

# **CODE OF ETHICS POLICY**

**for  
Horizon Investments, LLC**

# CODE OF ETHICS POLICY

Revised 6/6/11

## 1. Introduction

Upon the recommendation of the management, the members of Horizon Investments, LLC, (“Horizon”) hereby establish this Code of Ethics. This Code of Ethics (“Code”) is effective as of February 1, 2006 and supersedes any previous policies issued by Horizon with respect to its subject matter as of that date. The Chief Compliance Officer (“CCO”) is responsible for implementation, maintenance, and enforcement of the Code. The CCO may delegate duties under the Code.

## 2. General Provisions

### 2.1 Company’s Registration

Horizon is registered with the United States Securities and Exchange Commission (the “SEC”) as an investment adviser pursuant to the provisions of Section 203 of the Investment Advisers Act of 1940, as amended (the “Act”).

### 2.2 Company’s Professional Responsibilities

Horizon is dedicated to providing effective and proper professional investment management services to a wide variety of institutional and individual advisory clients through its strategic broker-dealer and solicitor, partners. Its reputation is a reflection of the quality of its employees and their dedication to excellence in serving Horizon’s clients. To ensure these qualities and the dedication to excellence, Horizon’s employees must possess the requisite qualifications of experience, education, intelligence, and judgment necessary to effectively serve as investment management professionals. In addition, every employee is expected to demonstrate the highest standards of moral and ethical conduct for continued employment with Horizon.

Horizon serves as investment manager for individual and institutional advisory clients through its strategic broker-dealer and solicitor, partners. When used herein, the term “client” includes individual and institutional investors for whom Horizon acts as sub-advisor provides investment supervisory services or manages investment advisory accounts. It also includes any investment company for which Horizon manages or co-manages assets of for which it otherwise provides portfolio management services (the “Strategic Partners”). The term also includes those clients for whom Company provides advice on matters not involving securities.

The SEC and the courts have stated that portfolio management professionals, including registered investment advisers, have a fiduciary responsibility to their clients. In the context of securities investments, fiduciary responsibility should be thought of as the duty to place the interests of the client before that of the person providing investment advice; and, failure to do so may render the adviser in violation of the anti-fraud provisions of the Advisers Act. Fiduciary responsibility also includes the duty to disclose material facts that might influence an investor’s decision to purchase, or refrain from purchasing, a security recommended by the adviser, or to engage the adviser to manage the client’s investments. The SEC has made it clear that the duty of an investment adviser not to engage in fraudulent conduct includes an obligation to disclose material facts to clients whenever the failure to disclose such facts might cause financial harm. An adviser’s duty to disclose material facts is particularly important whenever the advice given to clients involves a conflict, or potential conflict, of interest between the employees of the adviser

and its clients.

Therefore, Horizon employees are specifically restricted from violating the Company Manual, or any applicable federal or state law (including any securities laws.)

Pursuant to Rule 204A-1, issued by the SEC in its collection of rules titled the “Rules and Regulations promulgated under the Investment Advisers Act of 1940” (each a “*Rule*”), Horizon is required to adopt a written Code of Ethics reasonably designed to prevent and detect conflicts of interest that arise from personal trading by its employees. In addition to establishing a Code of Ethics, Horizon is also required to “maintain” and “enforce” the Code of Ethics.

In meeting its fiduciary responsibilities to its clients, Horizon has promulgated this Code of Ethics (the “*Code*”) addressing the potential problems in the purchase and/or sale of securities in the personal accounts of its employees or in those accounts in which its employees may have a direct or indirect beneficial interest and reporting obligation. Horizon has also opted to incorporate into its Code, policies and procedures on insider trading designed to address the Company’s obligations under § 204A of the Act (see Section 8 below).

This Code is intended to lessen the chance of any misunderstanding between Horizon and its employees regarding trading activities and insider trading infractions. In those situations where employees may be uncertain as to the intent or purpose of this Code, they are advised to consult with the CCO and/or the Chief Executive Officer (“*CEO*”). The CEO/CCO may under circumstances that are considered appropriate, grant exceptions to the provisions contained in this Code only when it is clear that the interests of Company’s clients will not be adversely affected and no legal violations will occur. All questions arising in connection with personal securities trading should be resolved in favor of the interest of the clients even at the expense of the interest of our employees.

### **2.3 Failure to Comply with the Provisions of this Code – Sanctions**

Strict compliance with the provisions of this Code shall be considered a basic condition of employment with Horizon. As such, it is important that employees understand the reasons for compliance with this Code. Horizon’s reputation for fair and honest dealing with its clients, its strategic partners and the investment community in general, has taken considerable time to build. This standing could be seriously damaged as the result of a single securities transaction, considered questionable in light of the fiduciary duty owed to our clients. Employees are urged to seek the advice of the CCO for any questions as to the application of this Code to their individual circumstances. Employees should also understand that a material breach of the provisions of this Code may constitute grounds for sanctions against the employee by Horizon, including, without limitation, termination of employment with Company.

## **3. Applicability of the Code’s Restrictions and Procedures**

### **3.1 Supervised Person**

Section 202(a)(25) of the Advisers Act defines “Supervised Person” to include any partner, officer or director (or other persons occupying a similar status or performing similar functions); employee of an investment adviser; or, other person who makes, participates in making, or whose activities relate to making any recommendations as to the purchase and/or sale of securities on behalf of Horizon and is subject to the supervision and control of Horizon.

Rule 204A-1 requires that all Supervised Persons of Horizon be provided with a copy of this

Code and that each Supervised Person provide written acknowledgement of their receipt of the Code and any amendments. Moreover, all Supervised Persons must report any violations of this Code that come to their attention to the CCO.

### **3.2 Access Persons**

For purposes of Rule 204A-1(e)(1) of the Advisers Act, “Access Persons” include those Supervised Persons who participate in making securities recommendations to clients, or who have access to such recommendations, or who have access to non-public information regarding any client accounts, and any other person who provides investment advice on Horizon’s behalf. Inasmuch as providing investment advice is Horizon’s primary business, all directors, officers, and partners are considered Access Persons. In addition, because Horizon is actively involved in managing the investments of individual and institutional clients, it is presumed that all of its employees fall within the definition of Access Person.

## **4. Securities Subject to the Provisions of this Code**

### **4.1 “Covered Securities”**

Section 202(a)(18) of the Act and § 2(a)(36) of the Investment Company Act of 1940 (the “*Company Act*”), as amended, both define the term “**Security**” as follows:

Any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, any put, call straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to a foreign currency, or in general, any interest or instrument commonly known as a “security” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

For purposes of this Code, the term “**Covered Security**” shall mean all such securities described above except:

- i. Securities that are direct obligations of the United States;
- ii. Bankers’ acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- iii. Securities issued by any state or municipal subdivision thereof;
- iv. Shares issued by money market funds;
- v. Shares of any registered open-end investment company which are registered in the United States, unless managed by Horizon; or
- vi. Any transaction exempt from registration is not subject to the prior clearance provisions of this Section.

Although the term “covered security” under the Act and the Company Act represents an all-inclusive list of investment products, for purposes of this Code, the term will most often apply to those securities listed on any of the nationally recognized stock exchanges of the United States (*i.e.*, New York Stock Exchange, American Stock Exchange, Chicago Stock Exchange, Pacific Stock Exchange, Philadelphia/Baltimore Stock Exchange, or the National Association of Securities Dealers Automated Quotation System (NASDAQ) market, etc.) However, if there is any question by an Access Person as to whether a security is “covered” under this Code, he/she should consult with the CCO and/or CEO for clarification on the issue before entering any trade for his/her personal account.

#### **4.2 Securities not Subject to Restrictions**

Reporting of securities transactions pursuant to an automatic investment plan or in accounts in which the Access Person has a beneficial interest, but over which he/she has no direct or indirect control, are not required by Rule 204A-1 and are not subject to the trading restrictions of this Code; however, the Supervised Person should advise the CCO in writing, giving the name of the account(s), the person(s) or firm(s) responsible for its management, and the reason for believing that he/she should be exempt from reporting requirements under this Code.

### **5. Personal Trading by Access Persons**

The personal trading and investment activities of employees of investment advisory firms are the subject of various federal securities laws, rules and regulations. Underlying these requirements is the fiduciary capacity in which an investment adviser acts for clients. A fiduciary has a duty of loyalty to clients, which requires that the adviser act in the clients’ best interests and always place the clients’ interests first and foremost.

When investment advisory personnel invest for their own accounts, conflicts of interest may arise between the client’s and the employee’s interests. The conflicts may include taking an investment opportunity from the client for an employee’s own portfolio, using an employee’s advisory position to take advantage of available investments or front-running, where an employee trades for his or her own account before making client transactions in the same security, thereby taking advantage of information or using client portfolio assets to have an effect on the markets which is used to the employee’s benefit.

The securities laws and regulations that cover the personal trading and investment activities of advisory personnel include: 1) the anti-fraud provisions set forth in Section 206 of the Investment Advisers Act of 1940 (the “Advisers Act”), which prohibit any scheme, practice, transaction, or course of business that operates as a fraud or deceit on a client; 2) Form ADV and Rule 204-3 requirements that provide that an adviser disclose its practices and its interest in client transactions, among other things; 3) recordkeeping requirements set forth under Rule 204-2(a)(12) of the Advisers Act for the personal trading of advisory representatives (described in further detail below); and 4) requirements under Section 17(j) of the Investment Company Act of 1940 for a Code of Ethics for advisers to investment companies.

Rule 204-2(a)(12) of the Advisers Act requires generally that any partner, officer or director of an adviser or any associate who makes, participates in making, or whose activities relate to making any recommendation as to the purchase or sale of securities must report his or her personal securities transactions to a designated principal of the adviser not later than ten (10) calendar days following the end of each calendar quarter. The trading records required under Rule 204-2(a)(12) are intended as a means of bringing potential conflicts or other inappropriate trading practices to light. For this reason, Horizon’s CCO, or delegate, will monitor the personal

securities transactions of Access Persons.

#### **a. Pre-Approval of Securities Transactions**

No Employee may purchase, sell or short any non-exempt security without first obtaining prior approval from the CCO. The term “non-exempt security” means any security except for securities that are direct obligations of the United States. The CCO may refuse to approve any proposed trade by an Employee that: (a) involves a security that is being purchased or sold by Horizon on behalf of any advisory account or is being considered for purchase or sale; (b) creates an appearance of or actual conflict; (c) appears to otherwise be inconsistent with applicable law, including the Advisers Act and the Employment Retirement Income Security Act of 1974; or (d) appears to otherwise be prohibited under any internal policies of Horizon.

Under necessary circumstances, the CCO may delegate his authority under this policy to an appropriate designee.

#### **b. Black-Out Periods**

Employees are strongly discouraged, but not prohibited, from investing in securities held in any Horizon advisory account with the exception of broad based indexes. However, no Employee may purchase a security if he or she knows that an advisory account is selling that security or a related security, or has sold such a security within the past five (5) business days. No Employee may sell a security if he or she knows that an advisory account is purchasing that security or a related security, or has purchased such a security within the past five (5) business days. Automatic reinvestment of dividends and capital gains in mutual funds held by an Employee in his or her personal brokerage account are not subject to the black-out restriction.

### **6. Securities Reporting by Access Persons**

#### **6.1 Application of this Code of Ethics to Access Persons of Horizon**

The provisions of this Code apply to every security transaction, in which an Access Person of Horizon has, or by reason of such transaction acquires, any direct or indirect beneficial interest, in any account containing Covered Securities, over which he/she has any direct or indirect control. Generally, a person is regarded as having a beneficial interest in those securities held in his or her name, the name of his or her spouse, and the names of his or her minor children who reside with him/her. A person may also be regarded as having a beneficial interest in the securities held in the name of another person (individual, partnership, corporation, trust, custodian, or another entity) if by reason of any contract, understanding, or relationship he/she obtains or may obtain benefits substantially equivalent to those of ownership. Beneficial interest is not derived simply by virtue of serving as a trustee or executor unless the person, or a member of his/her immediate family, has a vested interest in the income or corpus of the trust or estate. However, if a family member is a fee-paying client, the account will be managed in the same manner as that of all other Horizon clients with similar investment objectives.

#### **6.2 Holding Reports on Becoming a Supervised Person of Horizon**

All Access Persons of Horizon must provide the CCO with an Initial Securities Holdings Report

no later than 10 days after becoming an Access Person and it must be current as of the date the report is submitted.

### **6.3 Quarterly Transaction Reports - Rule 204A-1(b)(2) of the Advisers Act**

Every Access Person, except Horizon's interns, must submit a Quarterly Personal Securities Trading Report to the CCO not later than 10 days after the end of each calendar quarter listing all Covered Securities transactions (as defined in the Code of Ethics) executed during that quarter in the Access Person's brokerage account(s) or in any account(s) in which the Access Person may have any direct or indirect beneficial interest or ownership. Those Access Persons having no Covered Securities transactions to report must still file a Quarterly Personal Securities Trading Report.

**Failure to comply with the provisions contained in the Employee Personal Trading Policy may subject the Horizon employee to disciplinary action including termination.**

### **6.4 Annual Securities Holdings Report**

Rule 204A-1(b)(1)(ii) requires Supervised Persons to submit an Annual Personal Securities Holdings Report to the CCO listing all covered securities held by that person. The information on the report must be current as of a date no more than 45 days prior to the date the report was submitted. It is Horizon's policy that Annual Personal Securities Holdings Reports list all securities held by that person as of December 31<sup>st</sup> of each year. The report must be submitted not later than January 30<sup>th</sup> following year end.

## **7. Reports of Supervised Persons' Securities Trades in Accounts with Broker/Dealers**

All Access Persons of Horizon having account(s) with any broker/dealer must ensure that the account(s) are established so that duplicate copies of trade confirmations and monthly account statements are submitted directly to Horizon by the broker/dealer.

## **8. Personal Securities Transactions and Insider Trading**

The definition and application of inside information is continually being revised and updated by the regulatory authorities. If a Supervised Person of Horizon believes he/she is in possession of inside information, it is critical that he/she not act on the information or disclose it to anyone, but instead advise the CCO, the CEO, or a principal of Horizon. Acting on such information may subject the Supervised Person to severe federal criminal penalties, including, without limitation, the forfeiture of any profit realized from any transaction.

### **8.1 Background – Section 206-4**

The anti-fraud provision of Section 206-4 of the Advisers Act is expressed generally in terms of prohibiting an investment adviser from defrauding his clients or prospective clients. However, the anti-fraud provisions of section 17(a) of the Securities Act of 1933, as amended, and Section 10(b) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 thereunder, are

expressed in all-embracing terms of defrauding any person, directly or indirectly, in the offer or sale of any security or in connection with the purchase or sale of any security.

Like many active market participants, investment advisers may have access to material information that has not been publicly disseminated. The investment adviser may then use such information improperly to effect transactions in securities to the detriment of others in the investing public who may not be his/her clients or prospective clients. This may be a situation where the investment adviser's clients are benefiting from the information to the detriment of the investing public.

An investment adviser may be an officer or director of a corporation, an investment company, bank, etc. who, in the ordinary course of business, may receive "inside," non-public, or confidential information pertaining to securities or their issuers. Non-public information may be obtained through associations with insiders of such entities. In these cases, where non-public information is obtained or received, there is a duty and obligation under the law generally not to trade on such information, until this information becomes public. In other words, such information must be disclosed publicly before trades in those securities can be made.

## **8.2 Section 204A**

Section 204A of the Advisers Act was enacted in response to the enactment of the Insider Trading and Securities Enforcement Act, in an effort to combat the misuse of material non-public information by advisers, their employees, affiliates, or clients through insider trading or otherwise.

Section 204A requires that Horizon establish, maintain, and enforce written policies and procedures reasonably designed to preserve the confidentiality of information; to prevent possible insider trading and the misuse of material, non-public information by Horizon or any person associated with Horizon; and, to punish employees who obtain and trade on such information or disseminate the information to third parties ("*Tippees*") In addition to establishing Section 204A procedures, the section requires that Horizon "enforce" the procedures by conducting periodic training for employees on how they might recognize "insider information" or "non-public information" and the steps to be taken if they obtain such information.

## **8.3 Responsibilities of Horizon and Employees of Horizon Regarding Insider Trading**

The CCO (with the help of the CEO), is responsible for overseeing compliance with insider trading guidelines and providing a resource for giving guidance and answering employee questions. The insider trading policy applies to all employees of Horizon who have any knowledge of the securities being traded or access to confidential information. However, all employees of Horizon are expected to read and be familiar with the insider trading policies and procedures.

## **8.4 If Insider Information is Received**

If an employee of Horizon, regardless of position, receives information he/she believes is material non-public information, he/she must convey such information to the CCO. The CCO will then make a judgment as to the handling of such information in order to prevent possible charges of 204A insider trading violations. Failure of the employee to disclose such information to the CCO in a timely manner may result in termination of the employee.

## **8.5 Company's Section 204A Policies and Procedures on Insider Trading**

The CCO will establish procedures to assist Horizon's employees in avoiding violations of the insider trading provisions of Section 204A of the Act. Every employee of Horizon must follow these procedures or risk being subject to the sanctions described above. If an employee has any questions about these procedures, he/she should bring such questions promptly to the CCO or CEO.

## **8.6 Steps to Prevent Insider Trading**

Every new employee of Horizon will be provided with a copy of these procedures regarding insider trading, receipt of which will be acknowledged.

The CCO will enforce the applicable Personal Securities Trading Restrictions.

The CCO will on a regular basis, conduct training to familiarize employees with Horizon's insider trading procedures. Such training may be held more often for those employees working in areas where they are more likely to receive inside information in the course of their duties.

The CCO will be available to assist Horizon's employees on questions involving insider trading or any other matters covered in Horizon's policies and procedures.

The CCO will resolve issues of whether information received by an employee of Horizon is material and non-public.

The CCO will review on a regular basis and update as necessary, Horizon's policies and procedures related thereto.

If it has been determined that an employee of Horizon has received material non-public information, the CCO will (i) implement measures to prevent dissemination of such information, (ii) place such security on Horizon's restricted trading list, and (iii) immediately advise all employees of the inclusion of the security on the restricted list.

## **8.7 Steps to Detect Insider Trading**

The CCO will review all personal securities transactions by employees to ensure that such activities are in compliance with the applicable Personal Securities Trading Restrictions provided in the Policy.

The CCO will review excess trading activities in any client accounts handled by Horizon's portfolio managers

The CCO will review the trading activities, particularly excessive trading, in Horizon's proprietary accounts, if any, and

The CCO will conduct such investigation, as necessary, when the CCO has reason to believe that any employee of Horizon has received and acted (traded) on inside information or has disseminated such information to other persons.

## **9. Dealings with Clients**

No Access Person may directly or indirectly purchase from or sell to a client of Horizon any security, unless the transaction is pre-approved in writing by the CCO. Supervised persons of Horizon are prohibited from ever holding customer funds or securities (including stock certificates or any other physical evidence of such securities) or acting in any capacity as custodian for a client account. Moreover, Access Persons are prohibited from borrowing money or securities from any client of Horizon and from lending money to any client of Horizon, unless the client is a member of the Access Person's immediate family and the transaction has been pre-approved in writing by the CCO.

## **10. Other Restricted Activities Applicable to all Supervised Persons of Company**

### **10.1 Outside Business Interests**

A Access Person who seeks or is offered a position as an officer, trustee, director, or is contemplating employment in any other capacity in an outside enterprise is expected to discuss such anticipated plans with Horizon's CCO prior to accepting such a position. Information submitted to the CCO will be considered confidential and will not be discussed with the Access Person's prospective employer without the Access Person's permission.

Horizon does not wish to limit any Access Person's professional or financial opportunities, but needs to be aware of such outside interests so as to avoid potential conflicts of interest and ensure that there is no interruption in services to our clients. Understandably, Horizon must also be concerned about whether there may be any potential financial liability or adverse publicity that may arise from an undisclosed business interest by an Access Person.

### **10.2 Personal Gifts**

Personal gifts of cash, fees, trips, favors, etc. of more than a nominal value to any employees of Horizon are discouraged. Gratuitous trips and other favors whose value may exceed \$100 should be brought to the attention of the CCO.

### **10.3 Use of Source Material**

Investment related materials (research reports, investment summaries, etc.) written by Supervised Persons of Horizon for distribution outside of the company or available to outside parties should be original information and, if appropriate, include proper reference to sources. It is not necessary to reference publicly available information. However, any investment related material referencing Horizon or bearing Horizon's name or logo must first be submitted to the CCO for approval prior to presentation to outside parties

### **10.4 Communications with Clients through Radio, Television and Other Media**

Supervised persons of Horizon are encouraged to participate in lectures, seminars, and media appearances where the purpose of such communications is to provide investment advice or explain the services offered through Horizon. However, the Supervised Person must submit to the CCO for approval, prior to presentation, an outline of any speech or lecture to members of the general public which discusses investments or specific securities.

Supervised persons making appearances on radio or television programs as representatives of Horizon are prohibited from recommending any specific security. In situations where a Supervised Person is asked his/her opinion on the investment merits of a security not on Horizon's recommended list, the Supervised Person should make it clear to the audience that any

opinion given is his/her own and not necessarily that of Horizon.

