

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II – Page 1**

Name of Investment Adviser: <b>Speece Thorson Capital Group, Inc.</b>	
Address: (Number and Street) (City) (State) (Zip Code) <b>225 S. Sixth St., Suite 2575, Minneapolis, MN 55402</b>	Area Code: Telephone Number: <b>612-338-4649</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form  
Are not required to respond unless the form displays a currently valid OMB control number.

**FORM ADV****Part II - Page 2**

Applicant: <b>Speece Thorson Capital Group, Inc.</b>	SEC File Number: <b>801-39816</b>	Date: <b>2/10/10</b>
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<b>1. A. Advisory Services and Fees.</b> (check those that apply)		For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)
<b>Applicant:</b>		
<input checked="" type="checkbox"/> (1) Provides investment supervisory services .....	100	%
<input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services .....	_____	%
<input type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above .....	_____	%
<input type="checkbox"/> (4) Issues periodicals about securities by subscription .....	_____	%
<input type="checkbox"/> (5) Issues special reports about securities not included in any service described above .....	_____	%
<input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities .....	_____	%
<input type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities .....	_____	%
<input type="checkbox"/> (8) Provides a timing service .....	_____	%
<input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above .....	_____	%
(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, Provide estimates of advisory billings for that year and state that the percentages are estimates.)		
		Yes      No
B. Does applicant call any of the services it checked above financial planning or some similar term? .....		<input type="checkbox"/> <input checked="" type="checkbox"/>
C. Applicant offers investment advisory services for: (check all that apply)		
<input checked="" type="checkbox"/> (1) A percentage of assets under management	<input type="checkbox"/> (4) Subscription fees	
<input type="checkbox"/> (2) Hourly charges	<input type="checkbox"/> (5) Commissions	
<input type="checkbox"/> (3) Fixed fees (not including subscription fees)	<input type="checkbox"/> (6) Other	
D. For Each checked box in A above, describe on Schedule F:		
<ul style="list-style-type: none"> <li>the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee</li> <li>Applicant's basic fee schedule, how fees are charged and whether its fees are negotiable</li> <li>When compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date</li> </ul>		
<b>2. Types of clients</b> – Applicant generally provides investment advice to: (check those that apply)		
<input checked="" type="checkbox"/> A. Individuals	<input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations	
<input type="checkbox"/> B. Banks or thrift institutions	<input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above	
<input type="checkbox"/> C. Investment companies	<input checked="" type="checkbox"/> G. Other (describe on Schedule F)	
<input checked="" type="checkbox"/> D. Pension and profit sharing plans		

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Applicant:  
**Speece Thorson Capital Group, Inc.**

SEC File Number:  
**801-39816**

Date:  
**2/10/10**

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |                                                                                     |                                                                            |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <input type="checkbox"/> A. Equity securities                                       | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                  | I. Options contracts on:                                                   |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter          | <input type="checkbox"/> (1) securities                                    |
| <input checked="" type="checkbox"/> (3) foreign issuers                             | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants                                                | J. Futures contracts on:                                                   |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper) | <input type="checkbox"/> (1) tangibles                                     |
| <input type="checkbox"/> D. Commercial paper                                        | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> E. Certificates of deposit                                 | K. Interests in partnerships investing in:                                 |
| <input checked="" type="checkbox"/> F. Municipal securities                         | <input type="checkbox"/> (1) real estate                                   |
| G. Investment company securities:                                                   | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance                                | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> (2) variable annuities                                     | <input type="checkbox"/> L. Other (explain on Schedule F)                  |
| <input checked="" type="checkbox"/> (3) mutual fund shares                          |                                                                            |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

## A. Applicant's security analysis methods include: (check those that apply)

- |                                                     |                                                            |
|-----------------------------------------------------|------------------------------------------------------------|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |                                                            |

## B. The main sources of information applicant uses include: (check those that apply)

- |                                                                               |                                                                                                                           |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services                                                                              |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities   | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases                                                            |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)                                                                |

## C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |                                                                                                  |                                                                                                                    |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions                                                                   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)                                                         |
| (4) <input type="checkbox"/> Short sales                                                         |                                                                                                                    |

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Applicant: <b>Speece Thorson Capital Group, Inc.</b>	SEC File Number: <b>801-39816</b>	Date: <b>2/10/10</b>
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... ☒ Yes ☐ No  
(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- formal education after high school
- year of birth
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:

- |                                                                                                                |                                                                                    |
|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <input type="checkbox"/> (1) broker-dealer                                                                     | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company                                                                | <input type="checkbox"/> (8) law firm                                              |
| <input type="checkbox"/> (3) other investment adviser                                                          | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm                                                           | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution                                                     | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... ☒ Yes ☐ No

(If yes, describe on Schedule F the partnerships and what they invest in.)

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Applicant: <b>Speece Thorson Capital Group, Inc.</b>	SEC File Number: <b>801-39816</b>	Date: <b>2/10/10</b>
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**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?.....

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

See Schedule F

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

See Schedule F

**FORM ADV****Part II - Page 6**Applicant:  
**Speece Thorson Capital Group, Inc.**SEC File Number:  
**801-39816**Date:  
**2/10/10****12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |                                                          | Yes                                 | No                       |
|----------------------------------------------------------|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?.....

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |                                                                                                                                                                                      |                                 |                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... | Yes<br><input type="checkbox"/> | No<br><input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? .....                                                                                                         | Yes<br><input type="checkbox"/> | No<br><input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

	Yes	No
Has applicant provided a Schedule G balance sheet?.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## **SPEECE THORSON CAPITAL GROUP, INC.**

225 SOUTH SIXTH ST.  
SUITE 2575  
MINNEAPOLIS, MN 55402  
PHONE: (612) 338-4649  
FAX: (612) 338-7451

**For additional information, please contact  
Fred H. Speece, Jr., CFA**

**This brochure, for use in place of Part II of Form ADV, gives information about Speece Thorson Capital Group, Inc. and its business. The information has not been approved or verified by any governmental authority.**

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### Introduction

Founded in 1992, Speece Thorson Capital Group, Inc. ("STCG") is an independent institutional investment manager focused on value investing for separately managed and commingled accounts. Our investment strategy is to invest in companies that are **"well-managed, financially powerful and attractively priced."** We employ independent, fundamental analysis to measure these characteristics as well as qualitative appraisals of companies, cultures, management, and their businesses.

### Item 1

#### Our Advisory Services and Fee Information:

We provide separate account management (\$5 mil. minimum) and commingled management (\$1 mil. minimum). We provide investment management services to our clients on a discretionary basis whom we bill based upon a percentage of assets under management. Such investment management services represent 100% of our business.

#### Separate Accounts

Clients are billed in arrears or in advance at the end of each quarter, based upon the average market value of the assets for the previous three months. The fee may be calculated on a pro-rata basis in the event that the first and last quarter during which the agreement is in effect is less than a complete calendar quarter.

Our fee schedule is as follows:

- *Separately Managed Accounts*
  - 0.7% - first \$10 million
  - 0.5% - next \$20 million
  - 0.3% - next \$20 million
  - 0.2% on assets over \$50 million

Client investment advisory contracts typically provide for termination with thirty day's written notice by the client or STCG. We are entitled to the fees earned through the date of termination. Where fees are prepaid, clients are entitled to a refund of any unused portion of the advisory fee. Fees are not negotiable.

#### Speece Thorson Capital Group Value Fund, L.L.C. (the "Fund")

We offer the Fund to accredited investors. STCG, (the "Manager"), makes all investment decisions for the Fund in the same manner as for separate accounts. The Fund generally invests in publicly traded securities the Manager has identified as having potential for increasing the equity of the Fund. The Fund's portfolio is diversified in a range of 25-50 companies. Cash balances are invested in U.S. securities that are cash equivalents.

The Manager provides certain administrative services to the Fund, such as maintenance of the books and records of the Fund. The Manager's officers, directors and employees may be investors in the Fund.

Interests in the Fund are not registered under the Securities Act of 1933 or the laws of any other jurisdiction. This is not an offer or an invitation for an offer to purchase interests in the Fund.

The Fund pays the Manager a maximum 1% annual fee payable in quarterly installments, based upon the average market value of the assets of the Fund for the previous three months. The Manager pays for all fees and expenses except for brokerage fees incurred by or on behalf of the Fund in the ordinary and usual course of business.

Accounts primarily invested in the Fund will be charged an annual fee of 0.5% on assets managed *outside* the Fund in the same manner as separately managed accounts.

Item 2

Types of clients we serve:

We provide investment management services to the following types of clients:

- Pension and profit sharing plans
- Endowments
- Foundations
- High net worth individuals
- Trusts, estates and other charitable organizations
- Corporations or business entities other than those listed above

Item 3

Types of investments:

We offer investment management services on the following types of investments:

- Equity securities: exchange-listed securities, securities traded over-the-counter and foreign issues
- Municipal securities
- United States government securities
- Mutual Funds

Item 4

Methods of Analysis, Sources of Information, and Investment Strategies:

A. We are long-term value investors in good cultures and good companies that meet our high standards for **"well-managed, financially powerful and attractively priced."** We employ fundamental analysis to measure these characteristics as well as a qualitative appraisal of the companies, cultures, management and their businesses. We have a private equity perspective and use the liquid equity market as the investment vehicle. Client portfolios are concentrated in 25 to 50 securities, which are weighted within a range of 2 - 5%. Sector weightings are an important part of the process, driven by bottom-up analysis. Portfolio turnover is low, averaging 25-30% on a three year moving basis, which is consistent with long-term value investing. We believe the best returns for our clients are achieved by remaining fully invested.

B. Our main sources of information are the following:

- Annual reports, prospectuses, SEC filings
- Inspections of corporate activities
- Research materials prepared by others
- Corporate rating services
- Financial newspapers and magazines
- Company press releases

C. We believe it is in the best interest of our clients to be fully invested at all times (cash 0-5%).

We use the following investment strategies to implement our investment services:

- Long term purchases (securities held at least one year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)

Item 5

Education and Business Standards

All persons who have functions or duties related to client investment recommendations or decisions are required to have a combination of education, investment and business experience such that their abilities enhance the firm's services to clients. All of our investment personnel have master's degrees in business administration, are CFA Charter holders and have substantial investment or securities industry experience prior to joining the firm. We intend to continue to employ experienced investment professionals and/or recent graduates with advanced business degrees.

*Item 6*

*Education and Business Background*

The members of our Investment Committee are listed below, along with their education and business backgrounds:

**Fred H. Speece, Jr., CFA**

Born 1944

1992 - Present	Speece Thorson Capital Group, Inc.
1980 - 1991	First Asset Management, Investment Advisor
1970 - 1980	Illinois National Bank, Investment Advisor

Past Chair, Board of Governors, CFA Institute

CFA Charter holder

Ohio University, B.B.A. Finance, 1967

Western Michigan University, M.B.A. Finance, 1968

**Paul E. Pender, CFA**

Born 1954

2002 - Present	Speece Thorson Capital Group, Inc.
1990 - 2002	Xcel Energy (NSP)
1988 - 1990	Morison Asset Management
1979 - 1988	Northern States Power Co. (NSP)

CFA Charter holder

University of Wisconsin, Madison, B.S. Economics, 1976

University of Wisconsin, Madison, M.B.A., 1979

**Benjamin D. Johnson, CFA**

Born 1973

2003 - Present	Speece Thorson Capital Group, Inc.
1997 - 1999	John G. Kinnard
1995 - 1997	Dain Rauscher

CFA Charter holder

University of Minnesota, Carlson School of Mgmt, M.B.A., Finance, 2002

University of Minnesota, Carlson School of Mgmt, B.S. Finance, 1996

*Item 7*

*Other Business Activities*

We have no other business activities.

*Item 8*

*Other Financial Industry Activities or Affiliations*

We are not registered as a securities broker-dealer, as a futures commission merchant, commodity pool operator or commodity trading advisers, and we do not have any applications pending to become registered as such. We do not have any arrangements that are material to our advisory business or any of our clients with any kind of financial services business or any other business related to the financial services industry.

We are the Manager of the Fund. (See *Our Advisory Services and Fee Information* above). We make information available on the Fund to our investment advisory clients that are eligible to invest in such Funds, and we anticipate that if any client desired to subscribe to purchase limited liability interests or shares, we would accept such subscription. Our officers, directors and employees may be investors in the Fund.

*Item 9*

*Participation or Interest in Client Transactions*

We do not act 1) as principal, buy securities for ourselves or sell securities that we own to any client; 2) as broker or agent to effect securities transactions for compensation for any client, or 3) as broker or agent for any person other than a client to effect transactions in which client securities are sold to or bought from a brokerage customer.

We are the Manager of the Fund, and we have an economic interest in the Fund, as described under *Other Financial Industry Activities or Affiliations*.

Personal Securities Holdings & Transactions

Employees must strictly comply with our Policies & Procedures and Code of Ethics regarding personal securities transactions. In order to ensure that our employees strictly adhere to the highest standards of conduct in conducting business on behalf of our clients, each employee is required to sign an annual attestation of that they have received and understand the Policies & Procedures and Code of Ethics.

*Item 10*

*Conditions for Managing Accounts*

We manage investment advisory accounts which require a minimum initial investment of \$5 million for a separately managed account and a minimum initial investment of \$1 million for the Fund. However, smaller amounts may be accepted at the discretion of management.

*Item 11*

*Review of Accounts*

A. The Investment Committee reviews all accounts regularly to ensure compliance with the firm's investment strategy and the clients' investment objectives and restrictions. In addition, we monitor asset allocation levels, performance, asset mix and strategy, both at the asset allocation level and at the individual security level. We use an electronic real-time stock quotation system so we can continuously monitor client portfolios. The Investment Committee consists of three portfolio managers who review and direct the investment of all client accounts.

B. We strive for quarterly formal presentations to clients wherein we personally review their accounts. The reviews include portfolio information, performance results, as well as a comparison to relevant market performance and gives a general overview of market conditions and account activity. We provide our clients regular contact through letters, emails and phone calls to update them on their account.

*Item 12*

*Investment or Brokerage Discretion*

A. We generally have discretionary authority to determine, without obtaining specific client consent, the following:

- Which securities are to be bought or sold
- The amount of securities to be bought or sold
- The broker or dealer to be used; and
- The commission rates to be paid

Our general Investment Policy limits the amount of a specific equity holding to no more than 10% of the account based upon market value.

B. We do not suggest to clients which brokers they should use.

Clients may provide lists excluding certain securities from their portfolios. Other than limitations imposed by applicable law, the only qualifications to our authority to make investment decisions without client consent, are those contained in the specific guidelines, restrictions or limitations of the client relating to investments or brokers or dealers that from time to time we agree to follow. Such guidelines, restrictions or limitations could have the effect of limiting the selection of brokers or dealers for such client's account or of limiting or otherwise affecting the types and amounts of particular securities to be bought or sold for such client's account or the prices at which such securities are bought or sold.

As an adviser and fiduciary to our clients, our clients' interests must always be placed first and foremost. We have adopted trading policies and procedures that prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interest or resolve such conflicts in the client's favor. Our policy is to seek the best price and favorable execution of client transactions considering all circumstances.

We have informal brokerage agreements with approximately 10-15 broker dealers for trading purposes. They may provide their own proprietary research products to us because we place our clients' trades with them but without any explicit agreement on our part to place trades or on their part to provide research.

Commissions are primarily allocated based upon the nature of the services provided, including best execution capability, clearance and usefulness of research to our process. Specific trades are allocated to brokers based upon the following Best Execution Priority List:

- Difficulty of trade
- Liquidity of the security
- Quality of research provided
- Commission Cost
- Promptness of execution

These brokerage services are of the type described in Section 28 (e) of the Securities Exchange Act of 1934 and are designed to supplement our internal research and investment strategy capabilities.

Such services include:

- 1) A wide variety of written reports on individual companies and industries of particular interest to us, U.S. economic conditions and trends, pertinent federal, state and international governmental policies and developments and the investment implications of such policies and developments and changes in accounting practices.
- 2) Direct access by telephone or meetings with leading research analysts throughout the financial community.
- 3) Seminars at which presentations are made by corporate management personnel, industry experts, leading economists and government officials.
- 4) Comparative performance evaluation, technical measurement services and research reports on market conditions.
- 5) Availability of economic advice and services from recognized experts on investment matters of particular interest to us.
- 6) Portfolio screening services that provide information about activities of issuers that are of concern to clients.

The services we receive under such arrangements benefit all clients. Because this information is only supplementary to our own research efforts and still must be analyzed and reviewed by our personnel, the receipt of such information by us is not expected to materially reduce our expenses of servicing our clients.

#### *Aggregation of Trades*

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable and efficient manner and seeks to reduce overall commission charges to clients.

Where possible, we aggregate client purchase or sale orders into blocks for execution in order to achieve more efficient execution, lower per share brokerage cost and, in the aggregate, better and fairer prices.

We may combine orders on behalf of the Fund with orders for other accounts to allocate the securities on an average price basis among the various participants in the transactions.

#### *Allocation*

Our allocation procedures will be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients.

Aggregated orders will generally be allocated among clients on a pro-rata basis, subject to rounding to assure each account receives round lots. In addition, if the partial filling of an aggregated order would result in a relatively small purchase by a client account, so that the custodian costs associated with such purchase might be unduly large in relation to the size of the purchase, the remaining securities may be allocated to other client accounts participating in the aggregated order. When possible, partially filled orders are allocated on a pro rata basis; in all other cases, they are rotated between larger and smaller clients to be fair to all clients.

We may deviate from a pro-rata allocation approach when making initial investments for newly established accounts for the purpose of seeking to fully invest such accounts as promptly as possible. Directed brokerage arrangements may impact trade allocations.

*Directed Brokerage*

As a general policy, we do not permit clients to direct brokerage. However, *under certain circumstances*, consistent with applicable law, clients are permitted to direct brokerage from their accounts to a specific broker or brokers for execution. If a client elects to direct brokerage transactions, we may not be able to obtain best execution for that client and the client may pay higher commissions because we cannot aggregate those order with orders of other clients and because we have not participated in the negotiation of commission rates for those accounts.

*Trading Errors*

We generally will compensate clients for any material losses resulting from trading errors caused by our negligence. Where a third party's negligence causes a trading error that results in a material loss to a client, we will attempt to recover the amount of the loss from the third party for the client, although we are not responsible for making the third parties compensate the clients in such cases. We will not compensate clients for losses from trading errors when we conclude that the loss is not material.

**13. Additional Compensation**

We do not have any arrangements, oral or in writing, under which we are paid cash by, or receive any economic benefit (including commission, equipment or non-research) from a non-client in connection with giving advice to clients. We also do not have any arrangements to directly or indirectly compensate any person for client referrals.

**14. Custody and Required Prepayment of Fees**

We do not have custody of client funds or securities and we do not require our client to prepay their fees, although some clients elect to do so.

**Other**

*Business Continuity*

We believe we have a fiduciary obligation to our clients to take steps to protect our clients' interests from being placed at risk, resulting from our inability to provide advisory services after a business interruption such as a natural disaster or the disability or death of an owner or key professional. With that in mind, we have created a Business Continuity Plan to facilitate the efficient and timely resumption of interrupted business operations to ensure the continuity of the business. The complete report is available upon request.

The Plan would enable us to continue our mission critical services and technology functions in order to:

- Meet recovery objectives
- Meet service level commitments to clients
- Meet fiduciary requirements
- Minimize financial, legal and/or regulatory exposure

*Code of Ethics*

We have adopted a Code of Ethics and Standards of Practice. All employees are required to sign an annual attestation that they have received, understand and agree to comply with the Code and any amendments to the Code. This Code of Ethics is available to clients and prospective clients upon request.

In addition:

- Speece Thorson Capital Group, Inc. claims compliance with the CFA Institute Asset Manager Code of Professional Conduct. This claim has not been verified by CFA Institute.
- Our investment professionals are members of the CFA Institute and comply with the CFA Institute Code of Ethics and Standards of Professional Conduct.

*Personal Securities*

Employees must strictly comply with our procedures regarding personal securities transactions by providing the following:

- Initial holdings report upon approval of this policy or at commencement of employment.
- Personal transactions reports on a monthly basis.
- Certification of all reportable personal securities accounts on a quarterly basis.
- Personal holdings reports on a quarterly basis.

In addition, we have instituted the following restrictions on employees' personal trading:

- Pre-approval of all individual personal securities transactions including private placements.
- Employees must wait until the next business day to buy or sell securities which the firm purchases and sells for clients. Employees may "chip" their existing holding in approximate proportion to the firm's sale of that security.
- Pre-approval before opening any new reportable personal securities accounts.
- Pre-approval for receipt of gifts, gratuities and non-cash compensation (including broker sponsored conferences and events), not including gifts of de minimis value (less than \$100).
- Prohibition on investments in IPOs.
- Prohibition on investment personnel serving as directors of publicly traded companies.

The Chief Compliance Officer (CCO) will review all employee reportable accounts, holdings and individual personal securities reports and another firm officer will review the reports of the CCO.

In order to ensure that our employees strictly adhere to the highest standards of conduct and integrity in conducting business on behalf of our clients, each employee is required to sign an Annual Attestation, that they have read, understand and agree to comply with our Policies & Procedures and Code of Ethics.

Clients and prospective clients can request a copy of our Code of Ethics and other compliance policies and procedures upon request by 1) calling our office at (612) 338-4649; 2) sending an email to [jhaeg@stcapital.com](mailto:jhaeg@stcapital.com); or 3) by writing to us at 225 South 6<sup>th</sup> St., Suite 2575, Minneapolis, MN 55402.

*Privacy Policy*

Pursuant to Title V of the Gramm-Leach-Bliley Act of 1999 and its regulations, we have adopted the following Privacy Policy:

We are committed to maintaining the highest standards of confidentiality, integrity and security of our clients' personal and financial information. We provide a Privacy Policy Notice to all our individual clients who obtain investment services for personal, family or household purposes. This Privacy Policy Notice serves as a standard for all our employees in the collection, use, retention and security of individual customer information.

The Information We Collect About Our Clients

All non-public personal information collected comes primarily from the data clients provide to perform investment services for their account(s), and information about our clients' assets.

Disclosure Policies

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. Non-public personal information includes non-public "personally identifiable financial information" plus any list, description or grouping of customers that is derived from non-public personally identifiable financial information. As is common in the investment management industry, we use a third-party transfer agent and a third-party provider of back-end systems for our business that may use our client information to process transactions our client has authorized. Our contracts with these organizations contain a confidentiality clause that prohibits the sale or any other use of any client's personal information.



Information Security Policies

We limit access to client information to those employees and service providers who are involved in offering or administering our accounts. We maintain physical, electronic and procedural safeguards that are designed to comply with federal standards to guard client information.

As required by federal law, we notify our clients of our Privacy Policy annually. If the client relationship ends, we will continue to treat the information as described in this Privacy Policy Notice.

*Proxy Voting*

We, as a matter of policy and as a fiduciary to our clients, have responsibility for voting proxies for portfolio securities consistent with the best economic interests of our clients. Also taken into consideration are the stated investment objectives, applicable statutory and regulatory requirements, client agreements, and the related factors that we believe to be appropriate, consistent with our fiduciary duties to our clients.

We maintain written policies and procedures as to the handling, research, voting and reporting of proxy voting and make appropriate disclosures about our proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflict of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

We will make decisions on voting proxies in a client's account unless the client specifically directs otherwise. We will provide each client with our proxy voting policy and proxy voting summary on an annual basis (or more often if requested). Clients can also obtain a copy of our Proxy Voting Policy and/or information on how proxies were voted for their accounts upon request by 1) calling our offices 612-338-4649, 2) by email to [jhaeg@stcapital.com](mailto:jhaeg@stcapital.com); 3) or by writing Speece Thorson Capital Group, Inc., 225 South Sixth St., Suite 2575, Minneapolis, MN 55402.

*Soft Dollars*

As a matter of policy and practice, beyond basic research, we do not have any formal or informal arrangements or commitments to utilize research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis.

Broker dealers may provide their own proprietary research products to us because we place our clients' trades with such broker-dealers but without any explicit agreement on our part to place trades or on the part of such broker-dealers to provide research.