

*Item 1 - Cover Page*

**MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC**

FORM ADV – PART 2A INFORMATION

July 28, 2011

Morgan Dempsey Capital Management, LLC  
309 North Water Street, Suite 510  
Milwaukee, WI 53202

Phone (414) 319-1080 Fax (414) 319-1087

[www.morgandempsey.com](http://www.morgandempsey.com)

**This Brochure provides information about the qualifications and business practices of Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”). If you have any questions about the contents of this Brochure, please contact us at (414) 319-1080. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about Morgan Dempsey, including a copy of its Form ADV Part 1, is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

***Item 2 - Material Changes To This Brochure Since Its Last Annual Update***

July 8, 2011 -- Items 5 and 14 were amended to reflect the fact that certain accounts referred to the firm by third parties may be charged higher fees to cover the fee paid to the person making the referral.

**Item 3**

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#### ***Item 4 - Advisory Business***

Morgan Dempsey Capital Management, LLC ("Morgan Dempsey") is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Morgan Dempsey specializes in providing discretionary investment advisory services to institutional and high net worth individual accounts with primary emphasis in the stock and bond markets. Morgan Dempsey has been registered as an investment adviser since December 1994. The firm is owned by Marc J. Dion, Brian G. Rafn and David W. Durham. Morgan Dempsey does not control any other firm and does not engage in any other business. The advisory services of Morgan Dempsey are described below.

##### **Investment Management Services**

Morgan Dempsey provides clients with portfolio management and reporting services. Clients receive investment analyses, investment recommendations, quarterly statements reflecting holdings and transactions and ongoing account monitoring services by Morgan Dempsey. Securities managed by the firm may include stocks, warrants, bonds, mutual funds, municipal securities, options, futures, exchange-traded funds, private placements, and convertible securities. Morgan Dempsey will exercise discretionary trading authority while providing services. This means that Morgan Dempsey and its Representatives will have authority to purchase and sell securities of their choice in the amounts and at the times they believe it is suitable for a client's account to do so.

The initial investment recommendations made by Morgan Dempsey are based on the financial information gathered from each client including the client's investment policy statement (IPS) and guidelines, risk tolerance, financial goals and objectives, investment restrictions and overall financial condition. Based on this information, the client is provided with initial investment recommendations designed to provide an appropriate asset mix consistent with the client's objectives and restrictions. Once a portfolio is established, its performance is monitored by the client's Morgan Dempsey Representative in light of the client's stated goals and objectives and purchase and sale transactions are made in the amounts and at the times Morgan Dempsey deems appropriate. The frequency of these reviews and transactions made for the client's account are determined by the Representative. Morgan Dempsey Representatives typically meet with the client, to include meetings with investment committees and boards, as needed or as requested to discuss the performance of the portfolio and other aspects of the service. Clients are free to contact their Representative at any time if they have questions about their account.

As a general rule, Morgan Dempsey believes that investing is best suited to those who believe in a long-term buy-and-hold policy. Therefore, clients should not expect frequent investment changes in the portfolio. However, as a result of monitoring the account, investment purchases and sales will be made.

Investments are not held by Morgan Dempsey. Instead, all investments managed by Morgan Dempsey are usually held at the custodian or brokerage firm ("Custodian") through which transactions are placed.

Morgan Dempsey does not assure or guarantee the results of its Investment Management Services. Thus, losses can occur from following Morgan Dempsey's advice pertaining to any investment or investment approach, including using conservative investment strategies.

As of the date of this brochure, Morgan Dempsey has assets of \$274,229,174 under discretionary management and none under non-discretionary management.

### Services to Broker-Dealers

Morgan Dempsey maintains a small account program with a number of national and regional brokerage firms pursuant to which individuals with funds falling below an account minimum set by these firms are able to utilize Morgan Dempsey's services. In these programs, Morgan Dempsey provides investment management services to the clients referred by these firms. These clients pay a "wrap fee" which is a fixed percentage commission, in addition to Morgan Dempsey's percentage management fee, which covers transaction costs, custodial services and other services provided by the brokerage firms. The broker also provides brokerage, custodial, administrative and other services to the client for the wrap fee.

### Unified Managed Account Services

Morgan Dempsey participates in Unified Managed Account ("UMA") programs at various organizations. Morgan Dempsey does not manage or have discretionary authority over any UMA assets, nor does it process transactions. Rather, Morgan Dempsey provides the portfolio model to the UMA program sponsor and its managers utilize the model as they deem appropriate for client assets under their supervision and control. Morgan Dempsey also provides updates to the model as part of its service.

### Management Services to Morgan Dempsey Small/Micro Cap Value Fund ("Fund")

Morgan Dempsey is also the investment manager of the Fund. The Fund invests primarily in micro- and small size market capitalized companies. At least 80% of the Fund's net assets, plus the amount of any borrowings for investment, are invested in common stocks, preferred stocks, convertible debt securities, swaps, derivatives, other synthetic instruments, mutual funds, and exchange-traded funds. Clients and prospective clients are encouraged to carefully read the Fund's Prospectus for details about the Fund's objectives and fees.

When recommending Fund shares to clients, a conflict of interest exists since Morgan Dempsey will receive the management fee it charges to the Fund for managing the Fund's assets.

### ***Item 5 - Fees and Compensation***

Fees paid to Morgan Dempsey are for Morgan Dempsey advisory services only. The fees do not include, for example, the fees charged by third parties such as third-party managers, or accountants and attorneys assisting with providing the client with accounting and legal advice. Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account's brokerage or custodial firm's normal commission schedule. See Item 12, Brokerage Practices.

Prospective clients should be aware that in addition to Morgan Dempsey's advisory fees, each exchange-traded fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance.

### Investment Management Services Fee

As compensation for its services, Morgan Dempsey charges a percentage of the market value of the assets it manages. The fees are based on an annual percentage rate applied to the market value of the portfolio on a quarterly basis. In most cases the fees are calculated based upon the market value of the portfolio at the beginning of each quarter, although some accounts are billed based upon the market value of the portfolio at the end of the quarter. The timing of calculations is determined in the services agreement before services begin. One-fourth of the annual fee is then billed to the client for services performed during that quarter. In the event that a client terminates their investment advisory contract prior to the end

of the quarter, the fee will be recalculated from the beginning of the quarter to the termination date and any difference between what was paid and the new fee will be returned to the client.

The firm will negotiate fees for account of substantial size.

The management agreement runs for an initial period of one year, and quarterly thereafter. The agreement generally may be terminated by either party without penalty upon 30 days' written notice.

#### Fee Schedule - Small/Micro Cap Value Accounts

1.10% on First \$25 Million (\$0- \$25 Million)  
1.00% on Next \$25 Million (\$25-\$50 Million)  
0.95% on Next \$30 Million (\$50-\$80 Million)  
0.85% on Over \$80 Million (\$80 Million +)

#### Fee Schedule - All Other Equity and Balanced Accounts

1.00% on First \$10 Million (\$0-\$10 Million)

#### Fee Schedule - Fixed Income Accounts

.50% on First Million (\$0 - \$1 Million)  
.35% on \$1 Million - \$5 Million (\$1 - \$5 Million)  
.25% above \$5 Million (\$5 Million+)

Accounts which are affiliated, whether by family or corporate relationships, are aggregated for purposes of meeting the applicable breakpoints in the above schedules.

Morgan Dempsey may, under certain circumstances and at its discretion, charge lower fees than its published fee schedule for the first \$100 million committed or deposited in each strategy created by Morgan Dempsey. Typically, these lower fees only apply to large institutional manager-of manager accounts whose multi-manager investment guidelines and business model require a lower fee be applied. The firm may charge a higher fee than the maximum shown to cover referral fee payments to third parties who refer accounts to the firm. Such increased fees are disclosed in advance.

Morgan Dempsey does not charge a fee on client assets invested in the Fund because it receives a management fee directly from the Fund as set forth below.

#### Services to Broker-Dealers Fee

For management of accounts through the small account program with brokerage firms, the clients are charged a fixed percentage commission and management fee which is usually in excess of 1% in aggregate. Due to this all inclusive fee arrangement, the annual fee paid by clients may be more or less than the total fee charge if separate fees were charged for each service. Full disclosure is made with respect to the significance of the fee arrangement by the broker-dealers' program brochures.

#### Unified Managed Account Service Fee

Asset-based fees for this service typically range from 35 basis points to 70 basis points because no account management services are provided by Morgan Dempsey. It only provides purchase and sale

recommendations to other advisers who decide whether to follow any of the recommendations with respect to the accounts managed by them.

#### Mutual Fund Management Fee

In return for managing Fund assets, Morgan Dempsey receives a fee of 1.10% of the value of Fund assets per year. Morgan Dempsey has agreed to lower its fee to put a cap on total Fund expenses during the first three years of the Fund's existence.

#### ***Item 6 - Performance-Based Fees and Side-by-Side Management***

Morgan Dempsey does not charge any client a performance-based fee.

#### ***Item 7 - Types of Clients/Minimum Account Size***

Morgan Dempsey makes its advisory services available to a wide variety of clients including, but not limited to, banks or thrift institutions, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, individuals, and other business entities.

Morgan Dempsey's minimum account size for its Small/Micro Cap Value strategy in a separately managed account is 1 million. Accounts smaller than 1 million are placed in the Morgan Dempsey Small/Micro Cap Value fund (MITYX). All other equity strategies have \$250,000 minimum account size. Morgan Dempsey may waive the minimum account size requirements if circumstances exist which cause the firm to believe a prospective account will grow in size to meet those requirements.

#### ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss***

For actively managed equity accounts, the firm approaches security analysis by emphasizing financial quality, quantitative characteristics of securities growth potential and the strength and character of management.

For fixed income or balanced accounts, securities are selected that, in combination, provide the optimal trade-off of return with risk to achieve the income and security goals sought by the client.

Morgan Dempsey utilizes all of the typical research tools such as the output of selected institutional research houses and information from private consultants. When necessary, the firm will purchase specialized studies to aid us in reaching more accurate conclusions in a timely manner. Research capabilities are enhanced through the use of a computer system furnishing immediate access to an array of extensive, accurate databases and programs capable of providing current and historical statistics.

Investment strategies offered by Morgan Dempsey are as follows: mid-cap equity portfolios; small/micro cap value equity; dividend/income equity and taxable and tax free income portfolios.

Morgan Dempsey does not guarantee the results of the advice given or the results of its strategies. Thus, significant losses can occur by investing in any security, or by following any strategy, including conservative strategies recommended or applied by Morgan Dempsey.

Morgan Dempsey may recommend traditional exchange-traded funds ("ETF"). ETF shares are bought and sold at market price unlike mutual funds. ETFs are subject to risks similar to those of stocks.

### ***Item 9 - Disciplinary Information***

Morgan Dempsey does not have any disciplinary information to report regarding itself or any of its counselors or other related persons.

### ***Item 10 - Other Financial Industry Activities and Affiliations***

Morgan Dempsey has entered into a consulting services agreement with Pavlic Investment Advisors, Inc. ("Pavlic") whereby Pavlic assists Morgan Dempsey by researching small cap and other securities which Morgan Dempsey then considers for investment in client accounts. Morgan Dempsey does not have any other financial industry activities or affiliations which are material to its advisory business.

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

Representatives of Morgan Dempsey may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Representative, or an account related to a Representative, is contemplated, a client's transaction is given priority. Morgan Dempsey imposes the following restrictions and procedures on securities trading by its employees:

The following are "restricted transactions": (a) purchases of securities or options that are currently in an active purchase or sale program by Morgan Dempsey. All transactions must be approved by David W. Durham, the firm's Chief Compliance Officer, prior to execution. Employee stock must be purchased and time-stamped after client executions; (b) sales of securities or options that are currently in an active purchase or sale program by Morgan Dempsey. All transactions must be approved by Morgan Dempsey's Chief Compliance Officer, prior to execution. Employee stock must be sold and time-stamped after client executions.

The following are "acceptable transactions": (a) investing stocks that are not holdings in client accounts or securities not currently in a Morgan Dempsey purchase program; (b) investing in stocks that are holdings in clients accounts, in a manner that does not interfere with or front run an active trading program execution by Morgan Dempsey.

Methods of reporting are required and include: (a) brokers to be used, both firm and individual, must be of high moral and ethical character and must be a FINRA Member in good standing; (b) lists of transactions must be submitted to the Administrative Officer after the end of each quarter. The reports must include: transactions for employee accounts; transactions for the accounts of an employee's spouse, children, or immediate family; transactions in trusts in which employees have a beneficial interest; transactions in investment clubs of which employees may be a member; short selling; and margin transactions.

### ***Item 12 - Brokerage Practices***

Morgan Dempsey's policy, when exercising discretion as to where trades are placed and executed, is to achieve the best execution for clients. Generally, transactions which involve positions or capital commitment on the part of the brokerage firm are negotiated to fairly reflect the level of risk involved. Commission on agency transactions are also negotiated. When purchasing OTC securities, a client may incur transaction costs in addition to any commissions charged by an executing broker when effecting these trades through a broker-dealer acting on an agency basis. Consistent with the firm's best execution



policy, transactions are placed after giving consideration to the quality, quantity, nature and scope of the brokerage firm's professional services which would include execution capabilities, responsiveness, timeliness, price, commission rate, clearance procedures, custodial and reporting services and market, statistical and research information provided by a firm. Consideration is also given to expressed client preferences, if any, as well as to the value of long-term business relationships and client convenience.

Based upon the quantity and quality of brokerage and research serves provided, as determined based on the considerations described above, a client account may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Commission rates are negotiated by the applicant for the benefit of its accounts and generally reflect a discount from the broker's "standard" published commission rates.

Brokers typically are willing to provide trade commission discounts, when requested, with larger discounts provided for larger orders. Because the brokerage firm desires the largest commission possible, limitations on Morgan Dempsey's ability to negotiate commissions can increase commission costs. Therefore, clients who direct all brokerage virtually eliminate Morgan Dempsey's ability to negotiate commission rates; and those who direct a portion of the account's transactions to a particular broker or firm, whether or not "subject to best execution", or who express a preference for a given broker or firm may significantly reduce applicant's ability to negotiate commission costs for the account. Also, such a restriction may limit Morgan Dempsey's ability to batch the client's order with those of other clients to process the block order through a single broker-dealer to obtain best price and/or execution. Thus, clients directing Morgan Dempsey to use a particular broker-dealer may not receive an average price for securities bought or sold or otherwise obtain best price and execution. Also, to the extent an IPO becomes available through a broker-dealer other than the one chose by the client, Morgan Dempsey may not be able to allocate shares of the IPO to the client's account because of the client's direction to use a broker-dealer other than the one sponsoring the IPO. Finally, clients should be aware of the fact that certain brokers designated by clients return benefits to Morgan Dempsey in the form of research as a result of the commissions earned from the transactions processed through them. In the case of accounts for which brokerage firm provides custodial and reporting services, Morgan Dempsey accords significant weight, in determining best execution, to the value of the custodial and reporting services and to the potential inconvenience to the client of transferring the account to an institutional custodian or to another broker. This may also be viewed as a limitation on Morgan Dempsey's ability to negotiate commission rates in those cases where the brokerage firm might terminate custodial or certain reporting services if commission rates were lower. Finally, Morgan Dempsey may be deemed to have a conflict of interest in any case involving a client referral to the firm from a broker, since the Morgan Dempsey may benefit from continued referrals but also has a duty to the client to achieve best execution by negotiating commissions with the broker. Morgan Dempsey uses its best efforts to achieve best execution for each account regardless of the source of the referral.

No client is obligated to use any particular broker or firm for brokerage or custodial services and clients should feel free to discuss these matters further with any of Morgan Dempsey's Representatives at any time. Clients should notify Morgan Dempsey in writing if the client desires assistance in changing its custodial arrangement.

Research services furnished by brokers through which Morgan Dempsey effects transactions may be used in servicing all of its accounts and not all such services may be used by us in connection with the accounts which paid commission to the broker providing services. From time to time, the firm will purchase, with its own funds, research services or research products from brokers for the general benefit of Morgan Dempsey's clients.

When processing similar orders for client accounts, Morgan Dempsey may batch or aggregate such orders into one order for purposes of obtaining an average price. In the event that a batched order is not completely filled when placed, Morgan Dempsey will replace an order for the remaining unfilled portion of the order the next business day. Client should be aware of the fact that such follow-up orders may not receive exactly the same average price as those clients received from execution of the block order the day before, because the market price on the follow-up day may be higher or lower.

At the request of a client or prospective client, the firm may occasionally recommend the services of a broker. The primary factors considered when recommending a broker are custodial service capabilities and competitive commission rates. In no instance are commission rates of the recommended broker higher than those obtained from other brokers for similarly traded accounts, nor are clients recommended to a specific broker to pay for research services used by Morgan Dempsey.

Clients should be aware that the receipt of economic benefits by Morgan Dempsey described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence Morgan Dempsey's recommendation of those service providers for custody and brokerage service.

Other than the services described above, Morgan Dempsey and its Representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

### ***Item 13 - Review of Accounts and Reports***

Portfolio managers are responsible for implementing policy and strategy to their client accounts within the framework of specific client guidelines and the policies established by Morgan Dempsey.

Accounts are reviewed by portfolio managers regularly in response to changes in specific securities values and in market conditions. Information is available on each portfolio through a computer system updated daily.

Quarterly reports are provide to Morgan Dempsey clients. These reports include investment returns and portfolio data. Morgan Dempsey's reports are custom-made for clients. Formal meetings are schedule as frequently as the client desires. Clients are free to contact their account manager at any time.

### ***Item 14 - Client Referrals and Other Compensation***

Morgan Dempsey may maintain written agreements with firms and individuals who, from time to time, will seek new business and introduce prospective clients who may enter into advisory relationships with Morgan Dempsey. These firms and individuals are paid a percentage of the advisory fees received by Morgan Dempsey. The details of these referral fee arrangements are disclosed to the referred client in advance of contract signing. In certain cases, clients introduced to Morgan Dempsey in this fashion pay advisory fees higher than Morgan Dempsey's standard fee schedule to cover the referral fee.

### ***Item 15 - Custody***

Morgan Dempsey does not take custody of client funds or securities. These safekeeping services are typically provided to managed accounts only by the brokerage firm processing the securities transactions ordered by Morgan Dempsey.

To the extent a client receives any account or other investment ownership statement from Morgan Dempsey, Morgan Dempsey recommends the client carefully compare the information in the report to the information in the custodian's statements.

### ***Item 16 - Investment Discretion***

When providing Investment Management Services, Morgan Dempsey Representatives may exercise discretion when granted authority to do so by clients and most clients grant such authority to Morgan Dempsey. When doing so, it allows Morgan Dempsey to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid, without obtaining specific consent from the client for each trade. Clients should be aware that Representatives may make different recommendations and effect different trades with respect to the same securities to different advisory clients. Commissions and execution of securities transactions implemented through the custodian/broker dealer recommended by Morgan Dempsey may not be better than the commissions or execution available if the client used another brokerage firm. However, Morgan Dempsey believes that the overall level of services and support provided to the client by custodians and broker-dealers whom Morgan Dempsey recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

When exercising discretion, Morgan Dempsey may combine orders for more than one client's account to form a "block" order for the purpose of seeking a better price and or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which Morgan Dempsey then allocates to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts.

In those instances where an order error occurs by Morgan Dempsey, it is Morgan Dempsey's policy to reverse the order to make the client's account whole.

### ***Item 17 - Voting Client Securities***

The following information briefly summarizes Morgan Dempsey's Policy and Procedures regarding how Morgan Dempsey votes proxies when providing advisory services to its clients. The firm uses the proxy voting recordkeeping services of Broadridge Proxy Edge.

Guiding Principles Morgan Dempsey's Policy and Procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of the clients. The Policies and Procedures do not apply to those situations where the client has retained voting discretion. In those situations, Morgan Dempsey will cooperate with the client to ensure proxies are voted as directed by the client. In addition, Morgan Dempsey will abide by specific voting guidelines on certain policy issues as requested by particular clients on a case-by-case basis.

Primary Objective In general, proxies are voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, Morgan Dempsey will take into consideration, among other things, the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal and the existing governance documents of the affected company, as well as its management and operations. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change, and to determine the benefits to the company and its shareholders, but Morgan Dempsey's primary objective is always to protect and enhance the economic interests of its clients.

Generally, it is Morgan Dempsey's policy to vote in accordance with management's recommendations.

Exceptions When Morgan Dempsey believes management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when Morgan Dempsey believes that management is acting in a manner that is adverse to the rights of the company's shareholders, Morgan Dempsey will take steps to represent the interests of its clients and, as a result, may elect to vote against management's recommendations.

In situations where Morgan Dempsey is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction.

Other Factors Morgan Dempsey Considers Morgan Dempsey recognizes that the activity or inactivity of a company with respect to matters of social, political or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, Morgan Dempsey does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political or environmental concern, except where it believes that a different position would be in the economic interests of company shareholders.

Conflicts In evaluating a proxy proposal, the Chief Compliance Officer is ultimately responsible for considering whether there are any circumstances that may give rise to a conflict of interest in connection with voting client proxies either because of a business relationship between Morgan Dempsey and the company or otherwise.

Voting Procedures. All proxy proposals are voted on an individual basis. In general, when a conflict exists, the Chief Compliance Officer determines whether the proxy may be voted by Morgan Dempsey or whether it should be referred to the client (or another fiduciary of the client) for voting purposes. Alternatively, Morgan Dempsey may consult directly with a client to obtain the client's consent before voting the proxies. Morgan Dempsey will not refrain from voting proxies just because a conflict exists because Morgan Dempsey has a fiduciary duty to take action on all proxies.

How to Obtain More Information. For additional information regarding the Firm's proxy voting policies and procedures, clients should contact us by writing to 309 North Water Street, Milwaukee, Wisconsin 53202, or calling (414) 319-1080.

### ***Item 18 - Financial Information***

Morgan Dempsey does not receive fees of more than \$1,200 six months or more in advance, thus no financial statement for Morgan Dempsey is attached. Morgan Dempsey does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

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**SCHEDULE 2B - BROCHURE SUPPLEMENT**

**David W. Durham**

July 28, 2011

**MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC**

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**This Brochure Supplement provides information about David W. Durham that supplements the Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”) brochure. You should have received a copy of that brochure. Please contact David Durham if you did not receive Morgan Dempsey's brochure or if you have any questions about the contents of this supplement.**

**Additional information about David W. Durham is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ***Item 2 - Educational Background and Business Experience***

Mr. Durham was born in 1966. He graduated from David Lipscomb University with a B.A. in 1989. He joined Morgan Dempsey in April of 2008, and has over 13 years of experience in the investment and trust industry. Prior to joining Morgan Dempsey, David was a Senior Vice President with U.S. Bank where he sat on the Management Committee, led the Business Development Officers, and managed its national sales effort. David is responsible for the overall management of Morgan Dempsey, compliance and client services.

He has successfully passed the NASAA Series 63 Uniform Securities Agent State Law exam and the Series 65 Uniform Investment Adviser Law Exam.

## ***Item 3 - Disciplinary Information***

Mr. Durham does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

## ***Item 4 - Other Business Activities***

Mr. Durham is not actively engaged in any other business activities.

## ***Item 5 - Additional Compensation***

Mr. Durham does not receive any additional economic benefit from third parties for providing advisory services other than as noted above.

## ***Item 6 - Supervision***

Mr. Durham is the Chief Compliance Officer for Morgan Dempsey and is responsible for his own supervision as well as that of all Morgan Dempsey investment adviser representatives. His contact information is available on the cover page of this Schedule 2B supplemental brochure.

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**SCHEDULE 2B - BROCHURE SUPPLEMENT**

**Brian G. Rafn**

July 28, 2011

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**This Brochure Supplement provides information about Brian G. Rafn that supplements the Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”) brochure. You should have received a copy of that brochure. Please contact David Durham if you did not receive Morgan Dempsey's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Brian G. Rafn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ***Item 2 - Educational Background and Business Experience***

Mr. Rafn was born in 1959. He received a BA and MBA from the University of Wisconsin-Parkside. From May 1986 to December 1986, he was a Registered Representative for Smith Barney Harris Upham Cos. From 1987 to 1992, he was an Equity/Bond Trader for Harris Bank & Trust Company. From 1992 to 2001, he was Director of Research for Kyle Company. From 2001 to 2003 he was a Principal with Sparta Capital. In 2003, he joined Morgan Dempsey as a Portfolio Manager. He is a Principal at Morgan Dempsey responsible for the portfolio management of the Small/Micro Cap Value strategy, he is the Head of the Morgan Dempsey Securities Analysis & Research Team, and sits on the Investment Policy Committee.

He has successfully passed the NASAA Series 63 Uniform Securities Agent State Law exam and the Series 65 Uniform Investment Adviser Law exam.

## ***Item 3 - Disciplinary Information***

Mr. Rafn does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

## ***Item 4 - Other Business Activities***

Mr. Rafn is not actively engaged in any other business activities.

## ***Item 5 - Additional Compensation***

Mr. Rafn does not receive any additional economic benefit from third parties for providing advisory services other than as noted above.

## ***Item 6 - Supervision***

Mr. Rafn is supervised by David Durham, Morgan Dempsey's Chief Compliance Officer. His contact information can be found on the cover pages of this Schedule 2B.

Mr. Durham and other individuals as he designates, regularly review the accounts for which Mr. Rafn provides investment advisory services to monitor suitability of recommendations and compliance with regulatory and internal procedures.



SCHEDULE 2B - BROCHURE SUPPLEMENT

**Marc J. Dion, CFA**

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**This Brochure Supplement provides information about Marc J. Dion that supplements the Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”) brochure. You should have received a copy of that brochure. Please contact David Durham if you did not receive Morgan Dempsey's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Marc J. Dion is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ***Item 2 - Educational Background and Business Experience***

Mr. Dion was born in 1957. He received a BA from Kalamazoo College and MBA from the University of Wisconsin-Madison. From 1999 to 2001 he was a Portfolio Manager for Davidson Investment Advisors. From 2001 to 2003 he was Chief Investment Strategist for First National Bank of Omaha. In 2003 he joined Morgan Dempsey and is a Principal and Portfolio Manager. He has also earned the designation of Chartered Financial Analyst.

He has successfully passed the NASAA Series 63 Uniform Securities Agent State Law exam and the Series 65 Uniform Investment Adviser Law exam.

The CFA® designation is granted by the CFA Institute. Candidates for the CFA® must hold a bachelors degree, pass a series of three six-hour exams focusing on areas of financial analysis and ethics including: Ethical and Professional Standards, Quantitative Methods, Economics, Financial Reporting and Analysis, Corporate Finance, Analysis of Investments and Portfolio Management and Analysis, have at least 48 months of professional work experience and adhere to a strict Code of Ethics and professional Standards.

## ***Item 3 - Disciplinary Information***

Mr. Dion does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

## ***Item 4 - Other Business Activities***

Mr. Dion is not actively engaged in any other business activities.

## ***Item 5 - Additional Compensation***

Mr. Dion does not receive any additional economic benefit from third parties for providing advisory services other than as noted above.

## ***Item 6 - Supervision***

Mr. Dion is supervised by David Durham, Morgan Dempsey's Chief Compliance Officer. His contact information can be found on the cover pages of this Schedule 2B.

Mr. Durham and other individuals as he designates, regularly review the accounts for which Mr. Dion provides investment advisory services to monitor suitability of recommendations and compliance with regulatory and internal procedures.

SCHEDULE 2B - BROCHURE SUPPLEMENT

**Terry Pavlic**

July 28, 2011

MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC

309 North Water Street, Suite 510

Milwaukee, WI 53202

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**This Brochure Supplement provides information about Terry Pavlic that supplements the Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”) brochure. You should have received a copy of that brochure. Please contact David Durham if you did not receive Morgan Dempsey's brochure or if you have any questions about the contents of this supplement.**

**Additional information about Terry Pavlic is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ***Item 2 - Educational Background and Business Experience***

Mr. Pavlic was born 12/26/59.

### **Education:**

Marquette University (B.S. in Finance, 1982)

DePaul University (M.B.A in Finance, 1984)

C.F.A. Designation, 1987

### **Business Background:**

Pavlic Investment Advisors, Inc., President (December, 1997 – Present)

Morgan Dempsey Capital Management, LLC, Principal (June, 1996 – December, 1997)

Banc One Investment Advisors, Inc., Equity Fund Manager (May, 1992 – June, 1996)

First Wisconsin Trust Company, Senior Investment Officer (May, 1989 – May, 1992)

Ameritrust Company, N.A., Investment Officer (October, 1986 – May, 1989)

## ***Item 3 - Disciplinary Information***

Mr. Pavlic does not have any disciplinary information to disclose. He has not: (a) been party to a criminal or civil action in a domestic, foreign or military court, (b) been party to an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority; or (c) been party to a self-regulatory proceeding.

## ***Item 4 - Other Business Activities***

Mr. Pavlic is actively engaged in managing advisory clients for his own firm, Pavlic Investment Advisors, Inc. He spends the majority of his business time servicing clients of his firm.

## ***Item 5 - Additional Compensation***

Mr. Pavlic does not receive any additional economic benefit from third parties for providing advisory services.

## ***Item 6 - Supervision***

Mr. Pavlic is supervised by David Durham, Morgan Dempsey's Chief Compliance Officer. Mr. Durham's contact information can be found on the cover pages of this Schedule 2B.

Mr. Durham and other individuals as he designates, regularly review the advice Mr. Pavlic provides to Morgan Dempsey, the suitability of recommendations he makes, and his compliance with regulatory and internal procedures.