



www.meristemmmfo.com

601 Carlson Parkway, Suite 800
Minnetonka, MN 55305
952.835.2577
888.835.2577 toll-free
952.835.8283 fax

Meristem, LLP

Form ADV Part 2A

March 2012

This material provides information about the qualifications and business practices of Meristem, LLP (Meristem). If you have any questions about the contents, please contact us at 952.835.2577. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Material Changes

Since the date of Meristem's last annual Brochure update, March 31, 2011, Meristem established a formal custody relationship with State Street Bank and Trust. This new custodial relationship is the only material change in our business in the past year although we have worked to improve the overall readability of our Brochure content.

State Street Bank and Trust Company (State Street) is a Massachusetts trust company and typically executes trades through its affiliated broker-dealer, State Street Global Markets, member FINRA/SIPC. Previously, Meristem's only formal custody relationship had been with Schwab Advisor Services. We believe that by providing an alternative for custody and clearing, our ability to address unique client needs has been enhanced. For additional information, please refer to the detail provided in this brochure under "Brokerage Practices."

Meristem will provide ongoing disclosure information about material changes or new information as necessary, and we are happy to provide a current brochure at any time without charge to our clients or prospective clients. A brochure may be requested by contacting Jocelyn Henkensiefken at jhenkensiefken@meristemfo.com or 952.835.2577.

Additional information about Meristem is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Meristem who are required to be registered as investment adviser representatives of Meristem.

Table of Contents

Material Changes.....	ii
Table of Contents.....	iii
Advisory Business.....	1
Fees and Compensation	3
Performance-Based Fees and Side-By-Side Management.....	4
Types of Clients	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	5
Disciplinary Information	8
Other Financial Industry Activities and Affiliations	8
Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	10
Brokerage Practices	11
Review of Accounts	14
Client Referrals and Other Compensation.....	15
Custody	15
Investment Discretion.....	16
Voting Client Securities	16
Financial Information.....	17
Brochure Supplement – Meristem’s Privacy Policy	17

Advisory Business

Meristem provides comprehensive financial advice and services to affluent families. Formed as an independently-owned wealth management firm in 2003, Meristem was designed using the blueprint of the traditional “family office” experience to work alongside clients who are looking for more from their advisors. Fundamental to this mission is clear and open communication, independence and complete transparency.

Meristem’s vision is to carry on that spirit of a family office by developing relationships with our clients that go far beyond the numbers. Our history can be traced to prominent families who had the good fortune and foresight to create a separate business to manage their family’s wealth. Just like a dedicated and loyal employee of a private family office, Meristem provides investment guidance and develops financial strategy consistent with and aligned to each individual family’s goals. We advise, coordinate and execute each step with the scope and skill required to meet the complex financial needs of wealthy families. Meristem manages the financial details to simplify our clients’ lives so they can focus on what is most important to them.

We at Meristem also understand that as a multifamily office, not all clients or family members need or want the same services that we can provide. To meet both long-term and multi-generational needs, services provided to clients range from investment management to more comprehensive wealth management and various levels of “family office services.” Meristem believes that it is important to customize services and adapt to changing client needs in order to be a lifetime family wealth advisor. No matter what the assignment, Meristem’s focus remains on our client’s objectives and their peace of mind.

Meristem’s core service of investment management starts with a process of mutual discovery. Through wide-ranging conversations and document exchange with each client family, we work collaboratively to customize plans for each client’s unique financial situation and goals. The formality of the planning process can vary from formal to informal, but the level of detail and understanding is consistently high. Meristem has a sophisticated in-house investment team which designs, implements and monitors our investment strategy and advice. The team is supported by highly reputable independent investment consulting firms, contributing to Meristem’s

commitment of being independent from product bias and supporting our role of being a responsible fiduciary.

In addition to the core function of investment management, client families can engage Meristem to provide advice and oversight in additional areas of their financial life. As the needs of each family evolve, the opportunities are great for improving a family's total financial picture and making the pieces work well together. These services include:

- Budgeting, cash flow management and bill pay service
- Tax planning and coordination with tax and accounting professionals
- Estate and wealth transfer planning and coordination with legal professionals
- Legacy planning, family meeting coordination, and charitable planning and administration
- Risk management planning and coordination with other insurance professionals in the areas of health, life, property, casualty, disability and long-term care
- Family business continuity and succession planning
- Lifestyle concierge services and assistance in managing household staff and personal assistants

In addition to the technical aspects of these areas, we recognize that families and next generations have different perspectives and goals. Meristem believes these differences can become the source of conflict in families and if a wealth management firm is one-size-fits-all, it will not be part of an ideal solution for the family over time. Meristem's family office experience is designed to accommodate unique differences; incorporating and respecting family dynamics when addressing these financial aspects. When Meristem manages combined family assets, we believe the family increases its chances of continued wealth management success over many generations.

Meristem is owned 100% by employees working in and on our business every day. The current shareholders are Charles Maxwell, Jr., Chairman and CEO; Bob Westenberg, Vice Chairman & Senior Client Advisor; Jerry Johnson, President and Chief Operating Officer; Jon Crow, Senior Client Advisor; Jim Robbins, Senior Client

Advisor; Patrick Regan, Chief Investment Officer; and Jocelyn Henkensiefken, Chief Financial Officer. Of the shareholders, only Charlie Maxwell owns more than 25% of Meristem.

As of December 31, 2011, client assets under management with Meristem were:

Client assets under discretionary management:	\$ 879,500,000
Client assets under non-discretionary management:	\$ 771,100,000
Total assets under management:	\$1,650,600,000

The definitions of discretionary and non-discretionary management, as well as detailed information about our investment process, are covered in this brochure under "Investment Discretion" and "Methods of Analysis, Investment Strategies and Risk of Loss."

Fees and Compensation

Meristem's compensation is fully transparent. The fees paid to Meristem will vary based upon the size and scope of the assignments for which we are hired. The details of how Meristem's compensation is calculated and charged are clearly documented in the written Client Engagement Agreement signed with each client. We charge fees based on a percentage of assets under management, a flat annual fee, or a combination of both.

For fees based wholly or in part on a percentage of assets, Meristem uses the prior quarter-end's asset values which would typically not be prorated for capital contributions and withdrawals made during the applicable calendar quarter. The fee will typically range from .20% to 1.00% based upon the size, nature and complexity of the client relationship. Flat annual fees typically range from \$15,000 to over \$500,000 per year. While Meristem does not require clients to have a minimum level of investable assets, our minimum total annual fee is \$30,000. For special circumstances the minimum fee can be negotiated.

Meristem generally bills on a quarterly basis in advance of each calendar quarter. Clients may elect to be billed directly for Meristem's fees or authorize Meristem to directly debit fees from their investment accounts.

A Client Engagement Agreement may be cancelled at any time, by either party, for any reason upon receipt of written notice. Upon termination, any prepaid unearned fees will be promptly refunded and any earned unpaid fees will be due and payable.

Meristem's fees are exclusive of third-party brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by a client. Clients may incur certain charges imposed by custodians, brokers, third-party asset managers and other third-parties such as: custodial fees, deferred sales charges, odd-lot differentials, wire transfer and electronic fund fees, banking charges (if assets are held by a bank custodian), and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Meristem's fee. Meristem does not receive any portion of these commissions, fees and costs. If a desired investment product were to have a commission or load that can be waived in favor of the client, Meristem would advocate for this on behalf of the client.

Historically, Meristem had the ability to assist clients in the purchase of certain types of life insurance. If insurance was procured through Meristem then a commission would have been paid to Meristem. Meristem no longer offers this service, however Meristem continues to service existing policies. In some cases the insurance companies continue to pay commissions for a number of years while policies are in force. Meristem's practice is to fully disclose the existence of and the amount of commissions received.

Performance-Based Fees and Side-By-Side Management

Meristem does not charge any performance-based fees (fees based on a share of capital gains or on capital appreciation of the assets of a client) or side-by-side investment strategies (simultaneous management of a mutual fund and/or a hedge fund by an advisory practice), because we believe that may create an unintentional conflict of interest with clients.

Types of Clients

Meristem provides services to affluent individuals and families and their related family partnerships, trusts, estates, charitable organizations, corporations and other business entities.

Methods of Analysis, Investment Strategies and Risk of Loss

Meristem believes in broadly diversified investment solutions customized to reflect unique client circumstances. In partnership with our clients we take a disciplined approach to investment management, with particular attention to risk management, diversified asset allocation, manager selection, tax consequences and fee considerations. When making investment recommendations, Meristem takes into account a client's total financial picture, including assets already owned, assets not managed by Meristem, needs for liquidity, goals and risk tolerance.

Meristem develops an overall financial strategy, identifies the asset management resources ideally suited to our clients' needs, and manages the allocation of client assets among those resources. Meristem's investment team and client advisory teams work together to construct asset allocation plans and recommendations customized to address each individual client situation. When asset allocation plans are finalized, money managers or passive strategies for each asset class are recommended or selected.

To provide guidance in the face of dynamic market environments, Meristem's investment team leverages our network of research and analytical tools and the expertise of external consulting resources to cover traditional and alternative investment strategies. This provides our foundation for manager selection and asset allocation. Investment manager selection for any asset class focuses on the three major drivers for success of any good asset manager: people, investment process and performance. When evaluating asset managers, Meristem also monitors:

- Firm and product asset size and trends
- Changes to investment teams

- Adjustments made to an investment process
- Style consistency
- Performance and risk trends relative to our expectations

Once the investment team and client advisor team agree to the recommended asset allocation, they compare it to Meristem's Model Portfolio. The Model Portfolio is an important element in Meristem's investment process. Meristem's Model Portfolio is a theoretical asset allocation, determined and monitored by Meristem's Investment Committee. It is intended to be completely unrestricted from specific client investment factors and other limitations. The Model Portfolio represents how Meristem would recommend investing in the current environment if there were no restrictions and the goal was to achieve the best risk-weighted returns over a full market cycle. Meristem's Model Portfolio provides an internal quality control factor where client portfolio variances from the Model need to be identified, justified and understood. Allowable variances are specific to each client's portfolio, reflecting their investment goals and financial situation.

Meristem's client advisors discuss initial investment portfolio recommendations with the client before investing. The initial proposal includes information about each investment strategy and corresponding manager, approximate timing for making each investment, tax sensitivity and fees. Meristem believes strongly that the best outcome is achieved via a partnership with the client that is founded on a mutual understanding of Meristem's investment process. This includes thorough discussions about how and why the portfolio is constructed to meet the client's unique objectives of risk and return. This understanding is invaluable during the inevitable periods of investment euphoria and market disappointment that occur over a long-term client relationship.

Meristem works diligently to manage risk in client portfolios but also believes it is imperative each client understands that investing in securities involves risk of loss. Meristem attempts to make clear to all clients that there is no assurance that an investment will provide positive performance over any specific period of time and that past performance, while important, is no guarantee of future results. During different periods, market conditions may result in significantly different outcomes.

Listed below are specific types of risk each client should understand, as they may be applicable to unique underlying investment assets in a portfolio:

Market Risk: The market values of securities owned may decline, at times sharply and unpredictably. Market values of equity securities are affected by a number of different factors, including the historical and prospective earnings of the issuer, the value of its assets, management decisions, decreased demand for an issuer's products or services, increased production costs, general economic conditions, interest rates, currency exchange rates, investor perceptions and market liquidity.

Economic Risk: Changes in economic conditions, for example, interest rates, inflation rates, political and diplomatic events and trends, tax laws and innumerable other factors, can substantially and adversely affect investments.

Asset Allocation Risk: Asset Allocation may have a more significant effect on account value when one of the heavily weighted asset classes is performing more poorly than the others. Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Concentrated Position Portfolio Risk: To the extent a portfolio has a significantly large position in a single security or several securities it bears more risk because it is not diversified. Changes in the value of significantly over-weighted security positions may have a much more substantial directional effect, either negative or positive, on the portfolio's performance.

Emerging Foreign Market Risk: Investments in the securities of foreign issuers may experience more rapid and extreme changes in value than funds with investments solely in securities of U.S. companies. This is because the securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, foreign securities issuers may not be subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect investments in a foreign country.

Fixed Income Risk: Securities that provide for interest or a stream of payments to the investor have several risks including: *interest rate risk*, which is the chance that bond prices overall will decline because of rising interest rates; *income risk*, which is the chance that a strategy's income will decline because of falling interest rates; *credit risk*, which is the chance that a bond issuer will fail to pay interest and

principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline; and *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The investment would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the investment's income.

Alternative Investment Risk: Alternative investments create exposure to markets and investment strategies that cannot be accessed through traditional fixed income and equity markets and may result in a lack of liquidity if there is no secondary market for alternative investments. Alternatives are exposed to potential loss of all or a substantial portion of the investment due to leverage (borrowing that may involve using assets as collateral), short-selling or other more speculative investment practices. Returns may be volatile, there may be delays in tax reporting and there are typically restrictions on transferring interests. For some clients Meristem's recommended investment strategies may include margin transactions, futures contracts and options to buy or sell securities at specific prices. As these strategies involve additional degrees of risk, they will only be recommended to clients when such risk is deemed appropriate.

Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluation of Meristem or the integrity of Meristem's management. Meristem has no such disclosures.

Other Financial Industry Activities and Affiliations

Meristem may engage the services of third party investment consulting or research firms to provide market analysis, economic forecast data and money manager information. Independent external research is blended with Meristem's internal investment research to assist in our selection and ongoing monitoring of money managers and asset allocation strategies. All consulting and research fees are paid directly by Meristem.

Meristem acts as manager of private investment pools and may recommend them as investment opportunities to our clients. The risks related to these pools are thoroughly outlined in the subscription and disclosure documents provided to each potential investor. Meristem does not receive additional compensation for providing management services to these pooled investments. Meristem is reimbursed by the investment pools for reasonable expenses specifically incurred in the creation and management of these pools.

In addition, Meristem provides investment-advisory services to Sargent Management Co., a wholly owned subsidiary of Meristem, in connection with administering the various private investment funds for which Sargent acts as manager. Charles Maxwell, Chairman, CEO and Partner of Meristem; Jerry Johnson, President, Chief Operating Officer and Partner of Meristem; and Jocelyn Henskensiefken, Chief Financial Officer and Partner of Meristem; are also officers of Sargent Management Co.

Certain Meristem Partners and employees are separately licensed as insurance agents and/or brokers. Historically, these individuals could assist clients in the purchase of insurance for which there may have been compensation. Meristem no longer offers this service, however, continues to maintain licensing for some employees to support our advice given on strategies that involve insurance and to facilitate servicing existing client policies. No advisory clients were obligated to use Meristem to purchase insurance, and any compensation was fully disclosed.

Brokers or other vendors used by Meristem or our clients may make available other services or products used to service all or a substantial number of Meristem's accounts or that are intended to help Meristem further develop its business enterprise (see additional information provided in "Brokerage Practices"). These services may include software and other technology, as well as consulting, publications and conferences on practice management, investments, information technology, software solutions, regulatory compliance and marketing. In addition, these vendors may make available, arrange and/or pay for these types of services rendered to Meristem by independent third parties.

The availability and use of these services is considered a "soft dollar" benefit. Soft dollar is an industry term for a vendor providing additional benefits or services without additional fees. This has the potential to create a conflict of interest. Meristem takes its role as a fiduciary very seriously and therefore takes a

conservative stance on soft dollars. Our approach is to acknowledge that we may accept soft dollars under a more expansive definition while working diligently to avoid potential conflicts. It is Meristem's policy that when soft dollars may exist, they are accepted when the service potentially benefits all clients.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Meristem has adopted a Code of Ethics for all supervised persons of the firm describing a high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among others. All Meristem personnel must annually acknowledge in writing the terms of the Code of Ethics.

Meristem's employees and persons associated with Meristem are required to follow Meristem's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Meristem may trade for their own accounts in securities which are recommended to and/or purchased for Meristem's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Meristem will not interfere with:

- Making decisions in the best interest of advisory clients, and
- Implementing such decisions, while at the same time allowing employees to invest for their own accounts.

Under Meristem's Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Meristem's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Meristem and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Meristem's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Meristem will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be documented in writing.

Meristem's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Jocelyn Henkensiefken at jhenkensiefken@meristemfo.com or 952.835.2577.

Brokerage Practices

Brokerage practices reflect the process by which investment securities are purchased and sold, which may include directing where investment transactions should be executed. A relevant example of brokerage practices would be whether a trade is directed by Meristem to settle through the client's custodian or whether a trade is processed through a third-party manager. Meristem's responsibility is to monitor the policies of the parties we work with to make sure that transactions on behalf of our clients are executed in a fair and equitable manner.

For many investment recommendations made by Meristem, there is a third-party asset manager hired to make the decisions of which specific securities are to be bought or sold. In these cases it is the asset manager's responsibility to have fair trading practices and procedures and to monitor their trades for best execution.

Other investment recommendations may not involve a third-party asset manager, in which case Meristem seeks to recommend a broker who will execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors in making this selection, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Reputation, financial strength and stability

- Quality of services and commitment to protect personal and financial information
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices

For most investments other than fixed income, these transactions typically occur at the affiliated brokerage entity or division of the custodian that holds our clients' accounts. Meristem has formal custody relationships with Schwab Advisor Services and State Street Bank and Trust. Schwab Advisor Services™ is a division of Charles Schwab & Co., Inc. (Schwab) a registered broker-dealer and a member of SIPC. As such, Schwab has the ability to transact their own brokerage when they are the custodian. State Street Bank and Trust Company (State Street) is a Massachusetts trust company and typically executes trades through its affiliated broker-dealer, State Street Global Markets, also a member of FINRA/SIPC.

Most fixed income trading is directed by Meristem to Morgan Keegan & Co. Inc. (to be acquired by Raymond James Financial, Inc. in a transaction scheduled for April 2012). The following features are regularly reviewed and considered in Meristem's decision to utilize a specific fixed income trading resource and broker:

- Bond portfolio analysis and management input, provided via phone conference and in quarterly portfolio reviews with particular attention to credit quality trends
- Experienced and knowledgeable market and bond discussion
- Access to fixed income markets, with continuous access to significant sources of bonds and communication with trading desks to relay specific needs
- Quality execution with more favorable institution-level pricing and commission rates

Annually, Meristem performs a formal review for best execution. Meristem's emphasis with best execution focuses on the process rather than the trade-by-trade results; in other words, Meristem identifies the trade process that we believe is most likely to maximize the value of our client portfolios.

For our clients' accounts maintained by Schwab, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle in a Schwab account. This

commitment benefits clients because the overall commission rates paid are lower than they would be otherwise. In addition to commissions, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that is executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These fees are in addition to the commissions or other compensation the executing broker-dealer may charge. In order to minimize these trading costs, Meristem typically recommends that Schwab execute most trades for accounts maintained at Schwab.

For our clients’ accounts in custody at State Street, State Street is compensated through an annual fee calculated as a percentage of the market value of the assets in the account. A separate holding fee for foreign assets and applicable trade settlement costs is charged by State Street on all foreign assets where it serves as the custodian. State Street also reserves the right to hold international assets at a sub-custodian of their choice. These fees are in addition to the commissions or other compensation the executing broker-dealer may charge.

Through the custodial services provided by Schwab and State Street, various support services are also made available to Meristem at little or no charge. These products and services benefit Meristem and may not directly benefit each client. These benefits may include research, software, technology or other services intended to help Meristem manage and further develop our business enterprise. Meristem recognizes that these services are available to us due to the collective total assets maintained by our clients. This benefit has the potential to incent Meristem to recommend where clients maintain accounts, based on our interest in receiving products and services that benefit Meristem rather than the client’s interest in receiving the best value in custody services and the most favorable execution of transactions. We believe, however, that rather than creating a conflict of interest, our clients are offered a selection of providers working in their best interest, benefiting clients individually and as a group. For example, by aggregating trades in the same security for multiple clients at a single brokerage firm the clients will benefit from lower costs and possible execution price. In addition, directed transactions with other brokers at a client’s request may result in less than competitive pricing for the client. Our selection of Schwab and State Street as custodial providers is supported by the scope, quality and pricing of the services provided by these industry leaders, not the benefits to Meristem.

As part of Meristem's brokerage practices, it is our policy that the firm will not participate in any security transactions with client accounts (principal or agency cross securities transactions). Meristem will also typically not cross trades between client accounts unless we deem it would be mutually beneficial to both clients and in which case the transaction would be fully disclosed to and approved by both clients.

Meristem's brokerage practices also account for the rare circumstance where a trading error may occur in an account, for example the wrong security may be bought or sold. Meristem continually strives to prevent errors from occurring with internal procedures that include various checks and balances. However, if Meristem is responsible for any trade error, Meristem bears the corresponding transaction loss.

Review of Accounts

Meristem's client advisors conduct at least quarterly, if not monthly, client portfolio reviews. More frequent reviews may be triggered by changes with third-party asset managers; material market, economic, or political events; changes in client circumstances; substantial additions or withdrawals from a client portfolio or account; or pursuant to a negotiated agreement with the client. Formal reviews with clients occur upon request or pursuant to a pre-determined schedule.

Meristem provides client portfolio reporting at least quarterly. These reports are delivered to clients and may include commentary and other information. Clients may also request the preparation of special reports, which would be provided by Meristem on agreement. Clients may also receive regular account reports and statements directly from broker-dealers, custodians, and third-party asset managers. (See additional information provided in "Custody.")

When appropriate to the needs of the client and at special request, Meristem will provide periodic reviews of assets not actively monitored or managed by Meristem. These assets would typically be held directly by clients or by other client selected custodians. Clients requesting this service should understand that Meristem may not have the same access to account information on these assets, and it is possible that there could be broad changes in the value of these assets between Meristem's reviews. Clients also need to realize that these assets may not receive the same

level of attention given to the assets monitored by Meristem, or make special arrangements for information access to assist Meristem in monitoring these assets.

Client Referrals and Other Compensation

Meristem does not participate in any client referral program with outside solicitors. Please reference “Brokerage Practices” for additional information related to other compensation.

Custody

Custody is a term used to describe the role of the entity that maintains and reports on investment assets held in client accounts. These services are typically provided by brokerage firms or banks. The role of a qualified custodian is highly specialized, independently protecting each client’s assets in a role that complements the responsibilities of an advisory firm like Meristem.

Meristem is not a qualified custodian and therefore, we avoid having custody of client assets and instead assist clients in contracting directly for this service with a custodian of their choice. Meristem and our clients have existing relationships with several qualified custodians on a variety of regulatory platforms. Examples include Schwab Advisor Services (a broker-dealer platform), State Street Bank and Trust (a bank and trust company platform), US Bank (a bank platform), South Dakota Trust Company (a trust company platform) and Dorsey Trust Company (a trust company platform).

No matter what custody platform is used, clients should receive at least quarterly statements from the custodian that holds and maintains their investment assets. Meristem urges clients to carefully review these statements and compare them to the reports provided by Meristem. In unique circumstances, Meristem reports may vary from custodial statements. These situations could include differences in accounting procedures, reporting dates, or valuation methodologies used for non-marketable securities.

There are instances where Meristem is deemed to have custody even though the assets are held with a qualified custodian. Specifically, Meristem has custody when

(1) we have the authority to obtain possession of client funds or securities, such as being investment manager of pooled investment funds; (2) when we have been granted additional authority on a specific client account which allows us to direct a qualified custodian to withdraw assets; and (3) when we have log-in access to trade, change an account address or issue funds. In these scenarios, Meristem has additional obligations to contract with an approved public accounting firm to conduct an external annual surprise exam of these activities and provide audits of our pooled investment funds to all invested clients.

Investment Discretion

Whether the relationship is discretionary or non-discretionary, Meristem follows a disciplined process to monitor how changes to client portfolios are recommended and implemented. Clients may choose to grant Meristem discretionary investment authority. This means that the client and Meristem have agreed that Meristem will select the identity and amount of securities to be bought or sold in their accounts without first consulting the client. Granting Meristem such authority requires a written agreement. When Meristem has discretion it is exercised in a manner consistent with the stated investment objectives, limitations and restrictions identified by the client. It is Meristem's internal policy that our client advisor teams would strive to inform clients in a timely manner about any investment changes, and the reasons behind the changes, when discretion has been granted.

Voting Client Securities

Meristem votes proxies for discretionary client assets under management in private family investment pools only. In this role, Meristem votes all proxies or other beneficial interests in an equity security prudently and solely in what Meristem believes is the best long-term economic interest of the private family investment pool clients, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. All proxies received by Meristem in this role are reviewed by a member of the investment team who votes the proxies accordingly. Private investment pool clients may obtain a copy of the Meristem Proxy Policy, as well as information about how

their securities were voted, by contacting Jocelyn Henkensiefken at jhenkensiefken@meristemmmfo.com or 952-835-2577.

Financial Information

As a registered investment adviser, Meristem is required to provide certain financial information or disclosures about our financial condition that may impair our ability to meet contractual and fiduciary commitments to clients. Meristem has no such financial commitment and has not been the subject of a bankruptcy proceeding.

Brochure Supplement – Meristem’s Privacy Policy

Meristem is committed to safeguarding our clients’ confidential information and holds all personal information in the strictest of confidence. These records include all personal information collected in connection with any service provided by Meristem. Meristem has never disclosed information to nonaffiliated parties, except as permitted by law, and does not anticipate doing so in the future. If Meristem was to anticipate such a change in firm policy, Meristem would be prohibited by law in doing so without first advising clients. Information provided to Meristem is used to help clients meet their personal financial goals while guarding against any real or perceived infringements of privacy rights. Meristem’s policy with respect to personal information is listed below:

- Meristem limits employee and agent access to information only to those who have a business or professional reason by law. For example, federal regulations allow us to share a limited amount of information about you with a brokerage firm in order to execute securities transactions on your behalf. This also encompasses individual money manager(s) managing client portfolios.
- Meristem maintains a secure office and computer environment to ensure that client information is not placed at unreasonable risk. Meristem continues to evaluate efforts to protect personal information and makes every effort to keep client information accurate and up to date.
- The categories of nonpublic information collected from a client depend upon the scope of the client engagement. It will include information of a personal nature related to finances to the extent that it is needed for the planning process,

information about transactions between clients and third parties, and information from consumer reporting agencies.

- For unaffiliated third parties that require access to client information, including financial service companies, consultants, and auditors, Meristem requires strict confidentiality agreements. Federal and state regulators also may review Meristem's records as permitted under law.
- Meristem does not provide client personal information to mailing list vendors or solicitors for any purpose. Client personal information is maintained during the time of the client relationship and for the amount of time thereafter that such records are required to be maintained by federal and state securities laws. After this required period of record retention, all such information will be destroyed or if requested, returned to the client.