, any activity, policy, practice, or assigned task that the employee reasonably believed to be in violation of the *Advisers Act*, or any other provision of law, rule, order, standard, or prohibition prescribed by the SEC or any state securities authority.

Nepsis® will not tolerate any retaliation against employees for reporting complaints. If any employee of Nepsis® believes that he or she has been discharged or otherwise discriminated against by Nepsis® or any of Nepsis, Inc.'s employees, that employee may file a complaint with the Secretary of Labor alleging discharge or discrimination and identifying the individual responsible for such act. The complaint will be filed not later than 180 days after the date on which such violation occurs.

CLIENT COMMUNICATIONS

Overview

Client communications are an important part of Nepsis, Inc.'s business practices and operations. Nepsis, Inc.'s client communications come in various forms, which include advertising, seminars, one-on-one meetings, written correspondence, and verbal correspondence. It is important for all supervised persons to understand and comply with the procedures outlined in this section as all supervised persons will potentially communicate with Nepsis, Inc.'s clients.

Detailed rules under the *Advisers Act* govern the use of advertising by Nepsis®. In particular, Rule 206(4)-1 prohibits an investment adviser from using advertising or sales literature that:

- (i) Refers to any testimonial concerning the investment adviser or any service rendered by the investment adviser;
- (ii) Refers (except in certain circumstances) to past specific recommendations of the investment adviser that were or would have been profitable;
- (iii) Represents that any graph, chart, or formula offered by the investment adviser can be used to determine which securities to buy or sell, or when to buy or sell them, unless the advertisement contains prominent disclosures as to the limitations of such graphs, charts, or formula and the difficulties with respect to their use;
- (iv) States that any report or service will be furnished free unless the report or service will in fact be furnished entirely free (i.e., without any condition or obligation); or
- (v) Contains a false or misleading statement of a material fact.

It is Nepsis, Inc.'s policy to apply Rule 206(4)-1 to all client communications.

Definitions

Advertising - Material published, or designed, for use in newspaper, magazine or any other periodical, radio, television, telephone or tape recording, videotape display, signs or billboards, motion pictures, telephone directories, electronic or other public media. This also includes letterhead and business cards. This material is distributed to the public in which there is NO audience control.

Pursuant to Rule 206(4)-1, advertising will include any written communication addressed to more than one person or any notice or announcement in any publication or by radio or television that offers any analysis, report or publication regarding securities, any graph, chart, formula or other device for making securities decisions or any other investment advisory services regarding securities. Generally, Rule 206(4)-1 will include any material designed to maintain existing clients or to solicit new clients, any form letter and, most likely, any standardized written material booklets used for presentations to prospective clients or investors.

Correspondence - Any communication by letter or electronic mail sent to or received from a client or potential client. Correspondence is designed for one individual to address specific issues for that client or potential client. Correspondence includes performance reports and quarterly client position reports.

Advertising And Marketing Materials

Some examples of marketing materials used by Nepsis include:

- Newsletters (whether sent in hard copy or by email)
- Emails sent to more than one person
- Information about advisory services available on a public website (e.g. <http://www.InvestWithClarity.com>)
- Reprints of articles published in any periodicals
- Standardized written materials in booklets used for presentations

- Marketing brochures and pamphlets
- Paid advertisements on television, radio, and other mediums
- Other mass mailings such as notices and circulars
- Social networking websites such as Facebook, LinkedIn, and Twitter

Before any marketing materials or advertising concerning Nepsis® or its services is published or distributed to (a) clients or prospective clients, (b) advisers, (c) broker/dealer executives, or (d) other institutional entities, the material must be reviewed and approved by Mark Pearson. Supervised persons that are responsible for reviewing and approving marketing materials and advertising are required by Nepsis® to be licensed as an investment adviser representative under Nepsis®. Materials prepared and generated by Nepsis® are approved by Mark Pearson.

At least quarterly, Mark Pearson will conduct a spot check of the advertisements issued during the previous quarter. A cross-check will also be done to ensure the content of materials not receiving specific approval contain only pre-approved language. As part of the annual assessment, Mark Pearson will review the entire advertising review process to determine its adequacy.

Mark Pearson will review marketing pieces to determine their consistency with established regulatory requirements and Nepsis, Inc.'s policies. Specifically, the following conditions must be followed:

- Marketing materials cannot contain any untrue statements of material facts or any statement that is false or misleading.
- Marketing materials cannot contain any guarantees (or promises) or include language that can be construed as a guarantee.
- Marketing materials cannot contain any statements, graphs, or charts that cannot be fully supported, sourced and documented.
- When presenting an opinion, the marketing material must clearly indicate the statement is an opinion or assumption of Nepsis® and not presented as fact.
- Marketing materials should not include “absolute” language that cannot be proven. For example, it would be incorrect to state “all people want to retire by 65”, “all investors want income and growth”, or “the best way to grow your portfolio is through dividend investing”. These statements cannot be proven, but can easily be amended to state, “many investors are looking to retire at 65”, “from our experience, many investors are looking for income and growth”, and “it is our opinion that dividend investing can be a proven form of investing given an investor’s goals and suitability”.
- Marketing materials that include approved testimonials/endorsements will have disclosures that include the following:
 - (A) That the testimonial was given by a current client or investor, and the endorsement was given by a person other than a current client or investor, as applicable;
 - (B) That cash or non-cash compensation was provided for the testimonial or endorsement, if applicable; and

Non-Cash Compensation

 - *Non-cash compensation incentivizes persons to provide a positive statement about an adviser, or make a referral or solicitation on an adviser’s behalf and thus must be disclosed*
 - *Entertainment, tours, outings, sales awards and gifts are examples of noncash compensation*
 - *Attendance at training/education meeting will not be non-cash compensation provide attendance not provided in exchange for solicitation activities*
 - (C) A brief statement of any material conflicts of interest on the part of the person giving the testimonial or endorsement resulting from the investment adviser’s relationship with such person.
 - (D) Nepsis, Inc. WILL NOT pay for any testimonials/endorsements.
- Marketing materials cannot use any advertisement that refers, directly or indirectly, to past specific profitable recommendations, unless the advertisement includes a list of all recommendations made by Nepsis®. However, an advertisement may offer to furnish a list of all such recommendations as long as the advertisement does not contain any reference to any past specific recommendations. Upon approval of Mark Pearson, Nepsis® may provide information in reports or advertisements about a limited number of recommendations so long as certain conditions are met to ensure that the presentation would be objective and not misleading. These conditions include:
 1. Using consistent and objective, non-performance based criteria in selecting the securities that will be discussed in the advertisement (e.g. the largest positions held or dollar amount of purchases or sales);

2. Not discussing any realized or unrealized profits or losses;
 3. Providing certain additional cautionary disclosures; and
 4. Maintaining records regarding all recommendations and the selection criteria used in determining the securities discussed.
- The SEC would not object to an adviser providing existing clients and investors with performance information about securities so long as the securities are, or were recently held by each client that the information is sent to, and the information contained in the document does not suggest that the purpose of the communication is to promote any advisory services.
 - All advertising referencing past specific recommendations will include the following disclosure on the first page of the list in a typeface at least as large as the largest print text used in the document:

"It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities in this list."

- Nepsis® will not use any advertising that represents that a graph, chart, formula or other device can be used to determine which securities a client should buy or sell or when a client should buy or sell them. In addition, advertisements will not be used that suggest that any graphs, charts, formulas, or other devices can assist the client in making the client's own decisions regarding securities purchases, sales or the timing of such, unless the advertisement prominently discloses the limitations and difficulties regarding the use of such documents or information. Advertisements will not contain any statements that a report, analysis, or other service will be or are furnished free of charge, unless such items are provided free of charge and without any additional conditions or obligations.
- The SEC prohibits an adviser from representing or implying that it has been approved or endorsed by the SEC. When creating marketing material, supervised persons are not allowed to use the designation of "RIA" or "IA" after Nepsis, Inc.'s name or after the name of any investment adviser representative associated with it. Registered investment adviser will not be abbreviated "RIA" on any advertising material. Supervised persons are not allowed to indicate or imply Nepsis® or any of its investment adviser representatives have been approved, sponsored or recommended by any state or federal agency. In addition, supervised persons are not allowed to indicate that any special qualifications for registration have been met.
- Hedge clauses may only be used pertaining to the accuracy or reliability of the information disclosed in the document. Any hedge clause used in advertising material will state the information was obtained from sources believed to be reliable but the accuracy of the information cannot be guaranteed. However, supervised persons are not allowed to use language in any material that will lead the client to believe that the client is giving up any of their legal rights. In addition, supervised persons may not use any hedge clauses that would attempt to alleviate the supervised person or Nepsis® from any advisory or securities rules or regulations.

The requirements set forth above apply not only to materials that are to be addressed or distributed to more than one client or prospective client, but to all materials to be provided at one-on-one conferences with clients or prospective clients. All questions concerning whether a given communication constitutes advertising or sales literature or whether any certain marketing materials or advertising have been approved for distribution should be directed to Mark Pearson.

Mark Pearson is responsible for maintaining all marketing materials. The following documentation must be maintained:

- Copy of the original marketing piece.
- Documentation of the approval, and any review comments provided by Mark Pearson.
- A list of all clients receiving the marketing material or a description of the intended audience when not distributed to a specific mailing list.
- All evidence to support any claims, facts, or information presented in a marketing piece.
- Any other information Mark Pearson deems relevant.

Performance Marketing

Nepsis® does not distribute any performance related marketing materials.



Communicating With Press/News Media

As an investment adviser, Nepsis® has a fiduciary duty to provide full and fair disclosure of all material facts to its clients and not to mislead its clients. As a result, when communicating with the press/news media, Nepsis® has adopted the following policies/procedures for Nepsis® and its supervised persons.

1. Nepsis® should appoint a designated press/news media contact to serve as the spokesperson for press/news media matters and to provide prior approval for interviews, articles and other press/news media contacts. The designated press/news media contact of the Nepsis® should work in conjunction with the Chief Compliance Officer (“CCO”) of Nepsis to ensure all statements of Nepsis® and its supervised persons to the press/news media meet applicable regulatory requirements and are not materially misleading.
2. Nepsis and its supervised persons should not communicate with the press/news media without the pre-approval and guidance of the Nepsis, Inc.’s designated press/news media contact.
3. Any statements by Nepsis® or its supervised persons to the press/news media should be accurate and truthful. Such statements by Nepsis® and its supervised persons should follow the general advertising/marketing policies of Nepsis® and rules of the applicable securities regulator. The supervised person making such statement should be able to substantiate any statements of fact made to the press/news media
4. Nepsis® and its supervised persons will **not** provide non-public, client information to the press/news media.
5. Nepsis® and its supervised persons will not use statements to the press/news media for the purpose of illegally manipulating the investment markets.
6. Nepsis® and its supervised persons will not disclose/share confidential, inside information of a publicly or privately traded security or underlying company with the press/news media.
7. Nepsis® and its supervised persons generally should not discuss with the press/news media the investment performance of Nepsis® without written pre-approval of the CCO.
8. Nepsis® and its supervised persons should not discuss the specific past performance of individual investments/securities (must avoid accusation of cherry-picking top performers).
9. When communicating with the press/news media, Nepsis® and its supervised persons will only speak in generalities about the securities markets without naming specific securities. For example, instead of naming particular securities, a supervised person will talk about sectors and characteristics of different asset classes. A supervised person should not say “we own John Deere”, but could say “we look for large-cap, industrial companies”. Assuming it is accurate statement and not intended to manipulate the market, it is acceptable for a supervised person to use general terms to discuss Nepsis, Inc.’s investment philosophy and strategies but avoid talking about how well Nepsis® and its clients have done.
10. Nepsis® and its supervised persons should not make investment recommendations when communicating with the press unless pre-approved in writing by the CCO. If Nepsis® or a supervised person is authorized by the CCO to make a specific investment recommendation, then Nepsis®/supervised person must disclose whether Nepsis®, clients of Nepsis® or supervised persons of Nepsis® also own such security. Any authorized security recommendation to the press/news media cannot be made within 5 business days of the purchase/sale of such security by Nepsis®, Nepsis, Inc.’s supervised persons or managed clients of Nepsis®. Nepsis® will need to use a black-out period for its supervised persons if Nepsis® and/or its supervised persons make investment recommendations to the press/news media.
11. Except for the required disclosure associated with an authorized recommendation made by Nepsis® or its supervised person, Nepsis® and its supervised persons will not disclose to the press/news media the particular portfolio holdings that Nepsis®, the supervised persons of Nepsis® or clients of Nepsis®.
12. Nepsis® and its supervised persons should not make to the press/news media any predictions or claims that could be construed as guarantees, promises or predictions of investment results. Nepsis® and its supervised persons should avoid making any inflammatory statements or exaggerated claims to the press/news media.

13. Nepsis® and its supervised persons should avoid discussing with the press/news media confidential information or investigations, regulatory relations or litigation involving Nepsis®, unless such discussions have been authorized in advance by the Chief Compliance Officer.
14. To the extent that Nepsis® or its supervised persons would like to reprint an article, distribute an article to clients, post a video interview to its website or forward interviews to clients/non-clients, such actions cause the article or interview to become an advertisement under Rule 206(4)-3 and must be in compliance with Nepsis, Inc.'s advertising/marketing policies and procedures. The SEC will hold Nepsis® accountable for all statements and claims made in the article or interview regardless of whether a quote by its supervised person.

Electronic Communications And Retention

Rule 204-2(a)(7) of the *Advisers Act* requires Nepsis® to preserve, "all written communications received and copies of all written communications sent by such investment adviser relating to (i) any recommendation made or proposed to be made and any advice given or proposed to be given, (ii) any receipt, disbursement or delivery of funds or securities, or (iii) the placing or execution of any order to purchase or sell any security . . ." For purposes of this rule, the SEC has stated that electronic communications are considered written communication and are therefore subject to regulatory supervisory and record keeping requirements.

Nepsis® has established policies and procedures to cover electronic communications for the firm. Mark Pearson is responsible for conducting training to ensure all supervised persons of Nepsis® are aware of, understand, and follow the firm's electronic communication policies and procedures. Mark Pearson is responsible for implementing, monitoring, and periodically testing the policies and procedures.

The firm has entered an agreement with SMARSH to provide e-mail archiving and supervision services.

Mark Pearson is responsible for monitoring and reviewing all electronic communications, including those that are personal in nature, received or sent from Nepsis, Inc.'s electronic communications system. All communications sent to or from the firm's email system can be viewed at any time and are the property of Nepsis®. In addition, while the SEC has specific jurisdiction over communications concerning securities and investment advisory services, the SEC has publicly announced its expectation to have access to and review all email sent and received from an adviser firm. This includes email falling outside the definition of Rule 204-2(a)(7). Therefore, Nepsis® does not allow its supervised persons to receive or send non-business-related emails from Nepsis, Inc.'s email system. Supervised persons may not send any business-related communications from a personal computer. In order to meet SEC requirements, the following email retention procedures have been established by Nepsis®:

- All incoming and outgoing email of Mark Pearson will be electronically stored and archived.
- All incoming and outgoing email of investment adviser representatives relating to any recommendations or advice, receipt/disbursement/delivery of funds or securities, or the execution to buy or sell a security will be electronically stored and archived.
- All incoming and outgoing email to or from any clients will be electronically stored and archived.
- All emails regarding investment recommendations and decisions will be electronically stored and archived.

Social Media And Networking Websites

Nepsis® or supervised persons of Nepsis® use the following social media websites to contact clients or for other business purposes:

- Facebook
- Twitter
- LinkedIn
- YouTube
- Instagram

The following is a non-exclusive list of social media websites that supervised persons may not use to conduct business on behalf of the firm, or use for other business purposes unless the supervised person has received prior written approval from Nepsis®:

- AdvisorTweets.com
- Flickr

- MySpace
- Digg
- Reddit
- Personal Blogs

In order to comply with the requirements of the *Advisers Act*, Nepsis® has adopted the following policies and procedures:

- Nepsis® has established an internal training program for employees' use (both personal and business-related) of social media websites.
- Employees of Nepsis® are required to certify that they understand Nepsis, Inc.'s social media policies and procedures.
- All client communication is documented and stored by Nepsis in accordance with the "Electronic Communication and Retention" section of this manual.
- Nepsis® does not pay for testimonials/endorsements; any approved testimonials/endorsement used on social media will include the following disclosures when applicable:
 - (A) That the testimonial was given by a current client or investor, and the endorsement was given by a person other than a current client or investor, as applicable;
 - (B) That cash or non-cash compensation was provided for the testimonial or endorsement, if applicable; and

Non-Cash Compensation

 - *Non-cash compensation incentivizes persons to provide a positive statement about an adviser, or make a referral or solicitation on an adviser's behalf and thus must be disclosed*
 - *Entertainment, tours, outings, sales awards and gifts are examples of noncash compensation*
 - *Attendance at training/education meeting will not be non-cash compensation provide attendance not provided in exchange for solicitation activities*
 - (C) A brief statement of any material conflicts of interest on the part of the person giving the testimonial or endorsement resulting from the investment adviser's relationship with such person.
- Supervised persons of Nepsis® will not use social media to make any untrue statements or any statements that are otherwise false or misleading.
- Supervised persons of Nepsis® are prohibited from using social media for inappropriate purposes. This includes prohibitions against posting copyrighted or offensive material, or using social media to defame or slander others.
- All client information will be kept confidential and will not be shared via any social media website.
- Management personnel of Nepsis® will have access to any social media account that is used for business purposes, including employees' personal accounts if they are used for any business purposes. Management personnel will monitor all client communication that occurs through social media websites and will conduct periodic reviews to ensure that all supervised persons are adhering to Nepsis, Inc.'s policies and procedures.
- Nepsis® uses the archiving service Smarsh to supervise social networking sites and to document all client communication.
- When a supervised person is no longer associated with Nepsis®, they will cease using social media to interact with Nepsis, Inc.'s clients.

If a supervised person of Nepsis® does not adhere to these policies, the supervised person will be prohibited from using social media websites and may face further disciplinary actions.

Representing Nepsis® Online

Mark Pearson is considered the online media spokesman for Nepsis® and will be responsible for representing Nepsis® online. All other employees of the firm are prohibited from using the company's social media sites or making online statements on behalf of Nepsis®.

Specifically, Mark Pearson is responsible for:

- Updating Nepsis® blog
- Posting status updates on social media accounts
- Distributing the Company's Newsletter
- Posting content to the Company's YouTube Channel

On occasion, other individuals may be given permission to post content online. However, prior to doing so, the message must be approved by Mark Pearson.



Correspondence

Supervised persons are allowed to send correspondence to clients and potential clients. Supervised persons are responsible for ensuring that all correspondence is in compliance with all applicable rules and regulations. When sending correspondence to clients or potential clients, supervised persons must ensure comments do not contradict the parameters set forth under the **Advertising and Marketing Materials** section of this policy. Supervised persons not approved as investment adviser representatives **are not allowed** to provide any recommendations or investment advice, provide any commentary on a client's account performance, provide any commentary on Nepsis, Inc.'s overall performance, or include any other language that may be construed by the client or potential client, Nepsis®, or regulators as providing investment advice.

Supervised persons must ensure all correspondence received from or sent to a client or potential client is maintained as part of Nepsis, Inc.'s books and records. Supervised persons are responsible for uploading all client correspondence to Salesforce at least quarterly. Mark Pearson is responsible for maintaining files for storing all correspondence sent to or received from a client or potential client.

Samples of correspondence will be reviewed and approved by Mark Pearson at least quarterly.

When conducting quarterly reviews of correspondence, Mark Pearson must indicate approval by initialing and dating any correspondence that's reviewed (Email acknowledgement is also permitted). An approved copy of correspondence reviewed will be maintained in the master correspondence file and/or in the applicable client file.

Correspondence – Performance Reports

The following types of reports will be considered performance reports or position reports:

- Any report generated by the investment adviser that is provided or shown to a client summarizing the information contained on one or more account statements generated by the brokerage firm, mutual fund, or insurance company holding client assets and any other client assets included in the report, such as real estate or personal property.
- Any report generated by the investment adviser providing the client with the performance of or a listing of investments in the client's portfolio over a specified period of time or the value of the client's investments as of a specified date. Some examples include an Advent/Axys performance report, db Cams report, Centerpiece report, Portfolio Center report, Excel spreadsheet report, Principia Pro Snapshots, a balance sheet, statement of net worth, listing of assets, graphs, and charts. This also includes showing a client the computer screen of the above described information.
- Any reports generated by the investment adviser of the periodic performance of the investment adviser.
- Any financial planning software or asset allocation program used at the initial meeting, when prospecting for a client, would be considered a sales or marketing tool. Using the same program to update the value of the client's portfolio at subsequent meetings with the client would be considered a position report.

Nepsis® currently uses Orion to produce quarterly reports that include account value, asset class breakdown, investment value comparison and holding information. After the reports are produced Nepsis® sends out notification of completion to IARs to download/dispatch to their clients. The Orion reports disclose the following: Trades conducted within three business days of quarter end may not be reflected on the quarterly report. The information contained herein has been obtained from sources believed to be reliable but the accuracy of the information cannot be guaranteed. Please consult your custodian for proper recording and tax information. Advisory Services offered through Nepsis, Inc.; An SEC Registered Investment Advisor.

Text Messaging Permitted

Text messaging and other forms of online communication, such as instant messaging and social media, allow investment adviser representatives of Nepsis® to communicate with clients and each other in a timely, relevant, and effective manner. Despite these benefits, these forms of communication pose risks to Nepsis®. Namely, Nepsis® is unable to fulfill its recordkeeping and supervisory obligations when investment adviser representatives communicate business-related information by text message or other means that are not monitored or supervised by Nepsis®.

For the protection of Nepsis®, its investment adviser representatives and its clients, Nepsis® has instituted these policies and procedures to safeguard Nepsis® while permitting investment adviser representatives to take advantage of text messaging and

certain other forms of web-based communication for business purposes (“approved business communications”). For purposes of this section, business communication shall mean (i) communications between the investment adviser representative and a client, and (ii) all communications between an investment adviser representative and other supervised person of Nepsis® that could reasonably be construed as pertaining to Nepsis® business affairs. This includes, but is not limited to, requests for approval, discussions of business tasks or decisions, or conversations related to an employee’s work schedule.

Nepsis® does not currently have a Mobile Device Management system (“MDM”) in place. Therefore, without the ability of the MDM to monitor and record business communications on the phone or digital device at all times, Nepsis® and its supervised persons will be permitted to use text messaging when discussing any client account and investment information, however, a copy of the text must be produced and filed in client records. If a Nepsis® employee or investment adviser representative receives a text message from a client, potential client or other industry professional, they must follow up by email or telephone; always being careful to document the discussion. No investment adviser representative may communicate with clients or other supervised persons of Nepsis® for purposes of Nepsis®-related business via unsupervised platforms. Web-connected instant messaging systems, social media accounts (to the extent not otherwise approved by Nepsis®), and other similar internet or mobile communication platforms are forbidden, except to the extent they have been pre-approved by Mark Pearson.

Nepsis® reserves the right to search, by any means, the contents of any phone or digital device an investment adviser representative uses for business communication and make such copies of the files found within that Nepsis® deems in its sole discretion to be necessary or desirable. **The investment adviser representative has no expectation of privacy in a phone or other digital device that the investment adviser representative uses for Nepsis® business communications**, regardless of the legal ownership of such phone or device. By using a mobile phone or other digital device for business purposes, the investment adviser representative acknowledges Nepsis® interest in the context and content of all business communications and agrees to promptly present the device for inspection upon request. Inspection may be, but is not limited to, for the purpose of retrieving files or verifying compliance with this policy. The investment adviser representative shall take no steps to alter, destroy, or in any manner withhold a phone or device or the contents thereof from Nepsis®, whether intentionally or through negligence. In the event a phone or device is damaged, the investment adviser representative will make diligent and good faith efforts to assist Nepsis® in retrieving or restoring lost data.

Submission to reasonable inspection, monitoring, recordkeeping, and management of phones and digital devices used for business communications is a condition of continued employment with Nepsis®. An investment adviser representative who refuses to submit to a reasonable inspection or otherwise frustrates Nepsis® ability to fulfill its supervisory and recordkeeping responsibilities is subject to immediate dismissal for cause.

FIXED INSURANCE ACTIVITIES

Nepsis, Inc. and its affiliated Advisor, Nepsis Advisor Services, Inc., (Nepsis®) through its Investment Advisor Representatives and affiliated firm, Nepsis Insurance Services, Inc., may from time to time recommend the purchase of insurance products, including life insurance, annuities, and long-term care insurance. These products will be recommended when they fulfill a basic need for the client and thus are deemed by the firm to be in the best interest of the client. In certain circumstances, the Investment Advisor Representative may receive a commission from the respective insurance company, and Nepsis® may receive a portion of the commission (usually called an “override”). This is compensation outside of the Investment Advisor relationship through an affiliate company.

All Investment Advisor Representatives that recommend advisory clients purchase insurance products are required to have each client complete and sign the Nepsis® Insurance Products Disclosure Form. The completed forms are required to be submitted to the Nepsis® Home office for review and record keeping purposes. Investment Advisor Representatives that engage in insurance activities without completing the Insurance Products Disclosure form will be subject to disciplinary action up to and including the possible termination of their registration.

FOREIGN CLIENTS

Many investment advisers currently service clients living abroad. Some investment advisers are under a false impression that compliance with U.S. regulatory requirements is sufficient. In many countries, depending upon certain factors (i.e., number of clients, citizenship, place of business, etc.), that is not the case. Moreover, certain countries regulate investment advisers based on the current location of the client, not citizenship or permanent residence. Penalties for advising clients without proper registration and/or qualification in a foreign jurisdiction will differ depending upon the country. Any investment adviser, whether state or



SEC registered, that advises foreign clients (including United States citizens living abroad) should ascertain if non-U.S. regulatory requirements will apply.

Due to the complexity and additional liability associated with accepting a foreign client, it is the policy of Nepsis® to **not** accept a client living outside the United States unless the client has a designated representative (i.e., proxy) living within the United States. Nepsis® is not registered to conduct business with any foreign regulatory authorities.

Mark Pearson is responsible for ensuring foreign client relationships are not established.

The following are some general guidelines when working with non-U.S. citizens and U.S. citizens living abroad.

- Nepsis® should not send any statements or other paperwork to a foreign country address.
- Nepsis® should not contact clients when they are outside the U.S. All of Nepsis, Inc.'s interactions should be within the U.S.
- Brokerage account statements from the qualified custodian should not be delivered to a foreign address of a Nepsis® client. This is especially important when Nepsis, Inc.'s logo or name is listed on the account statement.
- If a foreign client domiciled in the United States or a U.S. citizen client is going to live in another country for a time period, Nepsis® should continue to send all documents to the client's U.S. address. The client must also designate a U.S.-based proxy or representative for Nepsis® to communicate with on client's behalf while the client is living abroad.
- Nepsis® should not fly to another country to conduct business.
- Nepsis® should not call prospects and clients in another country.
- Nepsis® should not market services in another country.

SCHEDULES 13 FILINGS

If an investment adviser has investment discretion (i.e., the power to determine without prior approval from the client which securities are bought or sold for the client account(s) under management or decisions are made about which securities are bought or sold for the account(s) under management, even though someone else is responsible for the investment decisions) over \$100 million or more of individual equity securities, the investment adviser may be required to file quarterly reports with the SEC on Form 13F under the Securities Exchange Act of 1934.

If an investment adviser is considered a "large trader", then the investment adviser is required to register with the SEC through the Form 13H and the investment adviser must report its large trader identification number (LTID) to each broker-dealer through which the large trader trades. A "large trader" is defined as a person whose transactions in exchange-listed securities equal or exceed two million shares or \$20 million during any calendar day, or 20 million shares or \$200 million during any calendar month. If an investment adviser places trades that meet the threshold requirements to classify the investment adviser as a large trader, then the investment adviser must file the Form 13H within 10 days of qualifying as a large trader. Additionally, the investment adviser must re-file the Form 13H annually and update the Form 13H whenever changes occur. The SEC requires broker-dealers to maintain and report data to the SEC including the LTID and the time a transaction occurs.

In addition, if the investment adviser beneficially owns 5% or more of a class of a registered company's equity securities, it may be required to file a Schedule 13D or a Schedule 13G under the 1934 Act.

Nepsis® is required to file Form 13F, Section 13(f) securities are generally equity securities traded on exchanges or NASDAQ and certain convertible debt securities. According to the 1934 Act, an institutional investment manager is defined as "any person – other than a natural person – investing in or buying and selling securities for its own account, or any person (including natural persons) exercising investment discretion with respect to the account of any other person". Because Nepsis® exercises investment discretion over client accounts, Nepsis® meets the definition of an institutional investment manager.

- Form 13F can be viewed from the SEC's website at <http://www.sec.gov/about/forms/form13f.pdf>
- The most current listing of Section 13(f) securities can also be viewed through the SEC's website at <http://www.sec.gov/divisions/investment/13flists.htm>
- Nepsis® recent filings on the Edgar Website

In order to properly file the Form 13F in a timely manner, Nepsis® must run a cross-reference of Section 13(f) Securities with a current holdings report of all discretionary accounts managed by Nepsis®. Updates to Form 13F must be filed within 45 days after the end of each calendar quarter.



Mark Pearson is responsible for ensuring the timely submission of all Form 13F filings. Mark Pearson is in charge of developing and maintaining standard operating procedures regarding Form 13F reporting, which will be kept separately from this manual. The standard operating procedures will be reviewed as part of the Nepsis® annual assessment and during a regulatory examination. All filings must be completed through the SEC's EDGAR filing system. Mark Pearson is in charge of maintaining Nepsis® EDGAR account. In the event of a late filing, inaccurate filing, or if issues or problems arise during a filing, Mark Pearson must be notified immediately. A supervised person and/or consultant can assist Mark Pearson with handling issues or problems in connection with a Form 13F filing and determine any corrective action if necessary.

Mark Pearson is in charge of maintaining all documentation used to complete Form 13F filings and updates. As part of the Nepsis® annual assessment, Mark Pearson will review all Form 13F filings to ensure their accuracy and completeness.

EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (ERISA)

The *Employee Retirement Income Security Act of 1974* ("ERISA") is designed to protect retirement plan beneficiaries and participants from problems and abuses. ERISA imposes significant responsibilities on persons who manage or provide advisory services to employee benefit plans. Investment Adviser responsibilities for retirement plans are not solely governed by the SEC or the *Advisers Act*, but also by the U.S. Department of Labor's rules for ERISA accounts.

An ERISA plan is defined as any qualified plan including, employee pension benefit plans and pension plans. Section 1102(2) of ERISA defines the terms "employee pension benefit plan" and "pension plan" as any plan that "(i) provides retirement income to employees, or (ii) results in a deferral of income by employees...*regardless* of the method of calculating the contribution made to the plan, the method of calculating the benefits under the plan or the method of distributing benefits from the plan." In plain English terms, accounts established by pension plans, profit sharing plans and 401(k) plans are typically considered ERISA accounts. However, the following are not considered ERISA accounts:

1. An individual retirement account or annuity established by an individual employee to which his/her employer does not make any contributions;
2. A plan that covers only the sole owner of a business (incorporated or unincorporated) and/or his/her spouse;
3. A partnership pension plan that covers only partners and their spouses;
4. A governmental plan; and
5. Certain church plans

When providing advisory services to an ERISA plan, an investment adviser representative must adhere to the Prudent Man Standard (ERISA 404(a)), which generally requires an adviser representative to act solely in the interest of the plan with the skill, care, prudence and diligence of a prudent man. The Prudent Man Standard looks to the total performance of the entire portfolio rather than to the actual performance of any particular investment. An investment adviser representative will be deemed to have satisfied the Prudent Man Standard if the investment adviser representative has given appropriate consideration to the facts and circumstances the investment adviser representative should know are relevant, including the role the investment plays in the plan's investment portfolio. This is often referred to as the "prudent expert" rule.

Under ERISA, an investment adviser and its representatives have special fiduciary obligations. These responsibilities include:

- Acting solely in the interests of the participants and their beneficiaries;
- Defraying the expenses of administration of the plan;
- Acting with the care, skill, prudence, and diligence that a prudent man would use in the same situation;
- Diversifying plan investments to reduce the risks of large losses unless it is clearly not prudent to do so; and
- Acting according to the terms of the plan documents to the extent the documents are consistent with ERISA.

Prior to acting as the adviser for an ERISA plan, an investment policy statement should be created by the plan or by the investment adviser to the plan. The investment policy statement, at a minimum, must do the following:

- Define the purpose of the plan;
- Set forth suitability standards;
- Establish risk parameters, return requirements; and
- Establish portfolio diversification standards.

Mark Pearson will be responsible for reviewing or establishing investment policy statements to ensure that they meet the requirements under ERISA.

ERISA imposes numerous obligations on fiduciaries and also prohibits many transactions that could raise conflict of interest issues. The furnishing of goods, services or facilities between a plan and a party in interest to the plan is generally prohibited under ERISA (See section 406(a)(1)(C)). However, section 408(b)(2) provides relief from the prohibited transaction rules for service contracts between a plan and an investment adviser if the contract is:

- Reasonable
- The services are necessary for the establishment or operation of the plan; and
- No more than reasonable compensation is paid for the services.

To comply with 408(b)(2) Nepsis® will provide the responsible plan fiduciary with a written disclosure describing:

- The services to be provided, in a format that is clear and understandable to the responsible plan fiduciary;
- Nepsis, Inc.'s fiduciary status to the plan including whether Nepsis® is a fiduciary under ERISA and whether Nepsis® is registered under the *Advisers Act* or is registered under state law; and
- A description of all direct and indirect compensation received in connection with services provided to the plan. This includes any compensation received by an affiliate or subcontractor. Nepsis® will also disclose termination compensation, if any. Finally, Nepsis® will describe how compensation will be received (i.e. via direct deduction or billed via an invoice).
- If Nepsis® receives any indirect compensation, Nepsis® will provide a description of its arrangement with the payer of indirect compensation so that the responsible plan fiduciary can analyze why the payer is compensating Nepsis® in connection with Nepsis, Inc.'s services to the plan. Further, Nepsis® will offset any indirect compensation against the direct compensation received from the plan.

Nepsis® may provide these disclosures electronically. However, prior to doing so, Nepsis® will obtain consent from the plan or the responsible plan fiduciary to receive electronic disclosure.

If Nepsis® receives a written request for information from a plan sponsor, then the firm will respond within ninety (90) days. If any information that Nepsis® has provided the plan becomes outdated, an updated disclosure will be delivered within 60 days. If Nepsis® makes a good faith disclosure error, the error will be corrected within 30 days from the date on which the error or omission was discovered.

If Nepsis® or any of its investment adviser representatives violate any of the standards imposed by ERISA, they will be personally liable to reimburse the plan for any losses resulting from the violation. This would also include reimbursing the plan for any income loss as a result of breaching the adviser's fiduciary duty. Nepsis® will impose appropriate disciplinary actions for any violations to ERISA laws.

PROTECTING ELDERLY AND VULNERABLE CLIENTS WITH DIMINISHED CAPACITY

As an investment adviser, Nepsis® has a fiduciary duty to act in its clients' best interests at all times. This duty includes recognizing and responding to the challenges that can arise as a client ages, including changes in a client's needs and goals, as well as their mental and physical abilities. To the extent possible, Nepsis® must endeavor to recognize a decline in a client's mental capacity and to act to protect clients from suspected financial neglect or abuse.

Nepsis® considers all persons over the age of 65 to be a "senior" client who may currently or in the future have special and unique needs related to the natural aging process. A "vulnerable adult" is a person over the age of 18 who has diminished capacity due to age or disability. All representatives and employees of Nepsis® should be alert for signs of vulnerability or age-related needs, keeping in mind that not all seniors are vulnerable, and not all vulnerable adults are seniors. Mark Pearson will be responsible for flagging/noting the accounts of clients who have been identified as vulnerable adults by Nepsis®.

General Risks And Considerations

I. Clients who are retired or approaching retirement age.

Retirement is a time of transition for most investors. Their financial needs and goals may be changing, so it is appropriate to review and/or change the client's financial plan or investment strategy. Additionally, retirement is associated with increasing age and thus with an increased risk of elder abuse and diminished capacity. Nepsis® requires that an investment adviser representative review an elderly client's financial plan or investment strategy at least annually.

II. Clients who are perceived by Nepsis® to have possible issues associated with diminished capacity or competence.

Clients with diminished capacity may not understand their financial situation or the recommendations made by an investment adviser representative. They may lack recall or exhibit confusion about transactions and decisions they formerly understood and agreed to with the adviser. Investment adviser representatives of Nepsis® should document all meetings and communications with a client with diminished capacity or memory problems. In addition, the investment adviser representative should send written follow-up communications that summarize what the investment adviser representative and the client discussed or decided during the earlier verbal communication.

Clients with diminished capacity are susceptible to telephone/mail/email frauds, and may be taken advantage of by family members or other persons in positions of trust (new friends, home health aides or housekeepers, other financial professionals). Cognitive vulnerability of the client – because of severe illness, isolation, abandonment fears or other conditions – can enable undue financial influence to be exerted by a family member or caregiver. Nepsis® may find it difficult to contact the client without someone else interfering, or the client may suddenly direct a change in investment strategy or beneficiary designation that the adviser finds unusual and inappropriate.

Nepsis® needs to respond quickly, sensitively, and appropriately to concerns regarding a client's diminished capacity. Nepsis® must balance the need to act on these concerns with the client's right to privacy and self-determination. In cases where an investment adviser representative of Nepsis® suspects a formerly competent client is suffering from diminished capacity or financial abuse, the investment adviser representative must promptly notify the Chief Compliance Officer who will conduct an investigation. Based on the results of the investigation, the Chief Compliance Officer may attempt to contact the Trusted Emergency Contact designated by the client at account opening. Nepsis® will take other steps, such as notifying the state's Department of Adult Protective Services, as required or permitted by law.

III. Elderly or Senior Clients

The elderly, whether of diminished capacity or not, are at increased risk of becoming victims of elder abuse. Even where elderly or senior clients are fully capable of managing their financial affairs, they can benefit from special attention and increased contacts by their investment adviser representative. In addition to increasing client contact, Nepsis® will make available printed materials in a larger font. Additionally, Nepsis® will endeavor to provide value-added services, such as educational resources on relevant topics such as financial exploitation or how to organize and store important financial and legal documents.

Client Requests

All client requests by individuals identified by Nepsis® as being a vulnerable adult must be escalated to the investment adviser representative of record or to the compliance team before being executed. In particular, requests to change or add a beneficiary or a power of attorney or any request from an individual who seems confused or under duress should undergo careful review, particularly when carrying out such a request could result in substantial harm or loss to the client. Escalated requests must be reviewed and resolved promptly, if possible the same business day.

To the extent a client self-executes a change through their custodian or the online client portal (if available), the client's investment adviser representative is not responsible for approving or executing the action but should nevertheless take note of the Client initiated action during Nepsis, Inc.'s regular review of the client's account, looking for patterns of unusual or concerning behavior.

Investment Recommendations For Senior Clients

As a client ages and approaches retirement, investment products and recommendations that may have been suitable in the past may no longer be in the client's best interest. As a result, Nepsis® will require the following procedures to be implemented for each client over the age of 65:

- *Heightened suitability review* – Investment recommendations and transactions in managed accounts, as applicable, will be reviewed for suitability on a quarterly or more frequent basis by Mark Pearson. Mark Pearson will document each review, including the response taken to address any items of concern.
- *Electronic surveillance for red flags* – Nepsis® has implemented an electronic surveillance program that automatically monitors client accounts for suspicious activity or transactions. When suspicious activity is identified, Mark Pearson is notified and will conduct a review or investigation as warranted by the facts and circumstances.
- *Product restrictions* – Investment adviser representatives will not be permitted to recommend the following investments or investment strategies to clients over the age of 65:
 - Speculative Strategies

Product Cautions – from time-to-time Nepsis® may suggest Alternative Investment products. The due diligence on these products will be done internally with the frequency of reviews being on a per project basis. Should there be any potential conflict of interests that arise with this recommendation they will be disclosed at the time of recommendation; this may or may not require the signature of the client.

- *Recommendations made in light of current and future employment/income and healthcare costs* – When making investment recommendations, Nepsis® requires investment adviser representatives to consider a senior client's current and future employment or income, as well as potential future healthcare costs.
- *More frequent updates to investment objectives* – Nepsis® requires its investment adviser representatives to obtain an updated investment objective or investment policy statement from senior clients at least annually. In addition, investment adviser representatives should obtain an updated investment policy statement or investment objective within a reasonable time after the investment adviser representative learns that the client has undergone a major life change, such as a major medical expense or the death of a spouse, regardless of when the investment objective was last updated.

Training

Nepsis® will require its investment adviser representatives to review information on elderly and vulnerable clients that covers the following topics:

- The needs of and risks facing elderly and vulnerable clients,
- The policies and procedures of Nepsis® related to elderly and vulnerable clients,
- Product features that may have a large impact on elderly or vulnerable clients, including withdrawal penalties, tax consequences, higher fees, lack of liquidity, loss of features on exchange or transfer
- Warning signs of financial exploitation and how to respond when financial exploitation is suspected

Warning Signs Of Financial Abuse/Exploitation

Nepsis® may at times serve clients who have diminished capacity due to age or disability. These clients have an increased risk of experiencing financial fraud or abuse from third parties who unscrupulously seek to control or obtain the client's assets for their own purposes. Possible warning signs, depending upon the circumstances, of financial abuse include:

- Caretaker refuses children/relatives/investment adviser representative access to the client;
- Unusual activity in the client's account;
- Changes in the client's appearance, mood or interactions with Nepsis®;
- Unable to process data and retain information which was previously within the client's ability;
- Sudden changes to financial decisions that the client does not seem to understand or cannot explain;
- General confusion about financial matters or the client's financial situation;
- A mismatch between the client's apparent quality of life and what the client should be able to afford;
- Requests to make irreversible change or transaction without reasonable explanation;

- The client wanting to update his or her account beneficiaries, power of attorney, will, trusts or otherwise give assets to step-children (and not genetic children), a new “friend” or helper;
- Transfers of accounts, investments or proceeds while the client is in a hospital;
- A third-party agent exercising a power of attorney doesn’t appear to be acting in good faith or best interests of client;
- Inexplicable account transfers or withdrawals made to third parties;
- Account statements and other communications the client expects are being diverted to a third party;
- Requesting a disbursement to pay taxes on “lottery winnings”;
- Suspicious signatures on disbursement requests or other account documents;
- Change in long time attorney and accountant with new attorney/accountant recommending suspicious transactions or strategies;
- The client’s assertion that some or all of his or her assets are missing; or
- The vulnerable client is in a romantic relationship with someone that the client has never met in person.
 - Online romantic partner tries to isolate the vulnerable client from family and friends;
 - Online romantic partner requests inappropriate photos or financial information that could be used for blackmail;
 - Requests that money be sent to online romantic partner whom client has never met in person.

Due to the relationship established between Nepsis® and its clients, Nepsis® and its investment adviser representatives can be in a unique position to identify potential financial abuse among vulnerable clients. If an employee or investment adviser representative of Nepsis® notices unusual or suspicious activity with regard to an account held by an elderly or disabled client, Nepsis® will take the following steps.

Designation Of Trusted Contact

When establishing a new investment advisory client relationship or meeting with an existing investment advisory client, Nepsis® will offer such client the opportunity to designate in writing an individual who will serve as a trusted emergency contact (“Trusted Emergency Contact”) and authorize Nepsis® to contact such Trusted Emergency Contact in the event of unusual activity by the client, any warning signs of elder abuse of client and/or inability to contact such client over an extended period. Representatives of Nepsis® assisting the client will explain the importance of making such a designation and encourage all clients to provide a Trusted Emergency Contact.

Report The Abuse & Contact A Trusted Emergency Contact

- When an employee or representative of Nepsis® suspects that financial abuse or exploitation of an elderly or disabled client may be occurring, the employee or representative will report his or her concerns in writing to Mark Pearson. The report should be thorough and, at a minimum, include the facts giving rise to the concern, a description of the reporting person’s relationship with the client, and any other information the reporting person believes may be relevant.
- When an employee or representative of Nepsis® has actual knowledge that a referral has been made to a protective services agency regarding financial abuse or exploitation of an elderly or disabled client may be occurring, the employee or representative will report in writing this knowledge of a protective services referral to Mark Pearson.
- Mark Pearson will review the report and may interview the reporting person and any other employee or representative who may have knowledge relevant to the report.
- If Nepsis® comes to the reasonable belief that abuse has occurred, is occurring, or will occur in the future, Nepsis®:
 - **May** attempt to contact any person the client has previously designated as a Trusted Emergency Contact, but only if the Trusted Emergency Contact is not suspected of perpetrating the potential abuse;
 - **May** attempt to contact other professionals (e.g., attorney, accountant) utilized by the client (if previously authorized);
 - **May** contact the qualified custodian holding client’s account(s) managed by Nepsis®; and
 - **May** report the suspected abuse to a governmental agency responsible for adult protective services.

BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

Nepsis® has developed this Business Continuity and Disaster Recovery Plan (the “Plan”) in order to provide guidance regarding the steps and actions that should be taken in the event of an unanticipated interruption of normal business operations. This document will outline the triggers for when alternate business processes need to be deployed, the steps to deploy the alternate



business processes, the methods for verifying that business has been properly restored and ensuring data integrity and activities for returning to normal business processing. This Plan will help safeguard employees' lives and firm property, allow a method of making financial and operational assessments, recover and resume business operations in a rapid and efficient manner, protect firm books and records, continue to allow clients to transact business at all times and provide clients with access to their funds and securities in the event the firm determines that it cannot continue to do business. All employees will receive a copy of this Plan and will sign an acknowledgement of receipt, review and understanding.

Nepsis® has designated the following individuals as members of the Business Continuity Team:

- Ken Harpell, VP of Advisory Services, 952-746-2003, kharpell@investwithclarity.com
- Kim Dworak, Corporate Operations Assistant, 952-746-2003, kimd@investwithclarity.com
- Matt Pearson, Business Development, 952-746-2003, mtp@investwithclarity.com

These team members are designated as the main emergency contact persons for the firm. The team members designated above will be responsible for developing the Plan. Mark Pearson will have the responsibility for approving the plan and ensuring that a review is conducted on at least an annual basis. The team members listed above will be responsible for activating the Plan in the event of interruption to normal business operations.

The Plan will be updated whenever there is a material change to operations, structure, business, or location. In addition, the firm will review the Plan annually, during the last week of January, to modify it for any changes in operations, structure, business or location or those of clearing firm. Mark Pearson is responsible for maintaining and updating the Plan. Nepsis® will maintain copies of the Plan, the annual reviews, and any changes that have been made to the Plan for inspection by regulators. A report will be prepared documenting the review of the Plan and any updates that are made. An electronic copy is located in Salesforce in the Policy & Procedures folder. Kim Dworak, Corporate Operations Assistant is responsible for making sure that all electronic versions are maintained in this location.

Significant Business Disruptions

Nepsis® has written this Plan anticipating two kinds of significant business disruptions (“SBDs”): internal and external. Internal SBDs affect the firm’s ability to communicate and do business (e.g., a fire in the building). External SBDs prevent the operation of the securities markets or a number of firms. Examples of an external SBD include terrorist attacks, a city flood, or a wide-scale, regional disruption. Firm response to an external SBD relies more heavily on other organizations and systems, especially on the capabilities of any clearing firms or outside investment adviser firms with which the firm has established a relationship.

Business Description

Nepsis® conducts a variety of advisory services to clients which may include, financial planning, pension consulting and management of assets. As part of implementing the advice provided, the firm may recommend equity securities, mutual funds, variable insurance products, fixed income securities, and derivative securities. Nepsis® is an investment adviser and does not perform any type of clearing functions for itself or others. Nepsis® does not hold customer funds or securities. An outside custodian recommended by the firm or selected by the client maintains custody of all client funds and securities. We accept and enter orders. All transactions are sent to an outside broker/dealer or custodian, which executes, compares, allocates, clears and settles orders. These custodians also maintain customers’ accounts, can grant customers access to them and delivers funds and securities. Clients will be made aware of the broker/dealer or other custodian through which the firm will implement their transactions and will receive statements from these firms.

The clients’ custodian(s) are:

Pershing Advisor Solutions, LLC., One Pershing Plaza, 4th Floor Jersey City, NJ 07399, (866) 570-2205, www.pershing.com and the contact person at that firm is (David Batrich, (847) 410-7037, david.batrich@pershing.com).

Office Locations

Nepsis® has the following office locations:

1. Office Location #1. The main office location is at 8674 Eagle Creek Circle, Savage, MN 55378. The main telephone number at this location is (952)746-2003. Employees may travel to this location by means of foot, car, subway, train, bus, boat, plane. All types of business and services provided by Nepsis® are performed from this location.



If business cannot be conducted from the main office location, we will conduct business from 79998 Cress View Lane, Prior Lake, MN 55372 – (952)746-2003) until such time that we can resume business from our main office location or establish an alternate location from which business can be conducted.

List all essential business personnel that will be required to report along with their position titles:

Employee Name	Title
Mark Pearson	President
Kim Dworak	Corp Ops Asst
Julie Pearson	Client Services Manager

Customers' Access To Funds And Securities

Nepsis® does not maintain custody of clients' funds and securities. Custody is maintained at Pershing Advisor Services LLC. In the event of an internal or external SBD, if telephone service is available, investment adviser representatives will take customer orders and instructions and contact clients' custodians on behalf of the client. If firm Web access is available, Nepsis® will post on its Website that customers may access information about their funds and securities by contacting (Office phone number at (952)746-2003). Nepsis® will make this information available to clients through its disclosure document.

Data Back-Up And Recovery (Hard Copy And Electronic)

Nepsis® maintains its primary hard copy books and records and its electronic records at its main office location previously referenced in this document. Mark Pearson is responsible for the maintenance of these books and records. The firm maintains the following document types and forms:

- Financial records
- Organizational records (*Corp. Records, Partnership Records, etc.*)
- Form ADV annual delivery documents and logs
- A copy of firm written policies and procedures and any revisions made to this document
- A copy of the firm's Code of Ethics and any amendments to this document
- Records of any violations to the Code of Ethics and any actions taken as a result of the violations
- Written Acknowledgement Statements executed by employees acknowledging receipt of the firm's written policies and procedures and its Code of Ethics
- An affiliated supervised persons list
- Holdings reports
- Solicitor Disclosure Documents and Agreements
- Any written agreements entered into by the firm
- A copy of the firm's Privacy Policy Statement and proof of annual delivery
- All client documentation and any data gathering documents
- Financial plans prepared for clients
- Client agreements
- Copies of any checks received
- Copies of any reports prepared and sent to clients
- Copies of any fee statements or notifications sent to clients

Nepsis® maintains its back-up hard copy books and records at (Nepsis, Inc. Corporate Office). These records are stored in Net Documents. Kim Dworak, Corporate Operations Assistant, is responsible for the maintenance of these back-up books and records. Records are backed up daily.

In the event of an internal or external SBD that causes the loss of paper records, the firm will physically recover them from its back-up site. If the primary site is inoperable, it will continue operations from the back-up site or an alternate location. For the loss of electronic records, it will either physically recover the storage media or electronically recover data from its back-up site, or, if the primary site is inoperable, continue operations from the back-up site or an alternate location.

FINANCIAL AND OPERATIONAL ASSESSMENTS

Operational Risk

In the event of an SBD, the firm will immediately identify what means will permit it to communicate with customers, employees, critical business constituents, critical banks, critical counter-parties and regulators. Although the effects of an SBD will determine the means of alternative communication, the communications options employed will include our Website, telephone voice mail, call forwarding, cell phones, etc. In addition, the firm will retrieve key activity records as described in the section above, Data Back-Up and Recovery (Hard Copy and Electronic).

Financial and Credit Risk

In the event of an SBD, the firm will determine the value and liquidity of its investments and other assets to evaluate its ability to continue to fund operations. The firm will contact clients' custodians, critical banks, and investors to apprise them of its financial status. If the firm determines that it may be unable to meet its obligations to those counter-parties or otherwise continue to fund operations, it will request additional financing from a bank or other credit sources to fulfill its obligations to customers and clients. If the firm cannot remedy any financial deficiency, it will file appropriate notices with regulators.

MISSION CRITICAL SYSTEMS

Nepsis® has the primary responsibility for establishing and maintaining business relationships with customers and has sole responsibility for mission critical functions of order taking, entry and execution. Firm "mission critical systems" are those that ensure prompt and accurate processing of client transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities.

Outside custodians utilized by the firm provide the execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities. These outside custodians will maintain a business continuity plan and the capacity to execute that plan. In the event that any of the custodian firms that the firm has a relationship with executes its plan, it represents that it will notify the firm of such execution and provide the firm with equal access to services as its other customers. If the firm reasonably determines that the custodian(s) has not or cannot put its plan in place quickly enough to meet firm needs, or it's otherwise unable to provide access to such services, the custodian firm represents that it will assist the firm in seeking services from an alternative source.

Recovery-time objectives provide concrete goals to plan for and test against. They are not, however, hard and fast deadlines that must be met in every emergency situation, and various external factors surrounding a disruption, such as time of day, scope of disruption and status of critical infrastructure-particularly telecommunications-can affect actual recovery times. Recovery refers to the restoration of clearing and settlement activities after a wide-scale disruption; resumption refers to the capacity to accept and process new transactions and payments after a wide-scale disruption.

Firm Mission Critical Systems

1. Order Taking. Currently, the majority of Nepsis® trades are discretionary trades. When Nepsis® receives orders from customers the are via telephone and in-person visits by the customer. During an SBD, either internal or external, the firm will continue to take orders through any of these methods that are available and reliable. In addition, as communications permit, the firm will inform customers when communications become available to tell them what alternatives they have to send their orders. Customers will be informed of alternatives by the most convenient method available. If necessary, the firm will advise customers to place orders directly with their custodian.
2. Order Entry. Currently, Nepsis® enters orders by recording them on paper and/or electronically. Then they are sent to the clearing firm electronically or verbally via telephone.

In the event of an internal SBD, the firm will enter and send records to the clearing firm by the fastest alternative means available. In the event of an external SBD, the firm will maintain the order in electronic or paper format, and deliver the order to the custodian by the fastest means available when it resumes operations. In addition, during an internal SBD, the firm may need to refer customers to deal directly with the custodian for order entry.

3. Order Execution. The firm currently executes orders by entering trades on the web-based system provided by the account custodian. In the event of an internal or external SBD, the firm would call trades in to the custodians trade desk.

Mission Critical Systems Provided by Outside Custodian(s)

Nepsis® relies, by contract, on outside custodian(s) to provide order execution, order comparison, order allocation, and the maintenance of customer accounts, delivery of funds and securities, and access to customer accounts.

ALTERNATE COMMUNICATIONS BETWEEN THE FIRM AND CUSTOMERS, EMPLOYEES, AND REGULATORS

Customers

Nepsis® now communicates with customers using the telephone, email, Website, fax, U.S. mail, and in-person visits at our firm. In the event of an SBD, the firm will access which means of communications are still available and use the means closest in speed and form (written or oral) to the means used in the past to communicate with clients. For example, if the firm has communicated with a party by email but the Internet is unavailable, the firm will call them on the telephone and follow-up where a record is needed with a paper copy in the U.S. mail. The firm will continue to provide status communications until normal business hours can resume.

Employees

Nepsis® now communicates with employees using the telephone, email, and in person. In the event of an SBD, the firm will access which means of communication are still available and use the means closest in speed and form (written or oral) to the means used in the past to communicate with employees. The firm will also employ a call tree so that senior management can reach all employees quickly during an SBD. The call tree includes all staff home, office phone, cell phone numbers and business and personal email addresses. (Exhibit A) The firm has identified persons, noted below, who live near each other and may reach each other in person if necessary. A copy of this call tree will be maintained in paper copy and electronically at all locations from which business can be conducted. All employees listed as a Caller will be responsible for maintaining a paper and electronic copy of this BCP and the call tree at their personal residence as well as the main office location from which they conduct business on a regular basis. *Mark Pearson* will be responsible for maintaining and updating the call tree and making sure all employee contact information remains current. Information will be updated at least quarterly as needed and all changes will be communicated to all effected employees.

Mark Pearson, President & CIO will be responsible for activating the use of the call tree. Mark Pearson is not available or is unable to activate the use of the call tree, *Dave Krypel, VP of Operations* will be responsible for activating the use of the call tree. The following is the call tree currently being used:

Caller	Call Recipients
Mark Pearson	Dave Krypel, Kim Dworak & Ken Harpell
Dave Krypel	Alyssa Greene, Matt Pearson
Kim Dworak	Sue Swiggum
Ken Harpell	Nepsis® Advisors

Advance training will be provided to all employees of the procedures that should be taken in the event of an internal or external SBD. Employees will be made aware of the alternate locations from which business can be conducted. Employees will also be aware of which employees have been designated as essential personnel that will be required to report to the alternate business location.

REGULATORS

Nepsis® is currently subject to regulation by U.S. Securities and Exchange Commission. The firm communicates with regulators using telephone, email, fax and U.S. mail. In the event of an SBD, the firm will assess which means of communication are still available and will use the means closest in speed and form (oral or written) to the means used in the past to communicate with the other party. Regulatory information will be maintained on the Master Contact List. (Exhibit B) *Mark Pearson* will be responsible for maintaining the Master Contact List and updating it at least quarterly when necessary.

Counter-Parties

Nepsis® has contacted its critical counter-parties, such as broker/dealers or institutional customers, to determine if it will be able to carry out transactions with them in light of the internal or external SBD. Where the transactions cannot be completed, it will work with custodian(s) or contact those counter-parties directly to make alternative arrangements to complete those transactions as soon as possible. Contact information for all counter-parties will be maintained on the Master Contact List. (Exhibit B)

REGULATORY REPORTING

Nepsis® is subject to regulation by the SEC. The firm now files reports with regulators using paper copies in the U.S. mail and electronically using fax, email, and the Internet. In the event of an SBD, it will check with the SEC and other regulators to determine which means of filing are still available and use the means closest in speed and form (written or oral) to its previous filing method. In the event that the firm cannot contact regulators, it will continue to file required reports using the communication means available. Contact information for each regulator referenced above will be maintained on the Master Contact List. (Exhibit B)

EXHIBIT A

CALL TREE EMPLOYEE EMERGENCY CONTACT INFORMATION

NAME	OFFICE # OR EXT.	HOME PHONE #	CELL PHONE #	OFFICE EMAIL ADDRESS
Mark Pearson	952-746-2003	952-226-1355	612-209-4244	mpearsson@investwithclarity.com
Matt Pearson	952-746-2003		952-826-9603	mtp@investwithclarity.com
Ken Harpell	952-746-2003		952-237-5441	kharpell@investwithclarity.com
Dave Krypel	952-746-2003	651-681-0425	651-295-2256	dkrypel@investwithclarity.com
Alyssa Greene	952-826-9082		952-826-9082	agreene@investwithclarity.com
Kim Dworak	952-746-2003		507-993-5595	kimd@investwithclarity.com
Sue Swiggum	952-746-2003		952-913-3472	sswiggum@investwithclarity.com
Rob Lewis	952-746-2003		651-503-5773	rlewis@investwithclarity.com
Josh Englund	952-746-2003		612-432-2339	jenglund@investwithclarity.com
Tom Schmid	952-746-2003		952-200-1854	tschmid@investwithclarity.com
Kevin Distad	952-746-2003		763-350-5966	kdistad@investwithclarity.com
Dave Christianson	952-746-2003		952-452-3270	dc@investwithclarity.com
Dave Paradise	952-746-2003		952-452-3270	dparadise@investwithclarity.com

EXHIBIT B

MASTER CONTACT LIST

ENTITY NAME	MAIN CONTACT PERSON NAME	PHONE NUMBER	EMAIL ADDRESS	ADDITIONAL CONTACT INFORMATION (i.e., Website address)
SEC		312-353-7390	Chicago@sec.gov	www.sec.gov
Hartford Insurance	Brian Burgoyne	952-593-8722	Bryan.burgoyne@northriskpartners.com	www.northriskpartners.com
MediaCom: Phones & Internet: TDS	Deb Nordman	800-379-7412 651-289-3257 866-468-3472	Deb.Nordman@tdsmetro.com	www.mediacombusiness.com www.tdstelecom.com www.integratelecom.com
Integra	Tyler Burke	720-306-7366	Tyler.burke@zayo.com	
Toshiba: Copier and Scanner- Toshiba Postage Meter N/A	Jay Roger	651-994-7773		
Morningstar	Samantha Hamann	866-215-2503	Samantha.Hamann@morningstar.com	www.morningstar.com
Pershing LLC	David Batrich	847-410-7037 c-224-388-2067	david.batrich@pershing.com	www.pershing.com
	Trading	c-224-388-2067		
	PAS	800-570-2505		
Smarsh Email Hosting/ Archiving	Shelley Bellmore	971-270-1186 877-589-3654	SBellmore@smarsh.com	www.smarsh.com
Intermedia		800.379-7729	support@intermedia.net	www.intermedia.net
RIA Compliance Consultants, Inc	Tom Zielinski	402-201-2316	tzielinski@ria-compliance-consultants.com	www.ria-compliance-consultants.com
US Bank	Michael Christensen	952-435-3216	Michael.christensen@usbank.com	www.usbank.com
Savage Police		952-882-2600		
Savage Fire Department		952-224-3470		
Fairview Ridges Hospital		952-892-2000		
Trungale Egan – Website, Blog Site, Marketing	Bill Egan	312-578-1590	Bill.egan@trungaleegan.com	www.trungaleegan.com
Mosaik Consulting – Salesforce Integration & Troubleshooting	Amanda Butler	973-224-4867	abutler@mosaikconsulting.com	www.mosaikconsulting.com

I. CONTINGENCY AND DISASTER RECOVERY PLAN

The purpose of this Contingency and Disaster Recovery Plan (“CDRP”) is to provide specific guidelines for Nepsis® to follow in the event of a failure of any critical business capability.

A. TELEPHONE SERVICE AND FAX

Phone lines will be forwarded to (612) 209-4244 or (651) 295-2256.

B. TEMPORARY OPERATION LOCATION AND RECOVERY SITE

The temporary operation location and recovery site shall be the CCO’s home, located at 7998 Cress View Lane, Prior Lake, MN 55372. The recovery site is equipped with a computer, phone line, and power outlets. All backup material will be put on the computer. Nepsis® will continue to use portable computers as well.

Nepsis® will purchase the necessary phone lines and any necessary equipment to continue to run its business.

If a disaster occurs, every effort will be made by a representative of Nepsis® to contact all clients. This will either be done by phone calls, emails, general mailing, and/or posting a message on the company website.

C. MAIL SERVICE

Mail will be forwarded to 7998 Cress View Lane, Prior Lake, MN 55372 via the USPS.

D. FINANCIAL RESOURCES

Nepsis® has adequate liquid reserves to maintain business continuity. In addition, business insurance policy coverage is in force.

E. CONTACTS AND LOCATIONS

MASTER CONTACT LIST

ENTITY NAME	MAIN CONTACT PERSON NAME	PHONE NUMBER	EMAIL ADDRESS	ADDITIONAL CONTACT INFORMATION (i.e., Website address)
SEC		312-353-7390	Chicago@sec.gov	www.sec.gov
Hartford Insurance	Brian Burgoyne	952-593-8722	Bryan.burgoyne@northriskpartners.com	www.northriskpartners.com
MediaCom: Phones & Internet: TDS	Deb Nordman	800-379-7412 651-289-3257 866-468-3472	Deb.Nordman@tdsmetro.com	www.mediacombusiness.com www.tdstelecom.com www.integratelecom.com
Integra	Tyler Burke	720-306-7366	Tyler.burke@zayo.com	
Toshiba: Copier and Scanner- Toshiba Postage Meter N/A	Jay Roger	651-994-7773		
Morningstar	Samantha Hamann	866-215-2503	Samantha.Hamann@morningstar.com	www.morningstar.com
Pershing LLC	David Batrich	847-410-7037 c-224-388-2067	david.batrich@pershing.com	www.pershing.com
	Trading	800-322-2505		
	PAS	800-570-2505		
Smarsh Email Hosting/ Archiving	Shelley Bellmore	971-270-1186 877-589-3654	SBellmore@smarsh.com	www.smarsh.com
Intermedia		800.379-7729	support@intermedia.net	www.intermedia.net
RIA Compliance Consultants, Inc	Tom Zielinski	402-201-2316	tzielinski@ria-compliance-consultants.com	www.ria-compliance-consultants.com
US Bank	Michael Christensen	952-435-3216	Michael.christensen@usbank.com	www.usbank.com
Savage Police		952-882-2600		
Savage Fire Department		952-224-3470		
Fairview Ridges Hospital		952-892-2000		
Trungale Egan – Website, Blog Site, Marketing	Bill Egan	312-578-1590	Bill.egan@trungaleegan.com	www.trungaleegan.com
Mosaik Consulting – Salesforce Integration & Troubleshooting	Amanda Butler	973-224-4867	abutler@mosaikconsulting.com	www.mosaikconsulting.com

F. Employee Contact Information

II. CALL TREE EMPLOYEE EMERGENCY CONTACT INFORMATION

NAME	OFFICE # OR EXT.	HOME PHONE #	CELL PHONE #	OFFICE EMAIL ADDRESS
Mark Pearson	952-746-2003	952-226-1355	612-209-4244	mpearsson@investwithclarity.com
Matt Pearson	952-746-2003		952-826-9603	mtp@investwithclarity.com
Ken Harpell	952-746-2003		952-237-5441	kharpell@investwithclarity.com
Dave Krypel	952-746-2003	651-681-0425	651-295-2256	dkrypel@investwithclarity.com
Alyssa Greene	952-826-9082		952-826-9082	agreene@investwithclarity.com
Kim Dworak	952-746-2003		507-993-5595	kimd@investwithclarity.com
Sue Swiggum	952-746-2003		952-913-3472	sswiggum@investwithclarity.com
Rob Lewis	952-746-2003		651-503-5773	rlewis@investwithclarity.com
Dave Christianson	952-746-2003		952-452-3270	dc@investwithclarity.com
Dave Paradise	952-746-2003		952-500-3800	dparadise@investwithclarity.com

APPENDIX A – STATE REGISTRATION REQUIREMENTS FOR FEDERALLY REGISTERED INVESTMENT ADVISORS

STATE	HOW MANY CLIENTS UNTIL THE FIRM MUST NOTICE FILE?	IF FIRM IS NOTICE FILED, DO INDIVIDUAL IAR'S HAVE TO REGISTER?	DUAL RA REGISTRATION	DUAL AG/RA REGISTRATION
Alabama	De Minimis	Yes	Affiliates Only	Always
Alaska	De Minimis	Yes	Never	Always
Arizona	De Minimis	No	Affiliates Only	Always
Arkansas	De Minimis	No	Always	Affiliates Only
California	De Minimis	No	Always	Always
Colorado	De Minimis	No	Always	Always
Connecticut	De Minimis	No	Affiliates Only	Always
D.C.	De Minimis	No	Affiliates Only	Always
Delaware	De Minimis	No	Always	Always
Florida	De Minimis	No	Always	Always
Georgia	De Minimis	Yes	Always	Always
Hawaii	Must Notice File	No	Never	Always
Idaho	De Minimis	No	Always	Always
Illinois	De Minimis	No	Always	Always
Indiana	De Minimis	No	Always	Always
Iowa	De Minimis	No	Always	Always
Kansas	De Minimis	No	Always	Always
Kentucky	De Minimis	No	Affiliates Only	Affiliates Only
Louisiana	Must Notice File	Yes	Affiliates Only	Always
Maine	De Minimis	No	Always	Always
Maryland	De Minimis	No	Always	Always
Massachusetts	De Minimis	No	Always	Always
Michigan	De Minimis	No	---	Always
Minnesota	De Minimis	No	---	Always
Mississippi	De Minimis	No	Never	Always
Missouri	De Minimis	No	Affiliates Only	Affiliates Only
Montana	De Minimis	Yes	Always	Always
Nebraska	Must Notice File	No	Never	Always

STATE	HOW MANY CLIENTS UNTIL THE FIRM MUST NOTICE FILE?	IF FIRM IS NOTICE FILED, DO INDIVIDUAL IAR'S HAVE TO REGISTER?	FUAL RA REGISTRATION	DUAL AG/RA REGISTRATION
Nevada	De Minimis	Yes	Always	Always
New Hampshire	Must Notice File	No	Always	Always
New Jersey	De Minimis	No	Always	Always
New Mexico	De Minimis	Yes	Always	Always
New York	De Minimis	Never	---	Always
North Carolina	De Minimis	No	Affiliates Only	Always
North Dakota	De Minimis	Yes	Always	Always
Ohio	De Minimis	No	Affiliates Only	Always
Oklahoma	De Minimis	No	Always	Always
Oregon	De Minimis	No	Always	Always
Pennsylvania	De Minimis	No	Always	Always
Rhode Island	De Minimis	No	Always	Always
South Carolina	De Minimis	No	Never	Affiliates Only
South Dakota	De Minimis	No	Affiliates Only	Affiliates Only
Tennessee	De Minimis	No	Always	Always
Texas	Must Notice File	Yes	Always	Always
Utah	De Minimis	No	Never	Always
Vermont	De Minimis	Yes	Always	Always
Virginia	De Minimis	No	Never	Always
Washington	De Minimis	No	Always	Always
West Virginia	De Minimis	No	Always	Always
Wisconsin	De Minimis	No	Always	Always
Wyoming	Never	Never	Never	Always

APPENDIX B - COMPLIANCE CHECKLIST

CHECK Y/N	ITEM
	Review personal securities transactions and employee personal accounts reports (to be submitted and reviewed at least quarterly).
	The company, in compliance with the consulting firm, shall evaluate its risk management program. The evaluation shall be a written report addressing compliance strengths and deficiencies.
	Annual review of policies and procedures to determine adequacy and the effectiveness of implementation.
	Review all state notice filings to assure compliance with de minimis rules.
	Federal Filings – Section 13(f)
	Review filed data back-ups to check for effectiveness.
	Review of all advertising and marketing materials to check for possible violations.
	CCO review of Company's use of electronic communications, ensuring proper notice, access and security.
	All Advertising and Sales Literature made available in electronic form can also be made available in paper form quickly.
	Review IARs initial holding reports within 10 days of employment.
	IARs and other associated persons: Quarterly Transaction reports must be filed no later than 30 calendar days after the end of March, May, September, and December each year.
	Annual Holdings Reports must be filed by January 31 st of each year.
	Each employee must complete the Agreement to Abide by Code of Ethics.
	Each employee must complete an Annual Certification of Compliance with the Company's Personal Securities Transactions Disclosure and Code of Ethics.
	Each employee must complete and Annual Holdings Form.
	Mark Pearson will review client accounts no less than quarterly to ensure the appropriate advisory services are being provided.
	CCO: periodically monitor and evaluate the execution and performance capabilities of the utilized broker dealers.
	The Company shall ensure the customer complaint file is up to date with proper documentation.
	Review Contacts/Locations for accuracy.