FIRM BROCHURE

(Part 2A of Form ADV)
July 9, 2026

Nicholas Investment Partners

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Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of Nicholas Investment Partners ("Nicholas"). If you have any questions about the contents of this Brochure, please contact us at (858) 759-4545 and/or www.nicpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Nicholas is registered as an investment adviser with the Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Nicholas is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

The purpose of this item is to inform you of any material changes since the last annual update to this brochure. Nicholas Investment Partners, L.P. ("Nicholas") reviews and updates our brochure at least annually to ensure it is current and accurate.

The following is a list of material changes from Nicholas' brochure dated December 31, 2025.

Item 4: Added disclosure of Nicholas' participation as a non-discretionary model portfolio provider in the Envestnet Third-Party SMA Models Program

Item 5: Added a Model Portfolio Fees Section

Items 7, 13 and 16: Added references to non-discretionary model delivery / UMA program services.

Item 12: Updated the Equity Trade Rotation

Item 15: Added Model Portfolio Custody Reference

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Item 4: Advisory Business

Description of Firm and Principal Owners

Nicholas Investment Partners, LP ("Nicholas"), headquartered in San Diego, California, is an investment management firm specializing in small-mid cap and convertibles investing and was founded in 2006. Nicholas is currently registered with the Securities and Exchange Commission ("SEC") as an investment adviser and organized under the laws of the State of Delaware as a Limited Partnership ("LP"). Registration with the SEC does not imply any specific level of skill or training. Nicholas is 100% employee and majority woman-owned by the following professionals:

Catherine Nicholas, Co-founder, Managing Partner, Chief Investment Officer
Catherine leads the investment team and is responsible for the strategic development and day-to-day implementation of investment research, portfolio management and risk management. Catherine is the key decision-maker for US Small Cap, US SMID Cap Growth and US Growth Equity, co-lead portfolio manager for US Equity Opportunities and the backup for Convertible strategies.

Art Nicholas, Co-founder, Partner, Strategic Advisor
Art serves as a strategic advisor to the portfolio management and research process as well as the firm's business management. He does not have day-to-day responsibilities in managing portfolios for the firm's marketed strategies.

John Wylie, Partner, Portfolio Manager
John is the lead portfolio manager for Convertibles and the co-lead portfolio manager for US Equity Opportunities. He is also the backup for US Small Cap, US SMID Cap Growth and US Growth Equity strategies.

Alexander Reison, Partner, Head Trader and Director of Quantitative Analytics
Alex is responsible for the implementation of the firm's Trading function and oversees the firm's quantitative research model and data analytics efforts.

Tammy Wiseman, Partner, Client Service & Marketing Officer
Tammy is responsible for implementing the firm's client service and marketing programs as well as providing client service to investors and their consultants.

Chris Siriani, Partner, President/Chief Operating Officer
Chris oversees the operational management of the firm including marketing, investment operations, technology and finance.

Catherine Newcomb, Partner, Chief Compliance Officer
Catherine is responsible for the establishment and enforcement of the firm's compliance program, ensuring adherence to client guidelines and regulatory requirements.

Monika Garg, Partner, NicTech PM
Monika is the lead portfolio manager for NicTech. She also contributes to the investment team's fundamental research and due diligence process as a specialist in the technology sector.

NIP 3, L.P. owns more than 75% of the firm which is the entity in which the above partners have direct ownership. Nicholas Investment Partners, LLC, is the General Partner of Nicholas Investment Partners, L.P. Nicholas Investment Partners LLC is 100% owned by Catherine Nicholas.

As of December 31, 2025, our total discretionary assets under management were $1,342,019,406.

Investment Advisory Services Offered

Nicholas offers discretionary and non-discretionary investment management services, where appropriate, to various clients including institutional separate accounts (i.e. endowment, foundations, corporate and public pensions, sovereign wealth funds, charitable organizations, among others), trusts, estates, individuals, registered investment companies, private funds and UMA programs.

Institutional and Other Separate accounts

Nicholas's institutional separate accounts are generally managed in one of seven strategies, the fees and terms of which are negotiated with Nicholas and its clients. Nicholas will accommodate client specific investment restrictions which are generally outlined in the individual investment management agreements or other documents outlining the investment objectives of the account.

Nicholas manages client assets on a discretionary basis based upon the client's selected investment strategy and their particular investment objectives as well as other reasonable restrictions as outlined by the client in an investment policy statement or investment management agreement. Clients are responsible for informing Nicholas of any changes to their investment objectives, individual needs and/or guidelines and restrictions. Nicholas does not assume any responsibility for the accuracy of the information provided by clients.

Clients establishing separate accounts will retain individual ownership of all securities through their selected custodian bank or brokerage firm.

Nicholas also manages several accounts for Nicholas' principals and their families according to customized investment guidelines. In some cases, these accounts are traded alongside client portfolios in similar strategies. In these cases, the accounts are generally traded in a block transaction ensuring all eligible accounts receive the same average price, execution and service. Item 11 discusses these accounts in more detail.

Registered Investment Companies and Private Funds

Nicholas provides investment adviser services to an affiliated registered investment company, Nicholas Partners Small Cap Growth Fund, a series of the Advisors' Inner Circle III Fund. The Fund is distributed by SEI Investment Distribution Company (SIDCO). SIDCO is not affiliated with Nicholas Investment Partners. Additional information about SIDCO can be found on BrokerCheck.

Nicholas also provides investment advisory services to three private funds for which Nicholas is the General Partner. The investment objectives, fees, expenses, risks and other important information are outlined in the Confidential Offering Circulars, Limited Partnership Agreements and Subscription Agreements.

Wrap Fee Accounts ("Wrap")
Nicholas does not currently offer its strategies through any discretionary wrap-fee programs.

Non-Discretionary Advisory Services/Model Portfolios
Nicholas provides non-discretionary model portfolio services to unaffiliated investment platforms. Nicholas participates as a model provider in the Envestnet Third-Party SMA Models Program pursuant to a model license agreement with Envestnet Asset Management, Inc. ("Envestnet"). Under this arrangement, Nicholas constructs and maintains one or more model investment portfolios (currently, U.S. Small Cap) and delivers the model, and ongoing updates to the model, to Envestnet through the program's manager console.

Envestnet and the financial advisors participating in its program ("Advisors") – not Nicholas – are responsible for determining whether the model is suitable for any underlying program investor, for exercising investment discretion (including whether, how and when to implement Nicholas' model recommendations), and for executing all transactions in program accounts. Nicholas' recommendations under these arrangements are not based on the circumstances of, or tailored to, an individual program investor and do not constitute investment advice to any individual program investor. Nicholas' client in these arrangements is the platform sponsor.

Because Nicholas does not have discretionary authority over, and is not responsible for arranging or effecting transactions in program accounts, assets managed pursuant to models delivered under these programs are not included in Nicholas' regulatory assets under management. Nicholas may report these assets separately as assets under advisement.

Item 5: Fees and Compensation

Nicholas is primarily a fee-only investment management firm. Nicholas bases its investment management fees on a percentage of assets under management and/or the performance of the account.

Nicholas reserves the right to negotiate different fees and alternative minimum account sizes on a case-by-case basis. Nicholas may agree to aggregate assets for related accounts for fee calculations. Nicholas, in its sole discretion, may also waive its fee and/or charge a lesser investment advisory fee based upon various criteria (e.g., historical relationship, type of assets, account complexity, anticipated future asset growth, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, investment vehicle, "most favored nation" agreements, etc.).

Institutional and Other Separate Account Fees
Compensation for separate accounts generally consists of an annual fee based upon a percentage of the assets under management, which is typically payable quarterly in arrears. Fees may be adjusted for contributions or withdrawals during the billing period. If an account is terminated, fees will be prorated for the partial quarter. Standard fee schedules:

US Small Cap	US SMID Cap Growth	US Growth Equity	US Convertibles
Acct. Min: $5,000,000 First $50M 1.00% Next $25M 0.85% Next $25M 0.75% Thereafter 0.65%	Acct. Min: $5,000,000 First $25M 0.95% Next $25M 0.85% Next $50M 0.75% Thereafter 0.65%	Acct. Min: $5,000,000 First $25M 0.80% Next $25M 0.75% Next $50M 0.65% Thereafter 0.55%	Acct. Min: $5,000,000 First $25M 0.75% Next $25M 0.70% Next $50M 0.60% Thereafter 0.50%

NicTech	US Equity Opportunities	Convertible Plus
Acct. Min: $10,000,000 .75% management fee with a 15% performance fee on excess returns above the NASDAQ Composite Index return	Acct. Min: $5,000,000 0.85% flat	Acct. Min: $5,000,000 1.25% flat

Nicholas will typically waive a portion of, or in some instances the entire management fee, for accounts related to Nicholas, its principals, or employees.

Nicholas may negotiate performance fees for certain products or Qualified Clients. The performance fees are generally accrued monthly and paid annually in arrears. Performance fees can have significantly larger impacts on net performance than standard asset-based fees. Please see **Item 6** for additional information on performance fees.

Model Portfolio Fees

For non-discretionary model portfolio services, Nicholas receives a model provider fee from the platform sponsor based on a percentage of the assets managed pursuant to Nicholas' model. Nicholas generally receives an annual fee between 0.30% to 0.50% of such assets, calculated on billing values determined under the program and paid quarterly in arrears. This fee is paid to Nicholas by contracted adviser; underlying program investors compensate their Advisors under the terms of their program agreements, and the total fees paid by a program investor will often exceed the model provider fee received by Nicholas. Model provider fees may be negotiated and may differ across platforms.

Registered Investment Companies and Private Funds

Nicholas acts as an adviser for a registered investment company that generally charges a management fee for its services as investment managers. The advisory fees Nicholas receives from the fund are described within the fund's prospectus.

If Nicholas purchases a mutual fund or other investment company in its investment strategies, the fees charged by the fund are in addition to the fees paid by the shareholder to Nicholas.

The investment management fees received by Nicholas for managing the private funds are described in the fund's private offering memorandum and other subscription documents. The fees are calculated by the fund's administrator and deducted by Nicholas as outlined in the fund's offering documents.

Other Fees, Expenses and Charges
In addition to Nicholas' advisory fees, there may be other fees or expenses charged to clients by their custodians, broker-dealers or other service providers. Such fees may include custodian fees, brokerage fees, transaction or ticket charges or taxes, among others. Please see **Item 12** for a description of Nicholas' brokerage practices.

Termination of Agreement
Nicholas and its clients may terminate the investment management agreement with written notice as outlined in each client's agreement. Clients are not charged a termination fee. Clients are generally charged management fees through the termination date, or another date specified in the agreement. Any unused portion of fees collected in advance will be refunded within 120 days.

Third-Party Ratings
Nicholas uses third-party ratings from Morningstar in its marketing materials. While Nicholas did not compensate Morningstar for producing the rating, Nicholas made a payment to Morningstar for the rights to display and reprint the rating in various forms.

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

Nicholas may accept performance-based fees from Qualified Clients. Nicholas may manage accounts that pay a performance-based fee and accounts that pay an asset-based fee in similar or different strategies. The side-by-side management of performance-based fee accounts and asset-based fee accounts may present various conflicts of interest. Nicholas may have an incentive to favor accounts with performance-based fees which could increase fees paid to Nicholas.

Nicholas' principals and their families have significant beneficial ownership in various accounts that are managed side-by-side with our clients' accounts. The management of these accounts side-by-side with our client accounts creates certain conflicts of interest.

The management of performance-based accounts and accounts beneficially owned by Nicholas' principals create potential conflicts of interest for Nicholas and its supervised persons including, but not limited to:

- the incentive to allocate profitable trades to the accounts with beneficial ownership or that may be subject to performance-based fees;
- the incentive to allocate less-profitable trades to the accounts without beneficial ownership or that are not subject to performance-based fees; and
- the incentive to allocate higher risk investments to accounts subject to performance fees.

Nicholas has implemented procedures intended to prevent the firm or its employees from favoring accounts beneficially owned or those subject to performance-based fees. To mitigate these various conflicts of interest, Nicholas has implemented formal trade allocation and trade rotation processes. When possible, security orders are blocked or aggregated across accounts and strategies and allocated on a pro-rata basis. Nicholas utilizes a formal trade rotation process to facilitate a structured and repeatable process that Nicholas believes will provide all clients with equal access to the markets over time. Trade allocations and trade rotation orders are validated each day for every

trade by Operations. Any variances from the expected pro-rata allocations or rotations are researched, documented and reviewed by Operations or Compliance. See **Item 12** for additional information. Certain conditions may cause Nicholas to vary the portfolio holdings, the timing or size of trades among various accounts, even within a given strategy. Availability of cash, market conditions, varying platforms, directed brokerage, and client restrictions among other factors can cause portfolios to differ slightly over time. The detailed policies are designed to be equitable to all clients over time and are outlined in our Investment Adviser Policy & Procedures which is available on request.

Item 7: Types of Clients

Nicholas generally provides investment advice to individuals, banks or thrift institutions, investment companies, pension and profit-sharing plans, trusts, estates, or charitable organizations, corporations or business entities, UMA accounts and private investment vehicles. Client relationships vary in scope and length of service.

Generally, account minimums depend on the investment vehicle, size and complexity of the account.

Institutional and Other Separate Accounts
The institutional minimum account size is between $5 and $25 million in assets under management. Nicholas reserves the right to waive institutional account minimums at its sole discretion.

Registered Investment Companies and Private Funds
Nicholas provides advisory services to registered investment companies. The account minimums for these accounts are described in the registration statements of the funds.

Nicholas currently manages three private funds. The details regarding minimum account sizes, fees and other important information are outlined in the private offering memorandum and other subscription documents.

Model Delivery Programs
Nicholas provides non-discretionary model portfolios to unaffiliated platform sponsors, as described in Item 4. Account minimums for the underlying program accounts are established by the applicable program and are not set or waived by Nicholas.

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

Methods of Analysis

Investment Philosophy
Nicholas Investment Partners' investment philosophy focuses on identifying companies that meet these key criteria:

- **Catalyst for Positive Change:** We seek to invest in high-quality companies that we believe

have a catalyst for positive change, which has the potential to improve the company's fundamental growth profile. Examples may include innovative products/services, competitive advantages, shifts in industry dynamics, new strategies, or management changes.

- **Sustainability/Durability:** We generally focus on durable changes rather than temporary events, emphasizing long-term growth potential.

- **Timeliness:** We seek to identify investment opportunities at early stages, before their potential is broadly recognized by the market.

Specialization: We believe some of the greatest investment opportunities are beyond the reach of generalist investors due to the technical complexity in key sub-industry verticals. We seek to solve for this by utilizing internal and external sector research specialists with domain expertise for key sectors.

For convertible securities, we aim to identify issuers with sustainable credit profiles and securities offering an asymmetrical reward/risk profile.

Our Approach
Nicholas Investment Partners specializes in dynamic small- and mid-cap companies through actively managed equity and convertible strategies, as well as dedicated sector portfolios. Our disciplined, forward-looking process emphasizes:

- Companies demonstrating rapid growth and innovation.

- Security selection emphasizes identifying companies we believe may experience fundamental improvements not yet fully reflected in market valuations.

- Diversification across multiple industries and themes.

Our investment team, consisting of generalists and specialists, conducts in-depth fundamental analysis tailored to each industry. Typical methods include meetings with company executives, customer and industry expert consultations, attending industry events, forward-looking financial modeling, and establishing target valuations.

Idea Generation
Idea generation comes from a variety of sources and is highly dependent on the sector of interest. Sources of ideas may come from fundamental industry research, sector-specific conferences, and our investment team's broad network. Our proprietary quantitative model also assists in identifying potential investment candidates by screening the investment universe for attributes which aligns with our growth investment philosophy.

Multi-dimensional Research
Our investment process integrates quantitative analysis with comprehensive fundamental research to systematically identify potential investments. Weekly team meetings ensure ongoing evaluation

of holdings, market developments, and macroeconomic influences, helping portfolio managers refine security selection and risk management.
The fundamental research process typically incorporates in-depth analysis of a company's:

1. Product and/or service innovation, product dominance and market niche, competitive advantage, industry dynamics, regulatory environment, business model and quality of management.
2. Projections for unit volume growth, revenue growth, profit margins, current earnings and the rate of quarterly and annual earnings growth.
3. Financial strength demonstrating its ability to invest in and execute its business model through analysis of the income statement, balances sheet, cash flow models and return on invested capital; and
4. Relative price strength of the company's stock and its industry group, as well as the stock's liquidity, institutional sponsorship, and other market sentiment factors.

The research process is deeply rooted in fundamental analysis. The specific type of analysis conducted is highly specific to the respective industry but will typically include engaging with executives, speaking with customers, engaging with key opinion leaders, attending industry conferences, establishing forward-looking estimates, and assigning a target price.

Some key fundamental research metrics may include:

- **Strong Management:** Proven Experience, Leadership & Execution Skills, Ability to Reinvent, Equity Ownership, and Corporate Culture

- **Sustainable Business Model:** Growth Drivers, Size of Market Opportunity, Leadership In Its Field, High Barriers to Entry, Value Proposition, and Competitive Advantages

- **Solid Financials:** Accelerating earnings, Recurring revenue, Strong free cash flow, Ability to fund growth, High return on investment, Enterprise value to EBITDA, Enterprise value to free cash flow, Debt assessment, and Valuation.

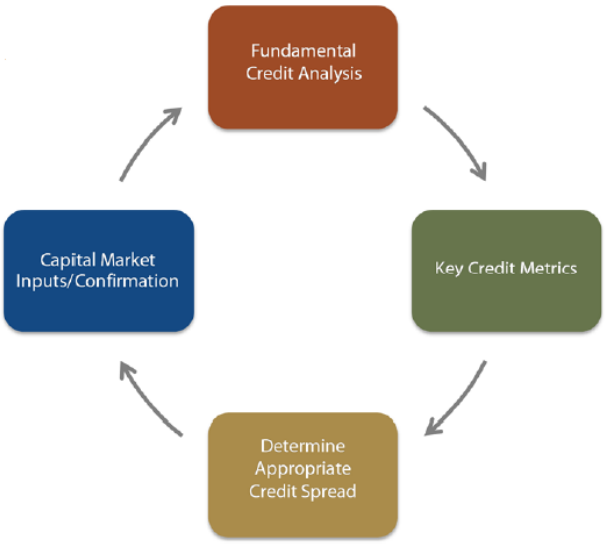
Disciplined Portfolio Construction
Portfolios are actively managed to continually drive to the strongest investment ideas. Position sizes are generally based on the conviction in the investment thesis of each company relative to other portfolio holdings and risk exposures. Early warning signs that suggest deterioration in company fundamentals or earnings strength may lead to timely sell decisions.

Convertibles Investment Philosophy
Nicholas Investment Partners believes long-term success in investing in a convertible strategy result from:

1. Maximizing equity optionality (i.e., the change in value of conversion feature)
   - We look for positive change leading to earnings and/or revenue acceleration with sustainable business fundamentals and timeliness of investment
2. In-depth credit analysis to confirm cash flows and drives credit spread assumptions

3. Identifying attractive convertible securities that have
    - Asymmetrical risk/reward profiles and compelling valuations
    - Mispricing opportunities due to changes in credit spreads and/or volatility assumptions

Credit Analysis (Convertible strategies)



After the team has validated the strength of a company's equity investment thesis, we evaluate an issuer's financial health, cash flows, balance sheet strength, and capital structure flexibility. Our credit analysis confirms the issuer's ability to meet financial obligations and supports accurate valuation assumptions. The team will assess the strength of a company's cash flows, identify current and forecasted financial needs, and evaluate its capital structure to determine the overall health, quality and flexibility of the company.

The team examines a company's overall credit profile, balance sheet, income statement, cash flows and obligations, to determine the strength of the company's financial position and liquidity. The objective is to confirm the confidence level in the company's ability to finance its growth objectives and meet it future financial needs. Further, the team identifies a credit spread profile for each company.

Security Analysis (Convertible Strategies)

Security analysis is a critical part in the investment process to determine an individual security's relative attractiveness given inputs from the investment team's credit analysis. Our team analyzes convertible securities by assessing relative value using credit spreads and volatility assumptions. We seek securities we believe offer favorable risk/reward characteristics, potentially providing greater participation in market upside relative to downside exposure.

Ongoing Due Diligence

We continuously monitor portfolio holdings and meet weekly and monthly to assess performance, risk exposures, valuations, and industry dynamics.

Risk Management

Our risk management approach integrates multiple analytical tools, including internal assessments and Wolfe's risk models, to evaluate systematic and stock-specific risks. Risk and portfolio exposures are evaluated on a point-in-time basis and relative to historical trends using multiple tools, including internal valuation and risk reports as well as risk exposure and contribution to risk reports from Wolfe's risk model. The investment team uses Wolfe risk models to better understand the portfolio's systematic market factor risks. Sector specialists have also developed custom risk monitoring tools for their respective segments of the market.

When reviewing the overall portfolio risk the investment team tries to balance both sources of risk, factor and stock specific, in order to primarily reflect and be consistent with their bottom-up analysis while also taking into consideration current market conditions.

We believe this comprehensive risk management framework balances these risks while aligning with our bottom-up research and the current market environment, seeking favorable upside/downside capture.

Investment Strategies

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time with written notice. Each client executes an Investment Policy Statement that documents their objectives and their desired investment strategy.

US Small Cap: Seeks long-term growth of capital. Generally, invests in publicly traded US common securities whose issuers have a market capitalization within the range of the small-cap growth benchmark, the Russell 2000 Growth Index.

NicTech: A long-biased, sector-focused strategy which seeks to capitalize on opportunities created by the accelerating pace of innovation and corresponding breakthroughs in TMT industries. The strategy primarily invests in publicly traded US common stocks and may also invest in ADRs, non-U.S. and US securities on local and U.S. exchanges. NicTech may hold both long and short positions, and hedge downside market risk through various hedging techniques and invest in private securities.

Convertibles: An actively managed strategy that seeks to maximize total return while protecting against downside risk. It primarily invests in US convertible securities which combine the investment characteristics of common stocks and corporate bonds, convertible preferred stocks and dividend paying common stocks.

Convertible Plus: An actively managed strategy that seeks to maximize total return. It primarily invests in US convertible securities which combine the investment characteristics of common stocks and corporate bonds, convertible preferred stocks and dividend paying common stocks. The strategy may utilize leverage up to 2.5 times assets under management.

US SMID Cap Growth: Seeks long-term growth of capital. Generally, invests in US traded securities whose issuers have a market capitalization within the range $100 million up to $60 billion.

US Growth Equity: Seeks long-term growth of capital. Generally, invests in US traded securities whose issuers have a market capitalization within the range of the mid-cap growth benchmark, the Russell Midcap Growth Index.

US Equity Opportunities: Seeks long-term growth of capital through high conviction investing emphasizing innovative companies with emerging technologies and those with differentiated business models that are gaining market share with strong defensible moats. Generally, a long-biased strategy comprised of securities across all market capitalizations. The strategy may also invest in ADRs, non-U.S. securities on local and U.S. exchanges, private securities, convertibles and utilize leverage and various hedging securities and techniques dependent on market conditions.

Risk of Loss

Investing in any strategy involves the risk of principal loss. All investment programs have certain risks that are borne by the investor. Each holding in the portfolios is subject to security-specific risks as well as active risk to its benchmark. Security specific risk is minimized by restricting individual positions to a maximum weight for each strategy which is monitored daily by the lead portfolio managers and compliance personnel. The use of leverage in some strategies can significantly increase the risk of loss. The research process is designed to evaluate the relative risk and potential reward of each holding. This includes the evaluation of each company's business model, competition, changes in regulatory environment and other factors that would prevent the company from meeting its projected growth estimates. No process can eliminate all risk.

Additional risks inherent in investments include:

- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Call Risk:** Call risk is the risk that, during a period of falling interest rates, the issuer may redeem a security by repaying it early, which may reduce an investor's income if the proceeds are reinvested at lower interest rates.

- **Convertible Securities Risk:** Convertible securities have investment characteristics of both equity and debt securities. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. The value of the convertible and debt securities may fall when interest rates rise. Securities with longer durations tend to be more sensitive to changes in interest rates, generally making them more volatile than securities with shorter durations. Due to their hybrid nature, convertible securities are typically more sensitive to changes in interest rates than the underlying common stock, but less sensitive than a fixed rate corporate bond.

- **Counterparty Risk:** The risk that the person or institution with which you have entered a financial contract -- who is a counterparty to the contract -- will default on the obligation and fail to fulfill their side of the contractual agreement. In other words, counterparty risk is a type of credit risk. Counterparty risk is the greatest in contracts drawn up directly between two parties and least in contracts where an intermediary acts as a counterparty. It is the risk inherent to each party to a contract that the counterparty will not live up to its contractual obligations.

- **Credit Risk:** Investors could lose money on a debt related security, including a participatory note, if an issuer or borrower is unable or fails to meet its obligations, including failing to make interest payments and/or to repay principal when due. Changes in an issuer's financial strength, the market's perception of the issuer's financial strength or in a security's credit rating, which reflects a third party's assessment of the credit risk

presented by a particular issuer, may affect debt securities' value. Investors may incur substantial losses on debt securities that are inaccurately perceived to present a different amount of credit risk by the market, the investment manager or the rating agencies than such securities actually have.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Depositary Receipts Risk**: Depositary receipts are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depositary receipts are subject to many of the risks of the underlying security. For some depositary receipts, the custodian or similar financial institution that holds the issuer's shares in a trust account is located in the issuer's home country. In these cases if the issuer's home country does not have developed financial markets, an account could be exposed to the credit risk of the custodian or financial institution and greater market risk. In addition, the depository institution may not have physical custody of the underlying securities at all times and may charge fees for various services, including forwarding dividends and interest and corporate actions. Investors may be expected to pay a share of the additional fees, which it would not pay if investing directly in the foreign securities. Investors may experience delays in receiving its dividend and interest payments or exercising rights as a shareholder. Depositary receipts will be issued under sponsored or unsponsored programs. In sponsored programs, an issuer has made arrangements to have its securities traded in the form of depositary receipts.

- **Derivatives:** Derivatives involve buying or selling financial contracts (e.g., futures, options, swaps) to manage investment risks or enhance returns. These specialized instruments require expertise distinct from traditional assets. Risks include liquidity, interest rate, credit, and mispricing. Derivatives may not perfectly track underlying assets, posing potential losses. Hedging effectiveness can be impacted by imperfect correlation. Derivatives are complex and may exceed invested amounts. Markets may lack liquidity due to various factors. Prices are highly volatile, influenced by economic events and policies. Strategies may require segregating assets to cover obligations, potentially exceeding their value.

- **Exchange-traded Funds Investing Risk:** Most exchange-traded funds ("ETFs") are investment companies whose shares are purchased and sold on a securities exchange. Generally, an ETF represents a portfolio of securities designed to track a particular market segment or index. An investment in an ETF generally presents the following risks: (i) the same primary risks as an investment in a conventional fund (i.e., one that is not exchange-traded) that has the same investment objectives, strategies and policies; (ii) the risk that an ETF may fail to accurately track the market segment or index that underlies its investment objective; (iii) price fluctuation, resulting in a loss to the Fund; (iv) the risk that an ETF may trade at a discount to its net asset value ("NAV"); (v) the risk that an active market for an ETF's shares may not develop or be maintained; and (vi) the risk that an ETF may no longer meet the listing requirements of any applicable exchanges on which that ETF is listed. In addition, as with traditional mutual funds, ETFs

charge asset-based fees. Investors will indirectly pay a proportional share of the asset-based fees of the ETFs in which the Funds invest.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of not achieving profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- **Foreign Securities Risk**: Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: political and economic developments - the political, economic and social structures of some foreign countries may be less stable and more volatile than those in the U.S.; trading practices - government supervision and regulation of foreign security and currency markets, trading systems and brokers may be less than in the U.S.; availability of information – foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; limited markets – the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and currency exchange rate fluctuations and policies. The risks of foreign investments typically are greater in less developed countries or emerging market countries and may be applicable to investing in depository receipts.

- **IPO Risk:** The strategies may purchase initial public offerings (IPOs) or shortly thereafter. The prices of securities purchased in IPOs can be very volatile. The effect of IPOs on the portfolio(s) performance depends on a variety of factors.

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.

- **Leverage Risk:** Leverage involves investment exposures in excess of initial capital and therefore is subject to heightened risk of loss. The use of leverage may cause a strategy to liquidate portfolio positions at disadvantageous times to satisfy its obligations or to meet margin requirements. Leverage, including borrowing, may cause the strategy to be more volatile because leverage tends to enhance the effect of any increase or decrease in the value of the strategy's portfolio securities. The effect of using leverage is to amplify gains and losses relative to the amount of a strategy's assets at risk, thus causing the account to be more volatile and may lose more than the principal invested in a strategy. The use of leverage will cause the strategy to incur additional costs for borrowing which could be significant.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. Liquidity risk can result from the lack of an active market or a reduced number and capacity of traditional market participants to make a market in particular investments. Accounts can also experience liquidity risk to the extent it invests in private placement

securities. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Managed Portfolio Risk:** As an actively managed portfolio, the value of the Fund's investments could decline because the financial condition of an issuer may change (due to such factors as management performance, reduced demand or overall market changes), financial markets may fluctuate or overall prices may decline, or the manager's investment techniques could fail to achieve the Fund's investment objective or negatively affect the Fund's investment performance.

- **Market Risk**: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **Options risk:** An option is a legal contract giving an account the right to buy or sell a specific amount of the underlying instrument at an agreed-upon price typically in exchange for a premium paid. The use of options involves the exercise of skill and judgment and may be unsuccessful because of market behavior or unexpected events. The prices of options can be highly volatile and the use of options can lower total returns.

- **Private Securities Risk:** Private securities are generally offered in unregistered transactions pursuant to private placements in reliance on the exemption from registration provided by Regulation D under the Securities Act, purchased through privately negotiated transactions with unaffiliated third parties or acquired in transactions consummated outside of the United States in reliance on Regulation S under the Securities Act. These securities are restricted as to resale and there may be no liquid market for the securities and may not be promptly liquidated and the ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of valuing Interests and determining net profits and net losses may differ from the value the Partnership is ultimately able to realize.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

- **Small Cap Risk:** Small-cap stocks may be subject to a higher degree of risk than more established companies' securities. The relative illiquidity of the small-cap market may adversely affect the value of these investments.

- **Short Sale Risk:** A short sale is a transaction in which an account sells a security it does not own. Selling securities short involves unlimited risk as the security's price can theoretically continue to appreciate indefinitely which may result in unlimited losses. In addition, short positions typically involve increased liquidity risk and transaction costs, and the risk that the third party to the short sale may fail to honor its contract terms. The account may have to pay a fee to borrow particular securities and is often obligated to pay over any accrued interest and dividends on such borrowed securities to the buyer.

Any gain will be decreased, and any loss increased, by the transaction costs described above. The successful use of short selling may be adversely affected by imperfect correlation between movements in the price of the security sold short and the securities being hedged.

- **Special Purpose Acquisition Company (SPAC):** A company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. At the time of the IPO investors are unaware of the specific company the SPAC may acquire and therefore may not fully know or understand all risk involved with the investment.

- **Synthetic Convertible Securities:** A "synthetic" convertible security may be created by combining separate securities that possess the two principal characteristics of a traditional convertible security, i.e., an income-producing security ("income-producing component") and the right to acquire an equity security ("convertible component"). The income-producing component is achieved by investing in non-convertible, income-producing securities such as bonds, preferred stocks and money market instruments, which may be represented by derivative instruments. The convertible component is achieved by investing in securities or instruments such as warrants or options to buy common stock at a certain exercise price, or options on a stock index. Unlike a traditional convertible security, which is a single security having a single market value, a synthetic convertible comprises two or more separate securities, each with its own market value. Therefore, the "market value" of a synthetic convertible security is the sum of the values of its income-producing component and its convertible component. For this reason, the values of a synthetic convertible security and a traditional convertible security may respond differently to market fluctuations. The terms of the security are subject to the credit-worthiness of the issuer which gives rise to counterparty-risk.

Item 9: Disciplinary Information

Neither Nicholas, nor any of its employees have been the subject of any material legal or regulatory findings, or the subject of any pending criminal proceedings.

Item 10: Other Financial Industry Activities and Affiliations

Brian Pringle, Director of Business Development at Nicholas Investment Partners, is also a registered representative with Pine Distributors, LLC, a broker-dealer. Nicholas Investment Partners has approved an outside business activity allowing Brian to introduce potential investors to other unaffiliated investment advisers whose strategies do not conflict with those of Nicholas. Brian may receive compensation for these introductions, which is processed exclusively through Pine. Additionally, Nicholas may compensate Brian through Pine for distributing Nicholas Partners-managed mutual funds or hedge fund interests.

Nicholas Investment Partners does not recommend or select other investment advisers for direct or indirect compensation.

Nicholas provides investment adviser services to an affiliated registered investment company, Nicholas Partners Small Cap Growth Fund, a series of the Advisors' Inner Circle III Fund provided by SEI, Inc. Nicholas has also engaged SEI to provide back and middle office functions through its Investment Management Services and various brokerage services through SEI Investment Distribution Co. (SIDCO).

Nicholas acts as the general partner for three private funds. Supervised and Related Persons have significant ownership interests in the funds. This creates a conflict of interest as Nicholas may have an incentive to allocate the most profitable trades to the funds in which it has significant beneficial interest. Nicholas has implemented certain procedures to help mitigate these conflicts that are described briefly in Item 6 and in our Code of Ethics. Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

Nicholas provides the following services to First Turn, LLC an unaffiliated investment adviser, and on behalf of First Turn's clients: (a) front, middle, and back-office services, including securities trading, operational support, accounting and administration services, (b) sales and marketing support services, and (c) compliance support services. Policies have been set forth to protect Nicholas Partners' and First Turn's clients from conflicts that may arise due to initiating an order in the trading system and the placement of orders. This arrangement gives rise to conflicts of interest related to front running, liquidity, market timing, and the price of execution for certain transactions, where either Nicholas or First Turn will have an incentive to favor themselves or certain clients to the detriment of other clients. Nicholas and First Turn have created policies and controls to address these conflicts of interest. Please see item 12 for further details. Cathy Newcomb is the acting CCO for both Nicholas and First Turn. Both Nicholas and First Turn has its own independent compliance program that is administered by the CCO. Both Nicholas and First Turn will abide by the same personal securities trading policy to mitigate the risk of supervised persons simultaneously trading against or in the same names as clients or the Fund.

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

Description of Code of Ethics

Nicholas maintains a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Nicholas and our personnel have an obligation to understand and abide by the provisions of the firm's Code of Ethics but also to the general principles of fairness and good faith toward our clients that guide the Code. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request. You may obtain a copy of our most recent Code of Ethics by sending a request to:

Nicholas Investment Partners
Attention: Catherine Newcomb
12520 High Bluff Drive, Suite 390
San Diego, CA 92130
Or email: info@nicpartners.com

Participation or Interest in Client Transactions

Neither Nicholas nor its supervised persons buy securities from or sell securities to any investment advisory client.

As discussed in item 10, Nicholas acts as the general partner for three private funds. Supervised and Related Persons have significant ownership interests in the funds. Nicholas, its supervised employees and their family members are invested in the funds along with clients. These related parties participate in all fund's transactions on a pro rata basis along with clients. Nicholas does not solicit or recommend to advisory clients to invest in the funds for which it acts as general partner and advisor. The potential conflicts of interest that arise from this situation are described briefly in Item 6, Item 10 and in detail in our Code of Ethics.

Personal Trading

Nicholas and its employees may buy or sell securities in their personal accounts that are also held in client accounts.

Nicholas has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended, which establishes standards of conduct for Nicholas' supervised persons. The Code of Ethics includes general requirements that Nicholas' supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. As stated above, clients and prospective clients may obtain a copy of Nicholas' Code of Ethics by contacting Catherine Newcomb at info@nicpartners.com.

Each supervised person of Nicholas receives a copy of the Code of Ethics and any material amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. It also requires supervised persons to report any violations of the Code of Ethics promptly to Nicholas' Chief Compliance Officer.

The Code of Ethics requires supervised persons to report their personal securities transactions and holdings to Nicholas for review. The Code of Ethics also requires all personnel to pre-clear all trades (including private placements) for personal securities accounts with the Compliance Officer or designated senior personnel, other than trades specified as "exempted securities" (such as mutual funds, exchange traded funds, US treasuries, etc.).

Nicholas and its partners, officers and employees may buy or sell certain securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Nicholas would not deem appropriate to buy or sell for clients. Nicholas' partners, officers and employees may also invest in Nicholas' managed portfolios. Nicholas' partners, officers and employees, may from time-to-time purchase or sell, or hold positions in, securities recommended to clients, including purchasing securities that are being sold for clients and vice versa. Nicholas's Code of Ethics seeks to ensure such employees do not personally benefit from the short-term market effects of their recommendations to clients through several safeguards. First, as described above, Nicholas requires all employees to pre-clear all trades for personal securities accounts (except trades with respect to specified "*exempted securities*"). In determining

whether to pre-clear a trade, the Chief Compliance Officer and the person requesting the trade must confirm that: (1) the individual attest that he/she is not acting on material non-public information (inside information) (2) no client account has engaged in a material transaction in that security (or an equivalent security) within the past three days and Nicholas does not plan to trade in such security (or an equivalent security) in the following three days; and (3) with respect to any sale by an investment person, the person requesting the trade has held the security for at least 30 days (unless the security is being sold at a loss). The three-day black out period is inclusive of the client trade date in the security and may be waived by the CCO under certain circumstances which are detailed in the firm's Code of Ethics. The Compliance Officer may waive these restrictions based on individual circumstances and if it is determined that the trade does not involve a material conflict with clients' interests.

All personnel are required to have their custodian directly send duplicate copies of confirmations and statements, with respect to all brokerage accounts they are obligated to report to Nicholas to monitor compliance with Nicholas' personal trading policies and restrictions summarized above.

Nicholas manages accounts beneficially owned by the principals of the adviser that were initially invested to seed the firm's products which remain active today to demonstrate our commitment to the business and our products. These accounts are managed in strategies that are substantially similar to the accounts we manage for our clients in their respective strategies. These accounts are managed along-side our client's accounts and treated, in all material respects, as if the accounts were client accounts. The account's trades are generally aggregated with client's trades and receive the same average price and pro-rata allocations as other clients participating in the trade. These accounts are monitored daily to ensure they have the same holdings as our client accounts for the respective strategies.

Nicholas also manages accounts that are beneficially owned by the principals of the adviser and are managed in a highly concentrated, tax-aware strategy not appropriate for most clients. Nicholas treats the trading activity in these accounts as personal securities transactions and has implemented specific policies to address the conflicts associated with managing these accounts alongside our clients' accounts. All trades in non-exempt securities are processed through Nicholas' trade order management system and must be approved by the Chief Investment Officer and Chief Compliance Officer (or designees in their absence). The accounts' trades are reconciled daily from the trading system to the custodian of the accounts to ensure no unauthorized trading has occurred.

Gifts and Entertainment
Occasionally, various third-party service providers such as brokers, consultants, administrators, or others may provide Nicholas and its employees non-cash gifts or entertainment. Nicholas has specific policies and procedures that limit, monitor and document such gifts and entertainment.

Item 12: Brokerage Practices

Broker Selection Criteria
Nicholas Partners generally exercises discretion to select the brokers used for execution of client transactions. Any of the following selection criteria, without limitation, may be used by the Firm when selecting brokers:

- Transaction costs, both explicit (i.e. commission rate) and implicit (i.e. market impact, opportunity cost, etc.);
- Execution quality, precision, speed, and discretion;
- Trust, including the ability to maintain client confidentiality;
- Ability to manage large or complex trades by sourcing liquidity via natural contras, capital commitment, algorithmic strategies, and other high/low touch tools;
- Quality and breadth of research products (i.e. fundamental, quantitative, macroeconomic, etc.), capability of research analysts, and coverage/accessibility to Nicholas' investment team;
- ECM capability, including primary and secondary issues and block trades;
- Provision of corporate access;
- Quality and intensity of customer service (i.e. frequent calls, prompt follow up) by experienced personnel;
- Efficiency of middle/back office operations;
- Financial responsibility, creditworthiness and reliability;
- Expertise in international markets, where applicable; and
- Counterparty risk.

When placing client trades, Nicholas strives to seek best execution at the time of the trade. Although Nicholas will strive to achieve the best execution possible for client securities transactions, this does not require Nicholas to solicit competitive bids and Nicholas does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, which may include but is not limited to the items listed above. Consistent with these factors, while Nicholas will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Nicholas is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars"), if any, provided by the broker which may be included in the commission rate.

In an effort to ensure brokerage firms selected by Nicholas are conducting overall best execution, Nicholas periodically evaluates the trading process pursuant to the Services Agreement and brokers utilized. Nicholas' evaluation considers the full range of a broker- dealer's services, which may include but is not limited to the items listed above.

While Nicholas generally has discretion to determine which brokers will be used for trade execution, Nicholas does not recommend to client's which brokers (or custodians) they should engage for their own purposes.

Directed Brokerage Arrangements

Clients may instruct Nicholas in writing to use a specific broker or brokers to execute all or a portion of their trades. This is generally referred to as a "directed brokerage arrangement". A client's directed brokerage instructions will remain in effect until Nicholas is notified in writing of any changes to the arrangement. Clients will usually set a goal or target percentage of their transactions/commissions that are required to be directed to a list of brokers specified by each client. Although Nicholas strives to achieve best execution for all trading, Nicholas believes directed

brokerage arrangements may inhibit its ability to obtain the "best execution" for a client's directed transactions.

Clients should understand that directed brokerage arrangements may cause clients to pay higher commission rates and receive less favorable prices than other clients that do not direct brokerage. In addition, clients who have restricted brokerage to particular brokers may have their orders executed after those accounts that do not have such restrictions, and may forego any benefits of volume discounts, block (aggregated) trades and access to additional liquidity.

Soft Dollar Considerations

When appropriate under its discretionary authority and consistent with its duty to seek best execution, Nicholas may direct brokerage transactions for client accounts to broker-dealers that provide Nicholas with research and brokerage products and services. The brokerage commissions used to acquire research and brokerage products and services are known as "soft dollars." Securities Exchange Act section 28(e) provides a "safe harbor" that permits an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid is reasonable in relation to the brokerage and research products and services provided.

Research broker-dealers typically provide a bundle of services including research services and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealers, including tangible research products as well as access to analysts and traders) or third-party (created by a third party, but provided by broker-dealers). Research services can be provided in various forms including meetings, conversations, meetings with company management teams, conferences, market index and analytical product and written reports. Nicholas may use soft dollars to acquire either type of research. Nicholas will make a good faith determination that the commissions charged by research brokers are reasonable relative to the research and execution services. Some examples of the 28(e) eligible research and brokerage services used by Nicholas are FactSet Research Services, InsiderScore, Bloomberg, Russell, NYSE Markets, Global Trading Analytics, SS&C EZE, among others.

Currently, Nicholas obtains both proprietary and third-party research services which it pays for using soft dollars in accordance with Section 28(e) of the Securities Exchange Act.

Research and execution services obtained with soft dollars are not necessarily used for the specific account that generates the soft dollar credit. Nicholas does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits all clients and assists Nicholas in fulfilling its overall duty to all its clients. Moreover, clients whose accounts do not permit certain transactions that generate the soft dollars or prohibit soft dollar transactions entirely may benefit from the research and other services provided to Nicholas.

The receipt of research in exchange for soft dollars benefits Nicholas by allowing Nicholas, at no cost, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities, firms, and to gain access to personnel having special expertise on certain companies, industries and areas as well as economic and market factors. Research and brokerage services acquired with soft dollars may include, but not be limited to:

reports on the economy, industries, sectors, and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; quotation and trading systems; risk measurement software and services; news services; financial and market data services; research conferences; and conferences with analysts and company executives.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Nicholas may select broker-dealers based on its assessment of their ability to provide quality executions and its belief the research, information, and other services provided by such broker-dealers may benefit client accounts. It is not always possible to place a dollar value on the special executions or on the research services Nicholas receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Nicholas may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Nicholas determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Nicholas' overall duty to its discretionary accounts.

Nicholas will not enter into any agreement or understanding with any broker-dealers which would obligate Nicholas to direct a specific amount of brokerage transactions or commissions in return for such services or client referrals. However, Nicholas, in the course of its trading relationship with various brokers may be introduced to prospective investors for its strategies. This could create a potential conflict of interest where Nicholas could potentially increase its executions with brokers that make introductions or referrals. Nicholas' Best Execution Committee meets quarterly to review brokerage activity to ensure the level of brokerage activity is consistent with best execution policy and that any material changes in brokerage activity is reasonable and consistent with Nicholas' policy.

In using third party research or other services, Nicholas may use its available soft dollar credits to pay research service invoices or make payments directly to brokers for proprietary research services. If the product or service obtained by Nicholas is a "mixed use" item (products or services that provide both 28(e) and non-28(e) research and brokerage services), Nicholas may use soft dollars for the 28(e) eligible portion and pay cash for the non-28(e)eligible portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, Nicholas will make a good faith effort to allocate such items reasonably.

Nicholas' relationships with brokerage firms that provide soft dollar services to Nicholas are one of the factors in Nicholas' judgment in allocating brokerage business and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. These conflicts of interest are particularly influential to the extent that Nicholas uses soft dollars to pay expenses it would otherwise be required to pay itself. Nicholas attempts to limit soft dollar commissions to thirty percent or less of total commissions on a calendar year basis.

Third party research and services obtained with soft dollars are reviewed at least annually by Nicholas's Partner Committee, including the Chief Compliance Officer, and Chief Investment Officer. Soft dollar commissions are also reviewed monthly and distributed to employees from Investments, Client Service, Compliance and Operations.

Aggregation of Trades & Trade Rotation

Institutional, Other Separate Accounts and Registered Investment Companies and Private Funds

Although each client account is individually managed, Nicholas often purchases and/or sells the same securities for many accounts. When possible, Nicholas aggregates transactions in the same securities for eligible clients for whom Nicholas has discretion to direct brokerage. Clients in an aggregated transaction each receive the same average price per share or unit which is generally allocated on a pro-rata basis. Eligibility for a transaction will depend on various factors including available cash, account restrictions, client directed brokerage, among others.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will typically receive the average price paid for the securities in the same aggregate transaction on that day. If Nicholas is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, Nicholas will normally allocate the partially filled transaction to clients pro rata.

After Nicholas has determined which client accounts are able to participate in an aggregated transaction, Nicholas uses an allocation methodology that helps ensure, over time, that no one account receives trading priority over any other account. As Nicholas executes aggregate orders, Nicholas generally allocates shares based on a pro rata methodology. In certain cases, Nicholas may not allocate securities purely on a pro rata basis due to various factors which may include, without limitation, (i) client specific restrictions, (ii) cash availability, (iii) availability of alternative investment opportunities, (iv) rebalancing frequency, and (v) type of account, among others. Nicholas believes that its trade allocation policy is designed and applied in a manner that will result in the fair and equitable allocation of trades over time for all clients.

Once trades are executed, Nicholas will give an average price to all of the accounts covered by the aggregated trade. Partially completed orders will be allocated on the same basis as completed orders.

Some clients with highly specific investment policies or restrictions may not be able to participate in aggregated transactions for certain issues and may only be invested in such issues after guideline compliance has been established with respect to the acceptability of the issue and permissible amounts. Such clients may receive a less favorable price on such transactions. Some clients may not be able to participate in aggregated transactions for most issues and/or may be consistently traded toward the end of Nicholas' trade rotation if the firm determines that including such a client in aggregated transactions or in the normal trade rotation could adversely impact Nicholas' broader client group. In such cases, Nicholas will provide such client with prior notice of the reasons preventing them from regularly participating in aggregated transactions and/or being placed higher in the trade rotation. Such clients may regularly receive less favorable prices on account transactions.

If clients have instructed Nicholas to direct to a particular broker, they may pay different prices and commissions than those accounts that are unrestricted.

Trading Services

Nicholas provides trading and middle and back-office support services to First Turn Management LLC. Nicholas and First Turn utilize the same trading system (SS&C/Eze OMS).

EZE OMS has been coded with compliance rules to prevent Nicholas Portfolio Managers from entering orders in any First Turn client account and to prevent First Turn Portfolio Managers from entering orders in any Nicholas client account. Orders from each firm will be entered, executed, and booked as separate and distinct blocks.

When an order from either Nicholas or First Turn is received by the Nicholas trading team, it will be routed to the appropriate destination using our existing FIX network. The FIX message used to communicate orders will include a firm ID (i.e. NICHOLAS or FIRSTTURN) to allow the broker-dealer to identify the firm originating the order. Each order must have a unique firm ID attached to it. A broker-dealer will not accept any order with multiple firm IDs attached.

At each broker-dealer, First Turn is set up as its own distinct and independent entity. Our back-office administrator, SEI, has established a separate CTM/ALERT environment for communicating settlement instructions for all First Turn clients.

In the event the Nicholas trading team receives concurrent orders in the same security, those orders will be routed separately to the same executing broker for each firm. The broker will execute each order simultaneously, separately, and equally according to the industry standard for handling such cases, specifically by "splitting fills" equally between the two firms' orders.

In the event where the trading team receives concurrent orders in the same security that cannot be routed to the same broker and executed simultaneously due to the specific circumstances of the trade (i.e., buy vs sell, directed brokerage, etc.), the trading team will follow the established trade rotation policy.

A conflict arises from Nicholas having full visibility into First Turn's clients' holdings and transactions. The Nicholas trading policies and procedures above are intended to address these conflicts.

Equity Trade Rotation Policy

Nicholas' trade rotation policy is designed to provide each client with an equal opportunity to trade first in the trading rotation. The firm believes that, over time, this policy will treat all clients fairly with respect to being first to the market.

Generally, under normal market conditions, each client's trading position will rotate on a fixed schedule based upon "week and out" basis. This means each account will systematically move down in the trade rotation on a weekly basis (rather than each account maintaining the same place in the rotation indefinitely). Consequently, with the passage of each week an account will move down one position in the rotation with the exception of the account in last position, which will

become the first account in the next week's rotation. The table and definitions below illustrate, generally, how the rotation changes from week to week.

Trading Group	Rotation Week 1	Rotation Week 2
1st	Unrestricted Equity Block	Model Program
2nd	Directed Equity Block	Unrestricted Equity Block
3rd	Client 1 (highly restricted)	Directed Equity Block
4th	Client 2 (highly restricted)	Client 1 (highly restricted)
5th	FT Block	Client 2 (highly restricted)
6th	Model Program	FT Block

Model Portfolio Delivery
Nicholas includes model portfolio delivery in its trade rotation process. When Nicholas changes a model that corresponds to a strategy Nicholas also trades for its discretionary client accounts, the communication of the model update to the platform sponsor is treated as a position in the trade rotation in the same manner as a trading group of discretionary accounts, so that neither Nicholas' discretionary clients nor the recipients of Nicholas' models are systematically advantaged or disadvantaged by the timing of model changes.

Nicholas does not execute transactions for program accounts. The platform sponsor is responsible for implementing model updates in program accounts, and the timing and manner of that implementation are outside Nicholas' control. Because program accounts are traded by the platform sponsor after it receives a model update, program accounts may receive execution prices that are more or less favorable than the prices received by Nicholas' discretionary clients trading in the same securities.

Convertibles Products
Nicholas' convertible products are not subject to the trade rotation policy above as trades are generally aggregated for all accounts within the strategies and not subject to various trading groups.

Out of Rotation Orders / Order Modifications / Add-Ons
Nicholas will strive to follow its rotation policy on a consistent basis; however, there are occasions where we will deviate from the policy for a specific trade or group of trades. This may occur due to market conditions, company specific developments, system issues or portfolio management direction. For example, when Nicholas is liquidating a position in an expedited manner, the accounts will generally be traded simultaneously to liquidate the position across all accounts as soon as possible. In cases where system issues (i.e. late files from custodians, brokers, etc.) may prevent a group of accounts from trading, Nicholas will move through the rotation and trade the affected accounts when possible.

Nicholas believes any deviations from the trade rotation policy will be infrequent and over time the policy, even with some deviations, will result in a fair and equitable trading policy for all clients.

Trade Errors
While Nicholas makes every effort to avoid mistakes, the trading process may result in unintended trade errors from time to time. Examples of trade errors may include purchasing or selling the wrong security, purchasing a security when the intent was to sell the security, selling a security when the intent was to purchase, allocating securities to accounts that are ineligible to own such security, or incorrect price allocation for the security being bought or sold. Nicholas believes it has adequate procedures to detect and prevent trade errors before they occur.

If a trade error is identified, it is promptly brought to the attention of the CCO, CIO, portfolio manager and trader for investigation and corrective action as needed. Trade errors are fully documented. Any trade error caused by Nicholas that results in losses to a client account is reimbursed by the firm to make the client whole. If a trade error results in a gain the client will receive the benefit of the gain.

Item 13: Review of Accounts

Account Review
Accounts' performance, holdings and investment guidelines are monitored daily by the CIO, portfolio managers and compliance personnel.

Monthly account reviews are performed by the Client Service/Marketing team, Operations and Compliance. Account reviews may be performed more frequently when market conditions dictate. In addition, the firm distributes monthly firm-wide reports to review the following compliance, operations and investment topics, among others:

- Post-trade compliance issues, if any;
- Portfolio characteristics and risk analysis;
- Broker commissions;
- Soft dollar commissions;
- IPOs;
- Code of Ethics violations, if any;
- Client complaints, if any;
- Disclosures of gifts, if any;
- Trade errors, if any;
- Compliance training as needed; and
- Any other operations or compliance related matters that require attention.

Recipients include the firm's CIO, portfolio managers, traders, analysts, and the client service and marketing staff. Monthly compliance and operations reports foster full disclosure and accountability within the firm and reinforce training and the importance of our compliance efforts.

Nicholas monitors and updates the model portfolios it delivers to platform sponsors on an ongoing basis, consistent with its management of similar strategies for its discretionary clients. Nicholas does not review or monitor the underlying program accounts of any model delivery program.

Regular Reports

Account reviewers are members of the firm's Investment team, Operations team and the Client Service team. Clients receive periodic communications on at least a monthly basis. Written updates may include market and portfolio commentary and market outlook. Additionally, separate accounts may receive an electronic account statement each month containing portfolio market value, performance, holdings, income, flows and a transaction summary.

Item 14: Client Referrals and Other Compensation

No compensation is paid to any non-affiliated person or entity for referring clients to Nicholas Investment Partners.

Nicholas receives a flat fee from First Turn for front and back-office services, as discussed above. Nicholas pays First Turn a fee for access to healthcare research.

Item 15: Custody

Institutional, High Net Worth, and Registered investment Company.

Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, Nicholas is deemed not to have custody of client assets for any of its institutional separate accounts or registered investment company. Nicholas does not maintain physical possession of these clients' cash or securities. Generally, these clients deposit their assets with a qualified custodian selected by the client. If Nicholas' investment management fees are paid directly from the account managed by Nicholas the clients will generally instruct their custodians to pay Nicholas. Nicholas has no authority to deduct fees from these accounts.

Nicholas may only implement its investment management recommendations after the client has arranged for and furnished Nicholas with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will generally receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any reports that may be provided by Nicholas. Nicholas' reports for client accounts may vary from custodial statements based on accounting procedures, pricing sources, reporting dates, or valuation methodologies of certain securities.

Private Funds

Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, Nicholas is deemed to have custody of assets for its three private funds due to its position as general partner of the funds. The private funds are not subject to a surprise examination; however, the funds are subject to an annual audit by a PCAOB registered independent public accountant and audited financial statements prepared in accordance with GAAP are delivered to all investors annually within 120 days of fiscal year end.

Model Portfolios
Nicholas does not maintain custody of any model portfolios. Model portfolio account assets are generally deposited with the Program Sponsor or a qualified custodian selected by the Program Sponsor. Nicholas's model fees are paid by the Program Sponsor and Nicholas has no authority to deduct fees from these accounts. Clients should be aware, however, of the differences between having their assets held at a broker-dealer versus a custodian bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Item 16: Investment Discretion

Discretionary Authority; Limitations
Except for the non-discretionary model portfolio services described in Item 4, all investment management services are performed by Nicholas on a discretionary basis. In exercising its discretionary authority, Nicholas accepts discretionary authority to manage securities accounts on behalf of clients. Nicholas has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold and the timing of the transactions. The client does not approve the broker to be used and the commission rates paid to the broker.

Non-Discretionary Model Portfolio Services
Nicholas does not have investment discretion over accounts in model delivery programs. The platform sponsor and/or the participating Advisor exercises sole investment discretion with respect to program accounts, including whether, how and when to implement the recommendations reflected in Nicholas' models, and arranges for the execution of all transactions in program accounts.

Limited Power of Attorney
By signing Nicholas' advisory agreement, clients authorize Nicholas to exercise full discretionary authority with respect to all transactions involving the client's account. Pursuant to such agreement, Nicholas is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes Nicholas to give instructions to third parties in furtherance of such authority. Nicholas' discretionary authority may also be limited by federal, state and local laws for registered investment companies, public funds and ERISA accounts.

Item 17: Voting Client Securities

Unless the client designates otherwise, Nicholas votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. Nicholas' proxy voting policy is as follows:

Nicholas has retained Glass Lewis & Co., LLC ("Glass Lewis") to provide research, recommendations and voting services on proxy voting issues. Nicholas has instructed Glass Lewis to make voting decisions on behalf of each of Nicholas' accounts based on the considerations described in the proxy voting guidelines Glass Lewis periodically provides to Nicholas. Nicholas may override Glass Lewis' voting decisions if Nicholas deems it in the best interests of Nicholas'

client accounts. If Nicholas does not affirmatively override Glass Lewis' recommended voting decision, Glass Lewis will vote in accordance with its recommendation.

Notwithstanding the possibility that a material conflict of interest over proxy voting may arise between Nicholas and a client, Nicholas believes that it places the interests of its clients ahead of Nicholas' own interests by following Glass Lewis' recommendations. However, if Nicholas determines that the foregoing proxy voting policies do not adequately address a material conflict of interest over proxy voting arising between Nicholas and a client, Nicholas will, in its exclusive discretion, either (a) direct Glass Lewis to vote its proxy in accordance with Glass Lewis' recommendation or (b) provide the client with copies of all proxy solicitation materials that Nicholas receives with respect to this proxy, notify the client of the conflict and of Nicholas' intended response to the proxy solicitation and request that the client consent to Nicholas' intended response. If the client consents to Nicholas' intended response or fails to respond to the notice within a reasonable period of time specified in the notice, Nicholas will vote the proxy as described in the notice. If the client objects to Nicholas' intended response, Nicholas will vote the proxy as directed by the client.

If a material conflict of interest over proxy voting arises between Nicholas and a client, Nicholas will vote all proxies in accordance with the policy described above. If Nicholas determines that this policy does not adequately address the conflict of interest, Nicholas will notify the client of the conflict and request that the client consents to Nicholas' intended response to the proxy solicitation. If the client consents to Nicholas's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, Nicholas will vote the proxy as described in the notice. If the client objects to Nicholas' intended response, Nicholas will vote the proxy as directed by the client.

Clients may obtain a copy of Nicholas' proxy voting policy and voting record cast on behalf of that client by contacting Catherine Newcomb, CCO, at (858) 759-4545 or email info@nicpartners.com.

Nicholas will not process documents or give advice to clients regarding their participation as a member of a class action lawsuit for any accounts other than the private funds for which Nicholas acts as the general partner. Nicholas will provide assistance with trading related data as requested by all clients to help facilitate the client's proof of claim.

Item 18: Financial Information

Nicholas does not require or solicit prepayment of more than $1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet.

Nicholas, to the best of its knowledge and belief, does not have any financial condition that would be likely to impair its ability to meet its contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.