

Part 2A of Form ADV: *Firm Brochure*

Apex Capital Management, Inc.

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02/07/2014

This brochure provides information about the qualifications and business practices of Apex Capital Management, Inc.. If you have any questions about the contents of this brochure, please contact us at 937-428-9222 or mdk@apexcm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Apex Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107075.

Item 2 Material Changes

Consistent with SEC adopted "Amendments to Form ADV" rules and requirements (dated July, 2010) , we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Firm Brochure, dated 02/07/2014 has been updated. There have been no material changes to our last brochure, which was dated 04/24/2013.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	8
Item 7	Types of Clients	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
Item 12	Brokerage Practices	13
Item 13	Review of Accounts	16
Item 14	Client Referrals and Other Compensation	16
Item 15	Custody	17
Item 16	Investment Discretion	17
Item 17	Voting Client Securities	18
Item 18	Financial Information	18

Item 4 Advisory Business

Apex Capital Management, Inc. is a SEC-registered investment adviser with its principal place of business located in Ohio. Apex Capital Management, Inc. began conducting business in 1987.

Listed below are the firm's principal shareholders (i.e. those individuals and/or entities controlling 25% or more of this company).

- Nitin N Kumbhani, President

In addition, the following individuals are owners of our firm:

- Sunil M Reddy, Vice President
- Michael D Kalbfleisch, Vice President
- Jan E Terbrueggen, Vice President
- Mark S Harrell, Vice President

Apex Capital Management, Inc. offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides discretionary investment management services to individual and institutional clients. Apex provides multiple products for example Large Cap Growth, All Cap Growth, SMID Cap growth, Mid Cap Growth and Small Cap Growth which are selected by the client or consultant based on the individual needs of the client or as established by the client's investment policy. We also manage the APEXcm Small/Mid Cap Growth Fund, a regulated investment company. Clients who are interested in the Fund may obtain more information from the Fund's prospectus.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as well as tax considerations where appropriate.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors as well as, on an as-requested basis, augment the aforementioned styles with taxable or nontaxable bonds.

Once the client's portfolio has been established, we review the portfolio at least monthly for high cash levels and consistency of security holdings for the selected style.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer and will generally include holdings regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers (American Depository Receipts); Foreign Domiciled Companies traded on US Exchanges
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit

- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities

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

AMOUNT OF MANAGED ASSETS

As of 12/31/2013, we were actively managing \$2,826,292,009 of clients' assets on a discretionary basis and oversee \$1,114,132,256 of clients' assets through Separately Managed Accounts (SMA) programs.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from .40% to 1.00%. Apex's fees are generally paid quarterly, in advance or in accordance provided with the agreement, based on the value at the close of the applicable billing period. Apex's fees may be deducted directly from the custodian account and the client should review the correctness of the fee as some custodians do not perform this function. The annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
<u>Individuals</u>	
First \$2.5 million	1.00%
Next \$2.5 million	.80%
Next \$2.5 million	.70%
Next \$2.5 million	.60%
Over \$10 million	.50%
<u>Institutional</u>	
<u>Large Cap, All Cap, Mid Cap</u>	
First \$5 million	.80%
Next \$10 million	.70%
Next \$10 million	.60%
Next \$25 million	.50%
Over \$50 million	.40%

Smid Cap, Small Cap

First \$5 million	1.00%
Next \$10 million	.90%
Next \$10 million	.80%
Next \$25 million	.70%
Over \$50 million	.50%

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Apex Capital Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Annual fees for the APEXcm Small/Mid Cap Growth Fund will not exceed 1% of average net assets. Please refer to the Fund's prospectus for more detailed information on fees.

Limited Negotiability of Advisory Fees: Although Apex Capital Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of an account, any unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Contributions and Withdrawals: Upon receipt of notification of an initial or additional contribution or withdrawal, Apex will execute the portfolio transactions within a reasonable time frame. It is the responsibility of the client or their financial intermediary to inform Apex of all such transactions.

Mutual Fund Fees: In some cases, clients may choose to have mutual funds/ETF's in their portfolios. All fees paid to Apex Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial objectives. Accordingly, the client should review both the

fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

From time to time, a client may directly request or Apex may utilize its discretionary authority to invest in the APEXcm Small/Mid Cap Growth Fund. In such instances, Apex will not charge an additional advisory fee for that portion of the separate managed account client's assets invested in the Fund.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the program sponsors, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. A Program Sponsor may recommend the client retain Apex as an investment adviser and pays Apex's fee which is typically billied quarterly in advance. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. Normally, Apex must execute transactions of wrap-fee clients with the Program Sponsor and as such may not be able to ensure best execution. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: Apex Capital Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Apex Capital Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions. ERISA rule 408(b)(2) requires full disclosure of ours services and compensation and should be read in conjunction with this ADV part 2 and the fee disclosure notice.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Apex Capital Management, Inc. does not charge performance-based fees. However, as

previously noted, Apex may on a client by client basis negotiate alternative fee structures. Apex manages the APEXcm Small/Mid Cap Growth Fund which may be traded with other client transactions and as such represents a potential conflict of interest. Apex has in place trading procedures and controls to mitigate any conflict of interest. Please see additional description in Item 12.

Item 7 Types of Clients

Apex Capital Management, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities
- Registered Investment Company

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

METHODS OF ANALYSIS

We use one or more of the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Quantitative Analysis. We use models in an attempt to obtain more accurate measurements of a company's quantifiable data such as revenue growth, earnings per share growth, relative strength and others and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, and strength of research and development factors not readily subject to

measurement, and predict changes to value based on that data.

A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives and/or policy statement.

We purchase securities with the idea of holding them in the client's account for an extended period of time. Our investment strategy is predicated upon:

- we identify long term secular growth trends we believe will provide the tailwinds for sustainable growth and powerful investment opportunities.
- we utilize professional databases and our own proprietary tools to identify growth and emerging growth equities best positioned to add value in these growth areas.
- Securities poised to take advantage of these longer term trends are positioned for inclusion in the portfolio and we then utilize applied forward looking economic indicators to adjust the security holdings, industries and sectors relative to our macro economic outlook.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

At the clients request, Apex may employ margin transactions, short sales, covered and uncovered security and index options transactions. These transactions are deemed more risky in managing the portfolio. Unless specifically requested by a client, Apex rarely participates in Initial Public Offerings (IPO's). Any requested IPO activity is the responsibility of the client and not Apex.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted 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.

Apex Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of reportable securities. Our code also provides for oversight, enforcement and recordkeeping provisions.

Apex Capital Management, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to mdk@apexcm.com, or by calling us at 937-428-9222.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts may be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell reportable securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any reportable equity security investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his designee.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our Compliance Committee.
10. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

For discretionary clients, Apex Capital Management, Inc. requires clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions. For individual clients who have established a custodial account with a broker/dealer, portfolio transaction costs are typically agreed upon between the client and the broker and it is our practice not to get involved in these

negotiations. In this situation, clients should be aware that transactions may limit the advantages of aggregating trades and that transaction costs may be higher than other Apex clients. Apex may receive client referrals from broker-dealers which may represent a conflict of interest in receiving best execution and Apex's interest in receiving future referrals. Typically the "asset-based" fee structure or commission rates are negotiated by the client with the brokerage firm. In this event, all transactions may be executed with the brokerage firm and as such may limit our ability to receive best execution and as such we will not seek other or better execution services or prices.

In situations where Apex has discretion to determine the broker/dealer to be used, Apex will arrange for the execution of securities transactions for the client through broker/dealers that Apex reasonably believes will provide best execution. Apex Capital Management, Inc. will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Apex Capital Management, Inc. in providing investment management services to clients. Apex Capital Management, Inc. may therefore recommend (or use) the services of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Apex Capital Management, Inc. may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Apex Capital Management, Inc. and, indirectly, to Apex Capital Management, Inc.'s clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Apex Capital Management, Inc. does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Apex Capital Management, Inc. may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Apex Capital Management, Inc. 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 our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Apex Capital Management, Inc. makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities

Exchange Act of 1934.

When Apex Capital Management, Inc. uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Apex Capital Management, Inc. does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

ISI Group, Inc.
Emperical Research Partners
Factset Data Systems
Morningstar Inc.
Bloomberg

Apex Capital Management, Inc. will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Apex Capital Management, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Apex Capital Management, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Apex Capital Management, Inc., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Apex Capital Management, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, an order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. For small and SMID account trades, Apex utilizes a random generator process to provide equitable trade rotation for these less liquid securities among portfolios.

- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. High net worth/retail clients in an aggregate batch will typically receive the same average execution price but may not receive a pro rata allocation of transaction costs due to differing commission rates and minimum transaction charges applied by the custodian. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Apex Capital Management, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Apex Capital Management, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed no less than monthly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Due to the daily calculation of the net asset value of the APEXcm Small/Mid Growth Fund, holdings and inflows/outflows are reviewed daily.

These accounts are reviewed by:

Nitin N. Kumbhani

Michael D. Kalbfleisch

Jan E. Terbrueggen

Sunil M. Reddy

James A. Brown

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive directly from their broker-dealer (custodian), Apex Capital Management, Inc. (as allowed/requested) will provide quarterly reports summarizing account performance, balances and holdings. We urge our clients to carefully compare the information provided on these statements to ensure that all transactions, holdings and values are correct and current.

Item 14 Client Referrals and Other Compensation

It is Apex Capital Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Apex Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, if approved, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

11. determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign an Investment Advisory Agreement with our firm, and may limit this authority by giving us written instructions. Example of restrictions include limitations on individual securities, types of stocks or sector percentage allocations. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We vote proxies for client accounts only if requested via the client Investment Advisory Agreement or other written notification. Unless notified in writing, you have exercised your right to vote proxies in your own account.

We, or a designated proxy voting service, will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a record of each vote cast, a copy of any document created by us that was material to making a decision in voting proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Kamal Kumbhani by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Kamal Kumbhani by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 937-428-9222 or email knk@apexcm.com.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Apex Capital Management, Inc. has no additional financial circumstances to report.

Apex Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

Apex Capital Management Privacy Policy:

When you choose to invest your money with Apex, you not only entrust us with your investments, but also with your personal and financial data. Just as we're dedicated to managing your money well, we are also committed to respecting your privacy and protecting the information you provide to us.

For Your Benefit:

In order to provide investment management services that best suit your needs, we may collect the following nonpublic personal information about you:

- Information provided by you, or your authorized representative, on account applications and other forms, such as your name, address, telephone number, and Social Security number.
- Information from your interactions with Apex, such as account inquiries by mail, e-mail, or telephone, or your entry of information on our web site.
- Information about your transactions with us or others, such as your account number and balance, transaction history, cost basis information, and other financial information.
- Information that you may have authorized us to receive from governmental agencies, employees or others.

Our Commitment:

Apex does not disclose any nonpublic personal information about our customers or former customers to nonaffiliated third parties except as permitted by law. In order to service your account and to effect transactions that you request or authorize, we may provide your nonpublic personal information to companies that perform administrative or custodian services on your behalf. We require these outside companies to protect the confidentiality of your information and to use the information only for the purpose for which the disclosure is made.

We restrict access to your nonpublic personal information to our employees who need to know that information to provide investment management services to you. Furthermore, we maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information.

Apex will continue to adhere to the privacy policy described in this notice even after your account is closed or becomes inactive.

Please call us at 937.428.9222 or email us at info@apexcm.com should you have any questions.

Thank you for the opportunity to serve your investment needs.

Proxy Voting

APEX CAPITAL MANAGEMENT, INC.

Proxy Voting Guidelines:

Apex Capital Management has delegated to its Treasurer the authority to execute all proxies and vote in the clients' best interest. Generally we will vote for managements' recommendations on recurring items. Specific situations may require unique responses that will be directed by the Chief Investment Officer. Proxies are voted for ERISA accounts as a matter of policy. For non-ERISA accounts proxy voting is the responsibility of the individual investor unless Apex is requested in writing to do so.

General Proxy Voting Guidelines

Apex Capital Management has adopted general guidelines for voting proxies as summarized below. In keeping with its fiduciary obligations to its Advisory Clients, Apex Capital Management reviews all proposals, even those that may be considered to be routine matters. Although these guidelines are to be followed as a general policy, in all cases each proxy and proposal will be considered based on the relevant facts and circumstances. Apex Capital Management may deviate from the general policies and procedures when it determines that the particular facts and circumstances warrant such deviation to protect the interests of the Advisory Clients. These guidelines cannot provide an exhaustive list of all the issues that may arise nor can Apex Capital Management anticipate all future situations. Corporate governance issues are diverse and continually evolving and Apex devotes significant time and resources to monitor these changes.

Apex Capital Management Proxy Voting Policies and Principles

Apex Capital Management's proxy voting positions have been developed based on years of experience with proxy voting and corporate governance issues. These principles have been reviewed by various members of Apex's organization, including portfolio management, and Apex officers. The following guidelines reflect what we believe to be good corporate governance and behavior:

Board of Directors: The election of directors and an independent board are key to good corporate governance. Directors are expected to be competent individuals and they should be accountable and responsive to shareholders. Apex supports an independent board of directors, and prefers that key committees such as audit, nominating, and compensation committees be comprised of independent directors. Apex will generally vote against management efforts to classify a board

and will generally support proposals to declassify the board of directors. Apex will consider withholding votes from directors who have attended less than 75% of meetings without a valid reason. While generally in favor of separating Chairman and CEO positions, Apex will review this issue on a case-by-case basis taking into consideration other factors including the company's corporate governance guidelines and performance. Apex evaluates proposals to restore or provide for cumulative voting on a case-by-case basis and considers such factors as corporate governance provisions as well as relative performance. Apex Capital Management generally will support non-binding shareholder proposals to require a majority vote standard for the election of directors; however, if these proposals are binding, the Apex Capital Management will give careful review on a case-by-case basis of the potential ramifications of such implementation.

Ratification of Auditors: In light of several high profile accounting scandals, Apex Capital Management will closely scrutinize the role and performance of auditors. On a case-by-case basis, Apex Capital Management will examine proposals relating to non-audit relationships and non-audit fees. Apex will also consider, on a case-by-case basis, proposals to rotate auditors, and will vote against the ratification of auditors when there is clear and compelling evidence of accounting irregularities or negligence attributable to the auditors.

Management & Director Compensation: A company's equity-based compensation plan should be in alignment with the shareholders' long-term interests. Apex believes that executive compensation should be directly linked to the performance of the company. Apex evaluates plans on a case-by-case basis by considering several factors to determine whether the plan is fair and reasonable. Apex will generally support employee stock option plans in which the purchase price is at least 85% of fair market value, and when potential dilution is 10% or less. Severance compensation arrangements will be reviewed on a case-by-case basis, although Apex will generally oppose "golden parachutes" that are considered excessive. Apex will normally support proposals that require that a percentage of directors' compensation be in the form of common stock, as it aligns their interests with those of the shareholders.

Anti-Takeover Mechanisms and Related Issues: Apex Capital Management generally opposes anti-takeover measures since they tend to reduce shareholder rights. Apex generally supports proposals that require shareholder rights plans ("poison pills") to be subject to a shareholder vote. Apex will closely evaluate shareholder rights' plans on a case-by-case basis to determine whether or not they warrant support. We will generally vote against any proposal to issue stock that has unequal or subordinate voting rights. In addition, We generally opposes any supermajority voting requirements as well as the payment of "greenmail." Apex usually supports "fair price" provisions and confidential voting.

Changes to Capital Structure: Apex realizes that a company's financing decisions have a significant impact on its shareholders, particularly when they involve the issuance of additional shares of common or preferred stock or the assumption of additional debt. Apex will carefully review, on a case-by-case basis, proposals by companies to increase authorized shares and the purpose for the increase. Apex will generally not vote in favor of dual-class capital structures to increase the number of authorized shares where that class of stock would have superior voting rights. Apex will generally vote in favor of the issuance of preferred stock in cases where the company specifies the voting, dividend, conversion and other rights of such stock and the terms

of the preferred stock issuance are deemed reasonable. Apex will review proposals seeking preemptive rights on a case-by-case basis.

Mergers and Corporate Restructuring: Mergers and acquisitions will be subject to careful review by the research analyst to determine whether they would be beneficial to shareholders. Apex will analyze various economic and strategic factors in making the final decision on a merger or acquisition. Corporate restructuring proposals are also subject to a thorough examination on a case-by-case basis.

Social and Corporate Policy Issues: As a fiduciary, Apex is primarily concerned about the financial interests of its Advisory Clients. Apex will generally give management discretion with regard to social, environmental and ethical issues although Apex may vote in favor of those issues that are believed to have significant economic benefits or implications.

The firm provides clients with this notification by investment advisory contract.

Proxy Voting Disclosures

Rule 206(4)-6 applies only to investment advisers who have voting authority with regard to client securities.

“The SEC states that the duty of care requires an adviser with proxy voting authority to:

1. Monitor corporate actions and to vote the proxies.
 - a. “Policies and procedures should be designed to ensure that corporate actions are monitored and that client proxies are, in fact, voted.”
 - b. “would identify specific personnel responsible for monitoring corporate actions, making voting decisions and submitting proxies on time.” (not necessarily specified as to who within the written policies, but...”
2. Cast the proxy votes in a manner consistent with the best interests of its clients.
3. Never put the adviser’s own interests above those of its clients.
 - a. “In order to resolve conflicts of interest, advisers must first identify them.
 - b. Potential conflicts:
 - i. If the IA manages a pension plan, administers employee benefit plans, or provides brokerage, underwriting insurance, or banking services to a company whose management is soliciting proxies
 - ii. If an IA has a business relationship with a proponent of a proxy proposal and this business relationship may influence how the IA casts its vote on the proxy of the issuer [= especially, what if one or more clients of the IA enter an issue/question/motion for a proxy vote, and believe that they have informed the IA of such a position?]
 - iii. If an IA has a financial interest in the outcome of a proxy vote, such as when the adviser receives distribution fees (12b-1 fees) from mutual funds that are maintained in client accounts and the proxy relates to an increase/ or decrease in 12b-1 fees.

The rule makes it a fraudulent act for an adviser to vote on client proxies unless the IA:

- Has adopted and implemented written policies and procedures reasonably designed to ensure that the adviser is voting proxies in the client's best interest.
- Describes its proxy voting procedures to its clients and provides them with a copy of those procedures upon request.
- Discloses to its clients how clients may obtain information as to how the adviser has voted their proxies.