Soft Dollar Arrangements

Soft Dollar Arrangements When appropriate under its discretionary authority and consistent with its duty to seek best execution, Pave Investment Advisors, LLC ("Pave") directs trades for client accounts to brokers who provide the firm with brokerage and research services. Section 28(e) of the Securities Exchange Age of 1934 ("Exchange Act") provides a safe harbor to money managers who use the commission dollars of their advised accounts to obtain investment research and brokerage services ("soft dollars"), provided that certain conditions are met. Such conditions allow an investment adviser to pay more than the lowest available commission for brokerage services if it determines in good faith that: (1) the brokerage and research services fall within the definitions set forth in the Exchange Act; (2) the brokerage and research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. The receipt of brokerage and research services in exchange for soft dollars benefits Pave by allowing it to supplement its own research and analysis activities, to receive the views and information from research experts, and to gain access to persons having special expertise on certain companies, industries, areas of the economy, and market factors. Such brokerage and research services are provided to Pave in connection with its investment decision-making responsibilities and they enhance the firm's capability to discharge those responsibilities. Brokerage and research services acquired with soft dollars include, but are not limited to: written and oral reports on the economy; industries; sectors and individual company or issuers; appraisals and analyses relating to markets and economic factors; statistical software and information; accounting and tax considerations; political analyses; reports on legal developments affecting portfolio securities; information and software on technical market actions; credit analyses; on-line quotations, trading techniques, and other trading systems or software; risk measurements; analyses of corporate responsibility issues; research related on-line news services; seminars; on-site visits; asset allocation software; pricing; indices data; and financial and market database services.

Pave selects brokers based on an assessment of their ability to provide quality execution and its belief that the research, information, and other eligible services provided by these brokers benefit client accounts. It is not possible to place a precise dollar value on the special execution or on the brokerage and research services Pave receives from brokers. Accordingly, brokers selected by the firm are paid commissions for effecting portfolio transactions for client accounts that may be in excess of amounts other brokers would have charged for effecting similar transactions.

The use of client commissions to pay for research and brokerage services presents Pave with a potential conflict of interest because it receives a benefit that it does not have to pay for from its resources, and it could be incented to select brokers based on receiving brokerage and research services rather than receiving the most favorable execution price. In addition, Pave shares brokerage and research services obtained with soft dollars with Systematic Alpha Investments LLC, a registered investment adviser affiliate, which may benefit from such research without contributing to the commissions with which such research was acquired. Systematic Alpha Investments also shares certain information, including third-party research, with Pave even though our clients may not have contributed to the commissions that helped produce or acquire such information. Pave believes that, in the aggregate and over time, sharing the research and brokerage products and services benefits our clients and assists us in fulfilling our overall duty to our clients.