



FIRST LIGHT ASSET MANAGEMENT, LLC
PART 2A OF FORM ADV: FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of First Light Asset Management, LLC ("First Light"). If you have any questions about the contents of this brochure, please contact First Light at (952) 831-6500 or info@firstlightam.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

Item 2: Material Changes

In this Item, First Light is required to disclose material changes to its last annual update to this Brochure, which was the version dated March 30, 2016. Set forth below is a summary of the material changes since that update. In addition to the material changes described below, this update includes certain technical, stylistic or clarifying changes intended to enhance the overall Form ADV Part 2A.

- Throughout the document, we have reduced disclosures concerning the private investment fund we managed that are unnecessary and duplicative of the disclosures found in the fund's private placement memorandum.
- In Item 11, we have addressed certain limitations that would arise if we were to receive material non-public information.
- In Item 12, we have enhanced our disclosures concerning selection of brokers, use of soft dollars, directed brokerage, use of step-outs, bunched trades and our trade error policy.
- In Item 17, we have enhanced our disclosures addressing material conflicts of interest in proxy voting.
- We have added disclosures concerning cybersecurity risk.

A complimentary copy of this Brochure may be requested by contacting First Light at 952-831-6500 or by submitting a written request to First Light Asset Management, 3300 Edinborough Way, Suite 201, Edina, MN 55435 or info@firstlightam.com.

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Item 4: Advisory Business

First Light Asset Management, LLC (“**First Light**” or the “**Firm**”), a Delaware limited liability company, was formed in September 2013. Mathew P. Arens, First Light’s Managing Member, Chief Executive Officer and Senior Portfolio Manager, is its principal owner.

First Light provides advisory services to individuals, high-net worth individuals, institutional clients, pension plans or profit sharing plans, corporations, and charitable organizations on a discretionary basis through separately managed accounts (“**Separate Accounts**” and each such client, a “**Separate Account Client**”).

First Light manages a long-only health care equity investment strategy (the “**Genesis Strategy**”) for Separate Account Clients. The Genesis Strategy primarily seeks out high quality, reasonably priced, growth-equity opportunities among publicly traded micro-to small/mid-cap health care and life sciences companies. The Genesis Strategy targets companies developing transformative devices, technologies and innovations that may save money and/or improve patient care. The Genesis Strategy aims to identify companies with high growth potential before the broader market recognizes these opportunities.

First Light manages a long-only concentrated version of the Genesis Strategy (the “**Convex Strategy**”) to Separate Account Clients. Due to the more concentrated nature of the Convex Strategy, Separate Accounts managed pursuant to the Convex Strategy are less diversified among health care and life sciences equities and may experience higher volatility in general than a non-concentrated portfolio.

While First Light generally provides investment and advisory services to Separate Account Clients pursuant to the Genesis Strategy and/or the Convex Strategy, First Light may provide additional advisory services tailored to meet the specific needs or investment restrictions of a Separate Account Client to the extent agreed upon in writing between such Separate Account Client and First Light.

First Light also provides investment management services to the First Light Focus Fund, LP, a private investment fund (the “**Fund**”). First Light uses both strategies along with other investments in managing the Fund. A related entity of First Light, First Light Focus Fund GP, LLC (the “**General Partner**”) acts as the general partner of the Fund. Interests in the Fund are offered in a private placement under the Securities Act of 1933, as amended. As a result, First Light offers investment in the Fund on a private basis to a limited number of qualified institutional and high net worth Investors that meet the criteria prescribed by relevant requirements for such investments.

More information concerning the Fund is contained in the Fund's limited partnership agreement, confidential private placement memorandum and other governing documents (collectively, the "**Offering Documents**"). Investors and prospective investors in the Fund (each, an "**Investor**" and collectively, "**Investors**") should refer to the Offering Documents for complete information regarding the investment objectives, investment liquidity, investment restrictions and other important information with respect to the Fund. Investors must be financially sophisticated and able to bear the substantial risks of an investment in the Fund, including loss of the entire investment.

The Separate Account Clients and the Fund are referred to together, as "**Clients**".

First Light's advisory services to Clients primarily consist of (1) investigating, identifying and evaluating investment opportunities; (2) structuring, negotiating and making investments on behalf of Clients; (3) managing and monitoring the performance of such investments; and (4) exiting such investments on behalf of Clients.

Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) may be engaged directly by Clients on an as-needed basis, and such professionals may charge fees of their own. The Firm does not provide legal or tax advice.

As of February 30, 2017, First Light managed approximately \$262,491,816 in Regulatory Assets Under Management (as defined in Form ADV Part 1) on a discretionary basis and no client assets on a non-discretionary basis.

Item 5: Fees and Compensation

Separate Account Client Fees and Expenses

The standard fee schedule for Separate Account Client provides for a management fee based on the following rates calculated on the value of all assets in the Client's Separate Account (as determined by First Light based upon its valuation policy ("**Valuation Policy**")):

- On accounts with net assets up to \$1,000,000 – 2.00% per annum;
- On accounts with net assets in excess of \$1,000,000 and up to \$5,000,000 – 1.75% per annum; and
- On accounts with net assets in excess of \$5,000,000 – 1.50% per annum.

Each Separate Account Client pays First Light a quarterly management fee in advance based on the market value of the Separate Account as of the last trading day of the preceding calendar quarter.

In any partial calendar quarter, the management fee will be paid in advance based on the initial value of assets in the Separate Account and is prorated based upon the number of days that the Separate Account is open during the quarter. In a similar fashion, subject to a *de minimis* threshold, additions to the Account will be assessed a management fee based upon the amount added to an existing Separate Account and is prorated based on the number of days remaining in the quarter at the time of the addition to the Separate Account.

In the event a Separate Account closes or has a withdrawal during a quarter, a portion of the prepaid management fees will be returned to the Separate Account Client based upon the value of the Separate Account at the time of closing or the amount being withdrawn (with the withdrawal amount being subject to a *de minimis* threshold) and prorated for the number of days remaining in the quarter at the time of the closure or withdrawal.

First Light's fee schedule is negotiable in its sole discretion based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, or negotiations with Clients).

First Light will send an invoice to each Separate Account Client. First Light either bills Separate Account Clients directly or is authorized in its investment management agreement with Separate Account Clients to instruct the custodian to pay the advisory fee from the assets of the Separate Account. Separate Account Clients may select either approach.

Separate Account Clients are responsible for all brokerage commissions and other costs associated with the purchase or sale of securities and other investment instruments, fees charged by the custodian, interest, taxes and other account expenses in addition to the management fee described above. To the extent Separate Account Client assets are invested in exchange-traded funds ("ETFs") and/or other third-party mutual funds, the Separate Account Client will pay two levels of advisory fees on those assets – First Light's management fee and the Separate Account Client's share of the advisory fees and other fees and expenses assessed to all shareholders of such funds.

As noted above, Separate Account Clients will incur brokerage and other transaction costs in addition to First Light's fees. Please see Item 12 for a discussion of First Light's brokerage practices.

Fund Fees and Expenses

The compensation the Fund pays First Light is set forth in the Offering Documents.

The General Partner is permitted to enter into side letters and other agreements granting more favorable rights or terms to certain Investors. These rights or terms may include: special rights with respect to future investment capacity; special liquidity or withdrawal rights; rights to receive additional, more frequent or specialized reports; and rights to reduced rates or limits on Performance Allocations (as defined below), management fee, and/or expense pass-through. These agreements could create preferences or priorities for certain Investors as compared to other Investors.

The General Partner may enter into these separate agreements without the consent of, or notice to, other Investors. Investors are not entitled to participate in any special arrangement without the prior approval of the General Partner. Investors not offered a special arrangement do not have any right or claim against the General Partner, First Light or the Fund.

Valuation Process

First Light has significant discretion to determine the valuations of Clients' investments in certain circumstances. The exercise of such discretion by First Light with respect to Clients' accounts may give rise to conflicts of interest, as management fees and Performance Allocations (as defined below and as applicable) are calculated based, in part, on these valuations.

First Light has adopted and implemented a Valuation Policy governing the pricing of securities and other assets held by Clients. The Valuation Policy generally provides that liquid investments will be valued at readily ascertainable market values. With respect to the Fund, on an annual basis, First Light's valuations are reviewed in connection with the Fund's independent external financial statement audit.

For the purpose of calculating the net asset value ("NAV") of the Fund and the value of the Separate Account Clients' investment portfolios, First Light will rely on and is entitled to rely on, and will not be responsible for the accuracy of, financial data furnished to it by broker-dealers, market makers or independent third party pricing services. First Light also may use and rely on industry standard financial models in pricing Clients' securities or other assets.

Sales-Based Compensation

Neither First Light nor its supervised persons are compensated for the sale of securities or other investment products.

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

The Fund provides for the payment of performance compensation to the General Partner, which is a First Light affiliated entity. Performance-based compensation (a "**Performance Allocation**") will be determined for each Investor at the end of each "**Performance Period**" (generally, each calendar year), subject to a "high water mark". Additional details about the mechanics of calculating and charging the Performance Allocation and details regarding the varying Performance Allocation options and characteristics are set forth in the Fund's Offering Documents.

No Performance Allocation will be assessed against the General Partner, First Light, or any of their affiliates, and the General Partner may, in its sole discretion, waive or reduce the Performance Allocation of any Investor, including any member, employee or affiliate of the General Partner, First Light, or its affiliates that invests in the Fund as an Investor.

The calculation and payment of Performance Allocations will comply with relevant regulatory requirements, including with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended.

Performance-based fee and allocation arrangements create an incentive for First Light to make more speculative investments in the assets purchased for the Fund than it might otherwise make in a flat fee arrangement (such as that which is generally applicable with respect to the Separate Accounts) in order to increase the likelihood that the General Partner will receive Performance Allocations. Similarly, performance-based fee and allocation arrangements create an incentive for First Light to favor Clients subject to performance-based fee and allocation arrangements over those Clients subject to a straight flat fee arrangement (known as "side-by-side management"). This incentive could cause an investment adviser to allocate the "best" investment opportunities only to the higher-fee account and the better-executed trades to the higher fee account. First Light has procedures addressing the allocation of investment opportunities and the execution of client trades that are designed and implemented to ensure that all Clients are treated fairly and equally over time and that no Client is systematically disadvantaged. Such procedures are generally described in Item 12 below. First Light also reviews the investment performance of the performance-based fee account against the performance of similar accounts to identify any differences that might be caused by such favoritism.

Item 7: Types of Clients

First Light provides discretionary investment management services to (1) Separate Account Clients, which include individuals, high-net worth individuals, institutional clients, pension plans or profit sharing plans, corporations, and charitable organizations; and (2) the Fund, as described above in Item 4.

With respect to Separate Account Clients, a minimum account value of \$250,000 is typically required; however, amounts less than the required minimum may be agreed upon in First Light's sole discretion. In certain instances, the minimum Separate Account size may be higher or lower in First Light's discretion.

Fund investment minimums are set forth in the Offering Documents.

Given the nature of First Light's investments, at all times it retains the discretion to close one or more of its strategies to new clients and/or to additional investments from existing Clients, to the extent First Light determines doing so would be in the best interests of Clients. Appropriate disclosure of any such decision will be provided in a timely manner.

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

In addition to the details provided in this Item 8 below, please refer to Item 4 above for a discussion of the investment strategies and investment processes utilized by First Light.

Investment Strategies

The Genesis Strategy. The Genesis Strategy is focused on investing in publicly traded health care equities. The Genesis Strategy utilizes a fundamental, bottom-up approach to stock selection in an attempt to identify high-quality, compelling investment opportunities. In general, the Genesis Strategy will invest in companies that are growing at rates faster than the U.S. economy. The Genesis Strategy will typically invest in equities which will be weighted in the portfolio based on First Light's level of conviction. First Light may hold cash in the portfolio from time to time for defensive purposes or pending investment in suitable securities.

The Convex Strategy. The Convex Strategy is a concentrated version of the Genesis Strategy and is focused on investing in publicly traded health care equities, utilizing a fundamental, bottom-up approach to stock selection in an attempt to identify high-quality, compelling investment opportunities. The Convex Strategy may experience higher volatility than the Genesis Strategy as a result of investing in higher percentages of a fewer number of companies and therefore presents the potential for higher risk to the Separate Account Client.

First Light's investment strategies and techniques with respect to the Fund are subject to the specific investment objectives and restrictions applicable to the Fund, all as set forth in the Fund's Offering Documents. Investors and prospective investors in the Fund should refer to the Offering Documents for complete information regarding the investment objectives, investment restrictions and other important information with respect to the Fund.

Some securities (or particular transactions) may be deemed inappropriate for some Strategies while being appropriate for other Strategies. First Light will make this determination based upon many factors, including liquidity of the security, market capitalization of the security (or issuer), optimal ownership levels for the security (in relation to a particular Strategy), and expected time period of the holding, as well as other factors. First Light is not required to provide every opportunity to every Client, but is required to, and will act in good faith and in a manner consistent with its fiduciary duties to Clients.

Investment Process

First Light primarily uses fundamental analysis. Fundamental analysis involves evaluating securities using real data such as company revenues, earnings, return on equity, and profit margins to determine underlying value and potential growth. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. The main sources of information relied upon include analysis of filings with the SEC, company press releases, communication with research analysts, industry experts and company management as well as financial newspapers and magazines, research material prepared by others, corporate rating services, annual reports, and prospectuses.

Risk Management

First Light's investment focus is on capital appreciation. A key tenet of its investment process is assessing the margin of safety in prospective investments, and therefore risk management starts at the position level. First Light views risk as potential for permanent impairment of capital and not the volatility of a security. First Light seeks to manage risk through fundamental analysis and disciplined portfolio construction, and in general will re-allocate capital to what it believes are the best risk/reward scenarios. First Light believes its probability weighted approach to stock selection also adequately accounts for individual stock risks and therefore position weightings reflect this implied risk. Any risk management or mitigation processes or actions discussed refer to efforts to monitor and manage risk but should not be confused with and do not imply no or low risk.

Risk Factors

Investing in securities involves risk of loss that Clients and Investors should be prepared to bear. Past performance is not a guarantee of future returns. The material risks presented by First Light's investment strategies are set forth below, but this section does not attempt to identify every risk, or to describe completely those risks it does identify.

No Guarantee of Investment Performance. First Light cannot warrant or guarantee that Clients will achieve their stated investment objective or achieve positive or competitive investment returns. Market, regulatory and other factors, many of which cannot be anticipated or controlled by First Light, could result in Clients not generating positive or competitive returns or in Clients losing a portion or all of their investment.

Risks of Concentrating in Health Care and Related Sectors. First Light's strategy of concentrating in securities of companies in the health care and related industry sectors means that Clients' investment performance will be closely tied to the performance of these particular market segments. Clients' concentration in these companies may present more risks than if it were broadly diversified over numerous industries and sectors of the economy. A downturn in health care related companies would have a larger impact on Clients than on a mutual fund that does not concentrate in such companies. At times, the performance of these companies may lag the performance of other industries or the broader market as a whole. Many health care companies are smaller and less seasoned than companies in other sectors. Health care companies may also be strongly affected by scientific or technological developments and their products may quickly become obsolete. Many health care related companies are heavily dependent on patent protection and the actual or perceived efficiency of their products. The expiration of patents may adversely affect the profitability of health care companies. Certain health care companies may face special risks that their products or services may not prove to be commercially successful. Health care companies are also strongly affected by worldwide scientific developments. In addition, such companies are subject to governmental regulation and may, therefore, be adversely affected by governmental policies.

Extensive Government Regulation of Health Care Companies. The success of Clients' investments will, in many cases, be dependent upon the issuing companies obtaining certain government approvals. The research, development, preclinical and clinical trials, manufacturing, labeling and marketing related to a health care industry company's products are subject to an extensive regulatory approval process by U.S. Food and Drug Administration ("FDA") and other regulatory agencies in the U.S. and abroad. The process for obtaining FDA and other required regulatory approvals, including the required preclinical and clinical testing is very lengthy, costly and uncertain. There can be no guarantee that, even after such time and expenditures, the issuing company will be able to obtain the necessary regulatory approvals for clinical testing or for the manufacturing or marketing of any products or that the approved labeling will be sufficient for favorable marketing and promotional activities. If a company is unable to obtain these approvals in a timely fashion, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the company may experience significant adverse effects, which in turn, could negatively affect Clients' investment performance.

Impact of Third Party Payers on Health Care Companies. In both the U.S. and foreign markets, sales of a health care product and its success will depend in part on the availability of reimbursement from third-party payers such as government health administration authorities, private health insurers and other organizations. The levels of revenues and profitability of pharmaceutical and other health care companies in which Clients invest may be affected by the continuing efforts of governmental and third-party payers to contain or reduce the costs of health care. Significant uncertainty exists as to the reimbursement status of newly approved health care products. There can be no assurance that a company's proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable a company to maintain price levels sufficient to realize an appropriate return on its investment in product development.

Securities of Smaller Companies. First Light's investment strategy focuses on investments primarily in small-cap and micro-cap securities. Accordingly, Clients may be subject to the additional risks associated with investment in such companies. These companies may (1) have relatively small revenues, (2) have limited product lines, (3) have a small share of the market for their products or services, (4) lack depth of management, (5) be unable to obtain funds necessary for growth and (6) be developing or marketing new products or services for which markets are not yet established and may never become established. Due to these and other factors, small-cap and micro-cap companies may suffer significant losses, as well as realize substantial growth. Further, stocks of small-cap and micro-cap companies have been historically more volatile than stocks of larger companies and are, therefore, more speculative than investments in larger companies. Among the reasons for the greater price volatility are the following: (1) the less certain growth prospects of small-cap and micro-cap companies, (2) the lower degree of liquidity in the markets for such stocks and (3) the greater sensitivity of micro-cap companies to changing economic conditions. Besides exhibiting greater volatility, small-cap and micro-cap company stocks may, to a degree, fluctuate independently of larger company stocks. Small-cap and micro-cap company stocks may decline in price as large company stocks rise, or rise in price as large company stocks decline. Clients and Investors should therefore expect the value of their investment in the Separate Account or the Fund, respectively, to be more volatile than an investment in an investment portfolio that invests primarily in larger company stocks.

Lack of Liquidity in Markets. Despite the heavy volume of trading in securities, the markets for some securities have limited liquidity and depth. This lack of depth could be a disadvantage to Clients, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Investment Competition. The market for some types of securities is highly competitive. First Light will be competing for investment opportunities for Clients with a significant number of financial institutions, other private funds and various institutional investors. Many of these competitors are larger and have greater financial, human and other resources than First Light and may in certain circumstances have a competitive advantage over First Light. As a result of this competition, there may be fewer attractively priced investment opportunities, which could have an adverse impact on the ability of Clients to meet their investment objectives or the length of time that is required for Clients to become fully invested. There can be no assurance that returns on Clients' investments, if any, will be commensurate with Clients' establishing (or adding to) funding of their investment portfolios with First Light.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of Clients.

Volatility of Securities Markets. Securities prices may be volatile, and securities price movements are influenced by many unpredictable factors.

Other Instruments and Strategies. The foregoing descriptions of investment strategies and instruments are not intended to be exhaustive. First Light may employ various additional strategies and instruments from time to time in pursuing Clients' investment objectives. Additionally, during weak or declining markets, First Light may invest more of its Client's assets in cash and cash equivalents. Although Clients' investments in cash and cash equivalents would primarily be intended to avoid losses, this type of investing also could prevent Clients from achieving their investment objective.

Possible Adverse Effect of Large Withdrawals. First Light's investment strategies could be disrupted by large withdrawals by Clients or Investors. For example, such withdrawals could require First Light to prematurely liquidate securities positions it had established for the Client. When this occurs, the Client may experience difficulty in closing out positions in particular securities at prevailing market prices or at prices which First Light believes reflects full value.

Start-Up Periods. The Separate Accounts and the Fund will encounter start-up periods during which they may incur certain risks relating to the initial investment of newly contributed assets. The Separate Accounts or Fund may commence investment operations, or receive substantial additional investable capital, at unpropitious times such as after sustained movements in a number of markets or individual securities. It may take a significant period of time for First Light to appropriately invest any newly contributed capital.

Increase in Amount of Assets Managed. First Light expects that it will continue to increase the assets for which it will direct trading. It is not known what effect, if any, such increase will have on the performance of its strategies and/or Clients' accounts or on the trading strategies generally. No assurance can be given that any changes in First Light's strategies in response to the increased assets that it manages will be successful. In any case, there can be no guarantee that future investment results will be similar to those previously achieved by First Light.

Market Conditions. The performance of the Separate Accounts and the Fund will be materially affected by conditions in the financial markets and economic conditions throughout the world, including regulatory intervention and policies, interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls, market liquidity and national and international political circumstances. Difficult market conditions may reduce the value or performance of the Separate Accounts' or the Fund's portfolio investments.

Institutional Risk. The institutions, including brokerage firms and banks, with which Clients (directly or indirectly) do business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair Clients' operational capabilities or capital position.

Changing Regulatory Environment. The U.S. and international regulatory environment for investment advisers and private investment funds is evolving, and changes in regulation could occur that may adversely affect Clients and their investment results. Clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the U.S. Internal Revenue Service or other U.S. or applicable non-

U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. Clients also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which First Light is able to manage Clients' investment portfolios. New laws or regulations may also subject Clients to new or increased taxes or other costs.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any material legal or disciplinary events that would be material to an evaluation of First Light or the integrity of First Light's management.

First Light has no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

As noted above in Item 4, First Light has material business relationships with First Light Focus Fund, LP, a private investment fund (the "**Fund**") and its general partner, First Light Focus Fund GP, LLC, which is affiliated with First Light. (the "**General Partner**"). Please refer to *Item 6* above regarding performance-based fees that may be paid by the Fund to the General Partner.

First Light, the General Partner, and the Fund are subject to various conflicts of interest in their relationships with Clients. These conflicts include:

The services of First Light are not exclusive to the Separate Account Clients or to the Fund. First Light may in the future provide similar services to other clients or funds, some of which may have investment objectives and policies similar to those of the Separate Account Clients or the Fund. In such a situation, the Separate Account Clients and/or the Fund could indirectly invest in securities in which other funds and accounts managed by First Light and/or its affiliates also invest. In addition, First Light and/or its affiliates may give advice and recommend securities to, or buy or sell securities for, such funds or accounts that may be different from the advice given to, or securities recommended for, the Separate Account Clients and/or the Fund, even though the investment objectives of such funds or accounts may be the same as, or similar to, those of the Separate Account Clients and/or the Fund. As a result, there can be no assurance that the Separate Account Clients and/or the Fund would be afforded comparable investment opportunities to those directed to such other funds and accounts managed or advised by First Light or its affiliates.

First Light's personnel will devote such time to the activities of the Separate Account Clients and/or the Fund as they determine to be necessary to properly manage the investment portfolios of such Clients in a manner consistent with applicable agreements and relevant regulatory requirements. Conflicts of interest may arise in allocating time, services or functions of individual associated with First Light between Clients.

Although not a conflict, please note that inasmuch as implementing a First Light investment strategy relies on the discretionary investment advisory services of First Light, Clients' investment experience will in large measure depend upon the business and investment acumen of key personnel of First Light, namely, Mathew P. Arens. Should anything happen to such person, the business and results of Clients' accounts may be adversely affected.

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

First Light maintains a Code of Ethics ("**Code**") designed to reinforce the fiduciary principals governing First Light and its employees. The Code, among other things, requires all employees to act with integrity and in an ethical and professional manner and addresses employees' personal securities transactions.

Policies against over-reaching, self-dealing, insider trading, and conflicts of interest are set forth in First Light's Code. The Code forbids employees from trading, either personally or on behalf of others on the basis of material nonpublic information ("**MNPI**") which is information that, if disclosed, might affect an investor's decision to buy, sell or hold a security) or communicating MNPI to others in violation of the law.

From time to time, Firm employees may come into possession of MNPI. Such employees are prohibited from improperly disclosing or using such information for their benefit or for the benefit of any other person. When the Firm is in possession of MNPI about an issuer, it is prohibited from communicating such information to, or using such information for the benefit of its clients or on behalf of its clients, which could prevent First Light from buying or selling certain securities.

Additionally, the Code sets forth restrictions on the receipt of gifts, outside business activities, personal trading activity, maintenance of brokerage accounts and other matters. First Light believes its Code is reasonably designed and implemented to prevent or eliminate potential conflicts of interest between First Light (and its employees) and Clients and Investors. First Light endeavors to always make decisions in the best interest of Clients should a conflict of interest arise.

Nevertheless, Clients and Investors should be aware that no set of rules, policies, or procedures can anticipate, avoid or address all potential conflicts of interest.

Employees are not prohibited from owning or trading securities bought, sold and/or recommended by First Light to Clients, provided such employee personal trading activity complies with the parameters, limitations and requirements of the Code. Because First Light permits such personal trading, this creates the conflict that employees could use their knowledge of pending Client transactions in an attempt to benefit their own personal transactions. For example, if an employee owns a security the employee knows First Light will be selling out of Client accounts, the employee could sell the personal holding ahead of time in an effort to obtain a higher price than might exist when the Client account holdings are sold. To address this, employees are required to request approval from First Light's Chief Compliance Officer (the "CCO") prior to engaging in certain types of securities transaction. The CCO has broad discretion to reject employee preclearance requests for any reason. The Code also requires employee reporting of personal securities transactions and the CCO to review such reports. First Light's policies and procedures related to personal trading activity of employees aim to demonstrate First Light's commitment to placing Clients' interests ahead of employees' personal trading interests.

Any exceptions to the Code require the prior approval of the CCO. First Light will provide a copy of the Code to any Client or prospective Client upon request. Such requests should be directed to: Chief Compliance Officer at 952-831-6500.

Item 12: Brokerage Practices

Selection of Brokers

It is First Light's policy to seek to obtain best execution on all trades for Client accounts. In selecting a broker-dealer to execute securities transactions, First Light considers a variety of factors, including any combination of the following: price, commissions, execution capabilities, the broker-dealer's responsiveness, financial condition, ability to facilitate block trading and positioning, back office capabilities, ability to provide anonymity of transactions, ability to provide liquidity information and the value of the research (including third party research) and research services provided by the broker-dealer. Because First Light generally has discretion in selecting brokers to execute client account trades, it may be deemed to be recommending such brokers to Clients.

In selecting a broker or dealer for a specific transaction, First Light will, in accordance with its fiduciary duties, seek to ensure that securities transactions are executed in such a manner that the total cost or proceeds of each transaction is the most favorable under the circumstances. In other words, while First Light seeks to obtain the best execution for its Clients' transactions, the determinative factor in assessing whether First Light has obtained best execution is whether the transaction represents the best qualitative execution for the Client in light of applicable limitations and characteristics involved (rather than the lowest possible commission cost).

First Light periodically reviews its broker-dealers and its efforts to seek best execution.

Use of Client Commissions

Subject to the criteria of Section 28(e) of the Securities Exchange Act of 1934, and the applicable regulatory guidance, First Light may direct Clients' transactions to brokers who furnish to First Light research services and may cause the Client to pay to those brokers a higher commission than might be charged by another broker for similar transactions.

First Light believes it is important to its investment decision making processes to have access to independent research. The types of research and research services First Light received during its last fiscal year are as follows:

- political, economic and financial market analysis;
- proprietary and third-party research reports concerning securities, financial models, sectors, and industries;
- access to analysts;
- access to industry conferences and group events; and
- meetings arranged with corporate or industry representatives and experts.

In some cases, research services are generated by third parties but are provided to First Light by or through the broker-dealers with and through whom First Light effects Client transactions. As a general matter, the research services First Light receives from broker-dealers are used to service all of First Light's accounts. However, while First Light expects that, over time, soft dollar benefits will benefit all clients fairly and equitably, any particular research service may not be used to service each and every Client account, and may not benefit the particular accounts that generated the brokerage commissions. First Light does not try to allocate soft dollar benefits to client accounts proportionately to the soft dollar commissions the accounts generate. When First Light uses Client brokerage commissions to obtain research or research services, First Light receives a benefit because it does not have to produce or pay for the research or research services. As a result, First Light may have an incentive to select a broker-dealer based on our interest in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution. First Light has adopted and implemented policies and procedures, however, which address all aspects of its use of client commissions and such use is reviewed by the firm on a periodic basis.

In those instances in which First Light is directed to use a particular broker-dealer to execute securities transactions for an account, such account's commissions are not used to purchase research services but will nonetheless derive benefits from research services obtained from the brokerage for those clients of First Light that make no such direction, as research furnished by broker-dealers may be used to service any or all of First Light's clients and may be used in connection with accounts other than those making the payment to the broker-dealer providing the research, as permitted by Section 28(e).

First Light utilizes an informal process for determining which broker is utilized in return for soft-dollar benefits. In general, First Light directs trading to brokers that it deems provide

value to its investment process which may include access to management teams, expert calls, research reports, analysts, financial models or idea generation. First Light's approach includes input from investment team members in determining relative commission levels for all brokers used. Input from the investment team is discussed on a regular basis and decisions for directing trades to specific brokers are determined on a case-by-case basis as investment opportunities arise or investment decisions are made. Consideration will be made for the amount of commissions generated at a specific broker on a quarterly and annual basis and decisions to use certain brokers may be made based on the overall value perceived to First Light in relation to the amount of commissions paid over a specified time period or relative to commissions paid to other brokers that provide similar services. In general, First Light strives to direct more trading to brokers providing the greatest benefit to its investment process.

Directed Brokerage

In limited instances, First Light will accept direction from Clients as to which broker-dealers are to be used. Typically, the Client has an arrangement with such broker-dealer which results in the Client receiving some benefit from the broker-dealer in exchange for the directed brokerage. Any such direction must be agreed to in the investment management agreement or in another writing that is accepted by First Light before it will be effective. It is First Light's policy generally to accept such direction subject First Light seeking to obtain best execution.

Similarly, in the case of Client accounts that are maintained at broker-dealers, First Light may have discretion to select brokers or dealers other than the custodians when necessary to fulfill its duty to seek best execution of transactions for Clients' accounts. However, brokerage commissions and other charges for transactions not effected through the custodian, may be charged to the Client. For this reason, it is likely that most, if not all, transactions for such Clients will be effected through the broker custodian.

First Light is generally not in a position to negotiate commission rates with the custodians in these arrangements. A Client who participates in these arrangements should consider that, depending on the level of the fee charged by the broker-dealer custodian, the amount of portfolio activity in the Client's account, the value of the custodial and other services that are provided under the arrangement, and other factors, the fees may exceed the aggregate cost of such services if they were to be provided separately.

Subject to First Light's sole discretion, in rare instances First Light permits Clients to direct brokerage to their broker-dealer custodian not subject to best execution. Any such direction must be in writing and accepted by First Light before it will be effective. Such clients should be aware that by directing brokerage in this fashion First Light may be unable to achieve most favorable execution of Client transactions and this direction may cost Clients more money. The following risks are related to this type of brokerage direction: the direction may result in higher commissions, greater spreads or less favorable net prices than would be the case if First Light selected the brokers; the direction generally will result in trades for the Client's account not being aggregated with similar trades for other Client accounts at different broker-dealer custodians and thus will not be eligible for the benefits that accrue to such aggregation of orders;; and that because of the direction, a Client's account may not generate returns equal to those of other Client accounts which do not direct brokerage.

With respect to retirement plan clients, in agreeing to satisfy such a Client's directions to execute transactions for its account through a directed broker, First Light understands that it is such Client's responsibility to ensure that (i) all services provided by the directed broker will inure solely to the benefit of the Client's account and any beneficiaries of the account, and that all expenses paid are proper and permissible expenses of the account and may properly be provided in consideration for brokerage commissions or other remuneration paid to the directed broker, (ii) using the directed broker in the manner directed is in the best interests of the Client's account and any beneficiaries of the account, taking into consideration the services provided by the directed broker, (iii) its directions will not conflict with any obligations that persons acting for the Client's account may have to the accounts, its beneficiaries or any third parties, including any fiduciary obligations that persons acting for the account may have to obtain the most favorable price and execution for the account and its beneficiaries and (iv) persons acting for the Client's account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations from any beneficiaries of the account and third parties that may be required under applicable law or instruments governing the account.

Bunched Trades

First Light is permitted to bunch trades (or do block trades) on behalf of more than one Client. First Light may bunch trades when it determines, exercising its judgment in good faith, that bunching a trade is fair and equitable, and will improve trade execution or otherwise benefit (or not be harmful to) the Clients participating in the trade. First Light generally bunches trades for Client accounts that share the same broker-dealer custodian. First Light then uses a rotational execution strategy to seek to ensure that all Clients are treated fairly and equitably over time and that no Client is systematically disadvantaged. For example, to the extent Client accounts using Broker-Dealer A are traded first and Client accounts using Broker-Dealer B are traded second, in the following set of bunched trades, Broker-Dealer A accounts will be traded second and Broker-Dealer B accounts will be traded third, and so on, with the bunched order that traded last moved to the first position. The Fund is treated as its own bunched order and participates in the rotation when trading the same securities as Separate Account Clients. This helps to ensure the Fund is not given preferential treatment.

Given the nature of the securities in which First Light invests, some orders may take a period of time to implement fully across all accounts. It is possible that in some market conditions, Client accounts traded last in any given buy or sell transaction will be negatively affected by the buys or sells that occurred earlier. However, First Light believes its rotational execution strategy is fairest to all Clients over time.

When allocating bunched trades among Clients, First Light will seek to ensure that: (1) trades are allocated on a timely basis; (2) each participating account will participate at the average share price for the bunched order at the applicable broker-dealer custodian, and transaction costs shall be shared *pro rata* based on each Client's participation in the bunched order; (3) partially filled orders are allocated *pro rata* or randomly among all Clients participating in a trade at that broker-dealer custodian; and (4) accurate and complete records of all bunched trades are maintained. First Light monitors any partial allocations to seek to ensure that all Clients are treated fairly and equitably over time.

Given this rotational execution strategy and other Client-specific factors, such as an order to liquidate while bunched orders are pending, not all Client transactions will receive the same price. However, First Light believes the rotational strategy is fairest over time and always seeks best execution in connection with Client trades.

Internal Cross Trades

Internal cross transactions are trades between Client accounts. Cross trades inherently involve a potential conflict of interest among an adviser and its clients. In any cross trade, the investment adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to a particular cross trade.

Generally, First Light does not intend to engage in cross transactions between Clients; however, First Light is generally not prohibited from doing so. First Light has procedures designed to eliminate and/or reduce the risk of cross trades.

Step-Outs

First Light can use "step-out trades" when it is determined that it might facilitate better execution for certain Client trades, even if the Client has directed First Light to utilize a particular broker. First Light "steps-out" a trade when it places a trade order for one or more Client accounts with a broker-dealer who executes the trade and then steps-out portions of the trade to another broker-dealer(s) for clearance and settlement. In certain cases, the executing broker-dealer will receive commissions from the participating discretionary Client accounts, but will not receive commissions from participating directed brokerage accounts. There are also instances where First Light will execute a step-out transaction on a net basis, whereby the negotiated price is marked up or marked down to compensate the executing broker-dealer for its services. These commissions or mark-ups/mark-downs are netted into the price received for a security and will not be reflected as individual items on the client trade confirmation. Although mark-up/mark-downs may independently be more costly to the Client in terms of commissions, First Light believes that the selected broker-dealer being paid for these additional services offers the best combination of price and cost-execution. That is, the combination of directed brokerage and discretionary accounts in one block order benefits all participating accounts because concentrating the execution of the orders with one broker-dealer can result in a better overall price and execution for all participating accounts. First Light may also use step-outs in connection with obtaining research services, subject to the applicable legal standards and regulatory guidance discussed above. Any use by First Light of step-outs is subject to its obligation to seek best execution and the ongoing review of its trading practices.

Trade Errors

On occasion, a mistake may occur in the execution of a trade. As a fiduciary, First Light owes Clients duties of loyalty and trust, and as such must treat trade errors in a fair and equitable manner. Errors occur for a number of reasons, including human input error, systems error, communications error or incorrect application or understanding of a guideline or restriction. Examples of errors include, but are not limited to the following: buying securities not authorized for a Client's account; buying or selling incorrect securities; buying or selling incorrect amounts of securities; and buying or selling in violation of a policy. First Light will seek to correct any errors promptly in a way that mitigates any losses and puts the Client in the position it would have been in had no error occurred, but such a result cannot be guaranteed. Each situation requires a tailored response and accordingly will be dealt with on a case-by-case basis and corrected as quickly as reasonably possible.

With respect to the Fund, the cost of errors will be borne by the Fund unless an error is the result of bad faith, gross negligence, willful misconduct or fraud by First Light. First Light will offset any net gains and net losses resulting from trade errors and, in the case of net losses for which First Light is responsible pursuant to the above standard, First Light will reimburse such Fund for such net losses.

Other

First Light does not trade with broker-dealers to reward or incent them for client referrals.

As set forth in the written advisory agreement, First Light is not responsible for the acts or omissions of any broker or dealer selected by it in good faith.

Allocation of Investment Opportunities

In allocating investment opportunities among Clients, First Light makes a determination, exercising its judgment in good faith, as to whether an opportunity is appropriate for each Client. Factors in making such a determination include a Client's liquidity profile, overall investment strategy and objectives, regulatory constraints of the Client, the composition of the Client's existing portfolio, the size or amount of the available opportunity, characteristics of the securities involved, the liquidity of the markets in which the securities trade, general and specific risks involved, and other factors relating to each Client and investment opportunity. For the avoidance of doubt, and due to these factors, First Light is not required to provide every opportunity to every Client, but First Light is required to act in good faith and in a manner consistent with its fiduciary duties to Clients. This means that First Light seeks to ensure that all Clients are treated fairly and equitably over time and that no Client is systematically disadvantaged. However, please note that in general, First Light intends that only the Fund will participate in initial public offerings and secondary offerings for several reasons, including, but not limited to: suitability and operational, custodial, or regulatory limitations. However, First Light may, in its sole discretion, make exceptions on a case-by-case basis. First Light monitors the allocation of initial public and secondary offerings.

Item 13: Review of Accounts

A Principal of First Light reviews Clients' portfolios on a regular and ongoing basis. Client account reviews are performed more frequently based on market conditions. First Light may review Clients' accounts to include new investment information, due to changes in the macro-economic environment or sector, or new tax laws or tax law interpretations, as well as changes in a Client's situation.

First Light has an Organizational Risk Committee ("ORC") that among other things is responsible for brokerage oversight, security valuation, and adherence to investment strategy mandates.

First Light will deliver to each Separate Account Client, no less frequently than quarterly, written statements setting forth the assets in the relevant Separate Account and transaction activity during the quarter, unless otherwise agreed between First Light and a Separate Account Client. Inasmuch as the statements First Light provides to Separate Account Clients are for informational purposes only and are not the "official" Separate Account statements, Separate Account Clients are encouraged to compare such statements to those received from the relevant custodian.

Item 14: Client Referrals and Other Compensation

First Light has entered into "Solicitor/Finder" relationships. In these relationships, First Light pays a portion of its advisory fee as a referral fee to the Solicitor/Finder pursuant to a written agreement. Solicitors/Finders with which First Light has agreements must be appropriately registered or licensed under federal and/or state securities laws where applicable. Solicitor/Finders are required to provide prospective clients with a written disclosure statement describing, among other things, the nature of arrangement with First Light and the terms of the compensation, prior to or at the time of entering into an investment advisory agreement.

Please refer to the discussion related to use of Client commissions in Item 12 "Brokerage Practices" for information about other compensation.

Item 15: Custody

First Light does not maintain custody of Separate Account Client assets, although First Light is deemed by the applicable regulations to have custody of assets if such clients give it authority to withdraw quarterly fees directly from their custodial accounts. Separate Account Client assets must be maintained in an account at a qualified custodian; generally a broker dealer or bank. A custodian is appointed by each Separate Account Client to have possession of the assets of the account, settle transactions for the account and accept instructions from First Light regarding the assets in the account, subject to certain procedural restrictions.

As noted above in Item 13, Separate Account Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. First Light urges such clients to carefully review such statements and compare such official custodial records to the account statements that First Light may provide. First Light statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact First Light using the information on page 1 if they have any questions about their statements or if their qualified custodians stop sending them at least quarterly statements.

Item 16: Investment Discretion

First Light receives discretionary authority in the investment management agreement executed with a Separate Account Client at the outset of an advisory relationship. The accounts over which First Light exercises investment discretion are generally subject to investment restrictions and guidelines developed in consultation with such clients. These restrictions and guidelines customarily impose limitations on the types of securities that may be purchased and set forth other investment parameters. Additional policies may be set by a Separate Account Client's board or investment committee. First Light is generally authorized to make the following determinations, consistent with the each Separate Account Client's investment goals and policies, without Client consultation or consent before a transaction is effected:

- Which securities or other investments to buy or sell;
- The total amount of securities or other investments to buy or sell;
- The broker or dealer through whom securities are bought or sold;
- The commission rates at which securities or other investment transactions for client accounts are effected; and
- The price at which securities or other investments are to be bought or sold, which may include dealer spreads or mark-ups and transactions costs.

However, from time to time, as discussed in Item 12, First Light may accept accounts for which it has discretionary authority to purchase securities for the account, but not to select broker-dealers for transactions.

The Fund retains First Light to exercise broad investment discretion as described above in accordance with the investment objectives and the investment mandates of the Fund without Investor consultation or consent, all as set forth in the applicable Offering Documents. This authority is established through the Offering Documents.

Item 17: Voting Client Securities

To the extent agreed in the written advisory agreement, First Light is responsible for voting proxies for Separate Account Clients and seeks to do so consistent with the best economic interests of Clients. Where First Light votes proxies, it will endeavor to vote all proxies in the best interests of Clients and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement, the Fund's Offering Documents, or applicable law (e.g. ERISA).

- All proxies sent to Clients' respective custodians are received by First Light (to vote on behalf of Clients' accounts).

- Prior to voting any proxies, First Light will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Senior Portfolio Manager, with the CCO, will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.
- If no material conflict is identified pursuant to these procedures, First Light will make a decision regarding how to vote the proxy in question in accordance with First Light's proxy voting procedures and guidelines put forth below.
- If a material conflict of interest is identified regarding proxy voting, it will generally be addressed in one of the following ways by the Senior Portfolio Manager, in conjunction with the CCO:
 - The proxy will be voted according to the proxy voting guidelines, provided that the proposal at issue is not one which the guidelines require to be considered on a case-by-case basis.
 - In conflict situations which cannot be addressed using the guidelines, First Light will follow the public recommendation of a third party proxy voting service.
 - If neither of the previous two procedures is deemed adequate, First Light may disclose the conflict to clients and obtain their consent before voting or send the proxy directly to the relevant client for a voting decision.

Voting Guidelines

A summary of First Light's proxy voting procedures and guidelines follows:

- First Light will vote proxies in the best economic interests of its Clients (taken as a whole in light of the applicable strategy). First Light endeavors to vote all proxies for a specific issuer in the same way for all Clients, absent some qualifying restrictions or a material conflict of interest.
- First Light seeks to invest in companies that it believes have executive management teams and directors that are competent agents of their shareholders. Therefore, First Light is generally supportive of the board of directors and their recommendations. First Light will generally vote in favor of routine corporate housekeeping proposals.
- First Light will generally vote against proposals related to highly dilutive stock option grants or in instances where it is First Light's opinion that directors are not acting consistently with the best interest of Clients.
- When voting a proxy, First Light may consider the opinion of management, effect on management, effect on shareholder value and issuer's business practices.

Clients that wish to direct First Light how to vote on particular proxy or want a copy of First Light's proxy voting policy, as well as information about how their securities were voted should contact First Light at 952-831-6500.

Item 18: Financial Information

Each registered investment adviser is required to disclose whether it has any financial condition that could impair its ability to meet its contractual or fiduciary commitments to its clients, and whether it has been or is presently the subject of a bankruptcy proceeding. First Light does not have any adverse financial conditions to disclose and has not been and is not presently the subject of a bankruptcy proceeding.

Other Information

Cybersecurity Risk

As the use of technology and the Internet has become more prevalent in the course of business, First Light has become more susceptible to operational, financial and information security risks resulting from cybersecurity breaches or other cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events and include, but are not limited to, gaining unauthorized access to electronic systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets, sensitive information (e.g., personally identifiable information ("PII") or trading information), corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting First Light, any of its service providers or the Fund's service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate Fund NAV, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. Similar adverse consequences could result from cyber incidents involving counterparties with which First Light engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for First Light's clients) and other parties.

Although First Light has established internal risk management security protocols reasonably designed to prevent, identify and respond to cybersecurity incidents, there are inherent limitations in such protocols including the possibility that certain threats and vulnerabilities have not been identified or made public due to the evolving nature of cybersecurity threats. As such, there is a possibility that First Light has not adequately prepared for or identified certain risks. Furthermore, although First Light conducts initial and ongoing due diligence of its third-party service providers, it cannot directly control any cybersecurity plans and systems put in place by such service providers.

Cybersecurity risks are also present for issuers of securities in which a Client account invests, which could result in material adverse consequences for such issuers, and may cause a Client account's investment in such securities to lose value.