

Form ADV Part 2A: Firm Brochure

Foundry Partners, LLC

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Principal Office

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This brochure provides information about the qualifications and business practices of Foundry Partners, LLC (“Foundry Partners,” the “Advisor,” or the “Firm”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at 610-260-2621 or email glogue@rosemontpartnersllc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Foundry Partners is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Any reference to Foundry Partners as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Item 2: Material Changes

This brochure contains information about Foundry Partners upon its initial registration as an investment adviser with the SEC. There have been no material changes since its adoption.

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Item 4: Advisory Business

Foundry Partners is an investment advisory firm established in September 2012 and organized under the laws of Delaware. Foundry Partners is owned by Rosemont Partners III, L.P. (“Rosemont Partners”) and its affiliated entities. Mr. Charles Burkhart, Jr. ultimately controls Rosemont Partners.

As Foundry Partners’ primary business activities consist of discretionary management of client assets. Foundry Partners generally invests client assets in domestic and international equities, domestic convertible preferred shares, financial derivative products, private placements and restricted securities (144A securities), commercial paper, mutual funds, exchange traded funds (ETFs”). Foundry Partners manages to specific client investment mandates, which may include investment, security, and/or trading restrictions. Clients within each investment strategy share similar investment objectives. Foundry Partners also manages wrap fee program accounts consistent with the assigned investment mandates.

Foundry Partners primarily provides investment management services to individuals in wrap fee programs, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, government plans and municipalities, and other legal entities.

As of November 2012, Foundry Partners did not manage any assets, but anticipates the commencement of the management of the client assets on or around January 31, 2013.

Item 5: Fees and Compensation

Foundry Partners is generally compensated for its investment advisory services based on a percentage of assets under management. Foundry Partners may negotiate fees for its investment advisory services with clients based upon the nature and value of services rendered. Foundry Partners imposes a minimum annual fee, which also may be waived or reduced as negotiated.

Foundry Partners' standard investment advisory fees are payable and collected in arrears based on the market value of assets under management at quarter end. Fees are generally prorated when withdrawals and/or contributions exceed ten percent of total assets under management during the fee period. Foundry Partners invoices clients on a quarterly basis. The client is responsible for issuing payment. At the client's instructions, Foundry Partners will debit fees from client's custodial accounts.

In addition to Foundry Partners' investment management fees, clients will bear trading costs and custodial fees that are paid to the respective brokers and custodians. To the extent that clients' accounts are invested in mutual funds, these funds pay a separate layer of management, trading, and administrative expenses.

Foundry Partners' basic fee schedule, minimum fee, and minimum account size by investment strategy is provided below.

Investment Strategy	Fee Description	Minimum Fee	Minimum Account Size
Large Cap Value	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000
All Cap Value	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Micro Cap Value	1.00% on all AUM	\$20,000	\$3,000,000
Active Core	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000
All Cap Core	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM	\$20,000	\$3,000,000

	0.60% thereafter		
Enhanced Large Cap Core	0.40% on the first \$25 million of AUM 0.30% on the next \$25 million of AUM 0.20% thereafter	\$20,000	\$5,000,000
Structured Large Cap Plus	0.50% on the first \$25 million of AUM 0.40% on the next \$25 million of AUM 0.30% thereafter	\$20,000	\$10,000,000
Mid Cap Growth	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Small Mid Cap Growth	0.80% on the first \$25 million of AUM 0.70% on the next \$25 million of AUM 0.60% thereafter	\$20,000	\$3,000,000
Active Growth	0.70% on the first \$25 million of AUM 0.50% on the next \$25 million of AUM 0.40% thereafter	\$20,000	\$3,000,000

Wrap Fee and Managed Account Program Fee Schedules

Foundry Partners provides investment advisory services to managed account clients of wrap fee programs (Wrap Programs) offered by both affiliated and non-affiliated brokerage and financial service firms (each, a Sponsor). Clients generally pay the Sponsor a program fee for services that include monitoring Foundry Partners' performance, executing client portfolio transactions, and providing custodial services. Foundry Partners receives an investment advisory fee from the Sponsor based on assets under management. Typically, the minimum size for a program account is \$100,000, but the minimum account size may be negotiable.

Each client's program account is governed by the client's agreement with the Sponsor and the Wrap Program disclosure documents. Clients in Wrap Programs may be billed monthly by the Sponsor. Wrap Program clients are urged to refer to their client agreement and disclosure documents for more information about the Wrap Program, Foundry Partners' advisory services, fees, and contract termination provisions.

Wrap Program clients may incur higher costs than they would otherwise pay under Foundry Partners' standard fee schedule as a result of Foundry Partners' inability to negotiate separate arrangements for trade execution and other unbundled investment management services. In some cases, in order to achieve best execution, Foundry Partners will trade with a broker-dealer that is

not the Sponsor of the client's particular Wrap Program. In such case, the client may be responsible for the additional transaction costs incurred.

Furthermore, Foundry Partners participates in several model-based or Unified Managed Account (UMA) programs with various financial services firms. Foundry Partners provides program Sponsors with periodic model recommendations. Foundry Partners does not act in a discretionary capacity for assets in UMA programs. Foundry Partners' fee is based on a percentage of assets under management.

Fifth Third Securities Passageway Wrap Program

Foundry Partners is a manager within the Passageway wrap fee program (Passageway) which is sponsored by Fifth Third Securities, Inc. (FTS). FTS pays Foundry Partners a maximum of 0.45% of assets under management for its investment management of the equity Separately Managed Accounts (SMAs) and 0.25% of assets under management for its investment management of Multi-Manager Accounts (UMAs). The maximum program fee for a Passageway client is 2.50% and may be negotiable.

Merrill Lynch Platforms

Foundry Partners is a manager on three Merrill Lynch Separately Managed Account platforms: Merrill Lynch Consults®, Merrill Lynch UMA (Unified Managed Account) platform, and Merrill Lynch NATIXIS CDP. Merrill Lynch charges clients on these platforms a maximum program fee of 3.00% of assets under management. Of that fee, Foundry Partners receives investment management fees of 0.35%, 0.30%, and 0.28%, respectively, based on assets under management. The program fees may be negotiable.

Morgan Stanley Smith Barney Platforms

Foundry Partners is a manager on three Morgan Stanley Separately Managed Account platforms: MSSB Fiduciary Services (FS), MSSB Select UMA, and MSSB CES. Morgan Stanley Smith Barney charges clients a maximum of 3.00% on each platform. Of that fee, Foundry Partners receives investment management fees of 0.36% and 0.30% on the MSSB FS and MSSB Select UMA platforms, respectively, based on assets under management. These program fees may be negotiable. For MSSB CES (dual-contract), Foundry Partners receives negotiated fees (no more than 0.80%) based on assets under management.

JP Morgan Platforms

Foundry Partners is a manager on three JP Morgan Separately Managed Account platforms: JP Morgan STRATIS, JP Morgan Chase Portfolio Manager Program (PMP), and the JP Morgan Navigator program. JP Morgan charges clients on each platform a maximum of 2.90% of assets under management. Of that fee, Foundry Partners receives investment management fees of 0.50%, 0.45%, and 0.30%, respectively, based on assets under management. The program fees may be negotiable.

Fifth Third Bank CUSTOMPLUS Program

Foundry Partners is a manager within the **CUSTOMPLUS** *Portfolio Management program* sponsored by Fifth Third Bank. Fifth Third Bank pays Foundry Partners a maximum of 0.35% of assets under management for its investment management of certain equity model-based accounts. The maximum program fee for a CUSTOMPLUS client is 1.65% and may be negotiable.

TD Ameritrade Program

Foundry Partners is a manager within the TD Ameritrade Model Portfolio Advisor program through a relationship with Placemark Investments, Inc. TD Ameritrade charges clients on this platform a maximum program fee of 0.92% of assets under management. Of that fee, Foundry Partners receives investment management fees of 0.30% based on assets under management. The program fees may be negotiable.

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

Foundry Partners does not charge any performance-based fees.

Foundry Partners provides investment advice to client accounts, wrap fee programs, and it also provides sub-advisory services to other accounts. Foundry Partners seeks to ensure that all clients are treated fairly and equitably over time regardless of the type of client, level of services provided, or the nature of its fee compensation.

Item 7: Types of Clients

Foundry Partners primarily provides investment management services to individuals in wrap fee programs, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, government plans and municipalities, and other legal entities.

Foundry Partners advises retail clients through accounts in Separately Managed Account (SMA) programs as well as providing sponsors access to its investment models through Unified Management Account (UMA) programs.

Foundry Partners maintains minimum account requirements for each institutional investment strategy. Accounts valued at less than the stated minimum may be accepted as negotiated between Foundry Partners and the client. See Item 5 for minimum account standards prescribed for each investment strategy.

Wrap fee program minimum account sizes are determined by the program sponsor. These minimum account sizes may be negotiable. Foundry Partners' typical minimum account size for wrap fee program clients is \$100,000.

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

Investment Strategies	Methods of Analysis	Investment Risks
Large Cap Value	<ul style="list-style-type: none"> • Objective: Provide long-term capital appreciation, with income secondary. • Disciplined approach that emphasizes value factors like: low price/earnings ratios, low price/book values, low price/cash flow ratios, and above average 	<ul style="list-style-type: none"> • Equity securities risk • Investment Discretion risk • Larger company risk • Market and regulatory risk • Value securities risk

	<div>dividend yields.</div> <ul style="list-style-type: none"> • Search for low-expectation, out-of-favor stocks. • Valuation approach centered on an assessment of normalized earnings, long-term earnings growth rate, and risk. • Monitor beta, active risk, coefficient of determination, and Axioma risk index exposures. • Benchmark: Russell 1000 Value Index. 	
All Cap Value	<ul style="list-style-type: none"> • Objective: Provide high total return using a combination of capital appreciation and income. • Utilize valuation disciplines including normalized return approach to identify undervalued equities throughout the capitalization spectrum (>\$300 million market cap). • Focus portfolio weightings wherever undervaluation is concentrated regardless of capitalization. • Monitor beta, active risk, coefficient of determination, and Axioma risk index exposures. • Benchmark: Russell 3000 Value Index. 	<ul style="list-style-type: none"> • Convertible securities risk • Equity securities risk • Investment discretion risk • Market and regulatory risk • Smaller company risk • Value securities risk
Micro Cap Value	<ul style="list-style-type: none"> • Objective: Provide capital appreciation by investing primarily in stocks of small, publicly traded companies. • Focus on companies with market capitalizations under \$500 million. • Stocks with noteworthy value characteristics, such as low price-to-earnings, price-to-book, and price-to-sales ratios. • Stocks that show significant buying by insiders. • Stocks that possess strong catalysts for change, which can help boost the earnings growth and stock price. • Benchmark: Russell Microcap Value Index. 	<ul style="list-style-type: none"> • Convertible securities risk • Equity securities risk • Foreign investment risk • Investment discretion risk • Market and regulatory risk • Micro cap company risk • Turnover risk • Value securities risk

All Cap Core	<ul style="list-style-type: none"> • Objective: Seek to identify under-appreciated growth companies that consistently deliver superior performance results and consistently outperform the broad market as defined by the Russell 3000 Index. • Strong fundamental growth prospects. • Better than average valuation characteristics. • Strong financial condition and characteristics. • Favorable investor sentiment. • Stocks with market capitalization >\$1 billion. • Benchmark: Russell 3000 Index. 	<ul style="list-style-type: none"> • Convertible securities risk • Dividend securities risk • Equity securities risk • Growth securities risk • Income risk • Investment discretion risk • Large company risk • Market and regulatory risk • Medium-sized company risk
Active Core	<ul style="list-style-type: none"> • Objective: Seek to identify under-appreciated growth companies that consistently deliver superior performance results and consistently outperform the broad market as defined by the S&P 500 Index. • Strong fundamental growth prospects. • Better than average valuation characteristics. • Strong financial condition and characteristics. • Favorable investor sentiment. • Stocks with market capitalization >\$5 billion. • Benchmark: S&P 500 Index. 	<ul style="list-style-type: none"> • Convertible securities risk • Dividend securities risk • Equity securities risk • Growth securities risk • Income risk • Investment discretion risk • Large company risk • Market and regulatory risk
Enhanced Large Cap Core	<ul style="list-style-type: none"> • Objective: Seeks to provide moderate and consistent out-performance relative to the S&P 500 Index. • Utilize a rigorous, end-to-end quantitative process. • Emphasize stock selection as the dominant source of alpha. • Forecast returns via a multi-factor alpha model and construct highly diversified, efficient portfolios. • Benchmark: S&P 500 Index. 	<ul style="list-style-type: none"> • Derivatives risk • Equity securities risk • Index investing risk • Large company risk • Market and regulatory risk • Turnover risk
Structured Large Cap Plus	<ul style="list-style-type: none"> • Objective: Provide moderate and consistent outperformance relative to the S&P 500 Index while 	<ul style="list-style-type: none"> • Counterparty risk • Derivatives risk • Equity securities risk

	<p>maximizing risk adjusted returns.</p> <ul style="list-style-type: none"> • Quantitative approach to stock selection and portfolio construction using proprietary statistical models. • Portfolio will generally invest 130% of invested capital long and 30% short. • Forecast expected stock returns using a proprietary statistical model. • Utilize four predictive factor groups: valuation, earnings quality, capital discipline, and sentiment. • Optimization techniques used to reconcile potential returns and risk. • Stocks with high expected returns are candidates for long positions while stocks with low expected returns are candidates for short positions. • Benchmark: S&P 500 Index. 	<ul style="list-style-type: none"> • Large company risk • Market and regulatory risk • Short selling risk • Turnover risk
Mid Cap Growth	<ul style="list-style-type: none"> • Objective: Provide growth of capital, with income secondary, by investing primary in stocks of medium-sized U.S. growth companies. • Stocks that possess consistent, above-average revenue and earnings growth over the long term. • Stocks that exhibit balance sheets and strong profit margins. • Stocks that operate in niche markets or rapidly expanding industries. • Benchmark: Russell Midcap Growth Index. 	<ul style="list-style-type: none"> • Convertible securities risk • Dividend securities risk • Equity securities risk • Growth securities risk • Investment discretion risk • Market and regulatory risk • Medium-sized company risk • Turnover risk
Small-Mid Cap Growth	<ul style="list-style-type: none"> • Objective: Provide long-term capital appreciation. • Culmination of our best ideas from the Mid Cap Growth and Small Cap Growth Strategies. • Bottom-up investment process with fundamental research providing the basis for stock selection. • Focus on companies demonstrating better than average growth. • Valuation approach to control risk in a disciplined way. • Benchmark: Russell 2500 Growth Index. 	<ul style="list-style-type: none"> • Equity securities risk • Growth securities risk • Investment discretion risk • Market and regulatory risk • Medium-sized company risk • Smaller company risk • Turnover risk
Active Growth	<ul style="list-style-type: none"> • Objective: Seek to identify 	<ul style="list-style-type: none"> • Convertible securities

	<p>companies that are exhibiting signs of accelerating earnings growth.</p> <ul style="list-style-type: none"> • Strong fundamental growth prospects. • Better than average valuation characteristics. • Strong financial condition and characteristics. • Favorable investor sentiment. • Market capitalization >\$2 billion. • Benchmark: Russell 1000 Growth Index. 	<p>risk</p> <ul style="list-style-type: none"> • Dividend securities risk • Equity securities risk • Growth securities risk • Income risk • Investment discretion risk • Large company risk • Market and regulatory risk
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Risk of Loss

All investing involves a risk of loss and the investment strategy offered by Foundry Partners could lose money over short or even long periods. Advisor cannot give any guarantee that it will achieve client investment objectives or that a client will receive a return on their investment. Other material risks may include:

General Market Risk

Foundry Partners' investment strategies are subject to some dimension of market risk, including, but not limited to, directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, and changes in market volatility. Accordingly, client accounts may be subject to sudden and dramatic losses as a result of such market events. The particular or general types of market conditions in which client accounts may incur losses or experience unexpected performance volatility cannot be predicted, and client accounts may materially underperform other investment funds with substantially similar investment objectives and approaches.

Equity Securities Risk

Equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Equity prices are directly affected by issuer specific events, as well as general market conditions. In addition, in many countries investing in common stocks is subject to heightened regulatory and self regulatory scrutiny as compared to investing in debt or other financial instruments.

Convertible Securities Risk

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the client account is called for redemption, Foundry Partners will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on Foundry Partners' ability to achieve its investment objective.

Short Selling Risk

Short selling could result in losses significantly higher than the original investment. The Advisor may include short selling in its clients' portfolios. Short selling involves selling a security that the

client does not own. The client borrows the security that is sold short in hopes of purchasing the security at a later price to repay the lender of the security. If a security that is sold short rises in price, the short seller will lose money. Because there is no limit on how much a security's price may rise, securities sold short are subject to unlimited risk of loss.

Derivatives Risk

Foundry Partners may make use of various derivative instruments, such as options, futures, forwards, total return and equity swaps. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage sometimes embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, resulting in unexpected losses.

Counterparty Risk

Foundry Partners may engage in transactions for clients in securities and financial instruments that involve counterparties. Under certain conditions, clients could suffer losses if a counterparty to a transaction were to default or if the market for certain securities or financial instruments were to fail. In addition, clients could suffer losses in the event of a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the client does business.

Item 9: Disciplinary Information

Foundry Partners and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

Foundry Partners is a related person of certain investment advisers in which Rosemont Partners has a controlling interest. Foundry Partners does not conduct any business operations with any of Rosemont Partners' related investment advisers, nor provides any advice formulated by any Rosemont Partners' related investment advisers. The relationships between Foundry Partners and any Rosemont Partners' related investment advisers are constructed to minimize any potential conflicts of interest with clients of Foundry Partners. Foundry Partners is not aware whether its clients are also clients of any of Rosemont Partners' related investment advisers.

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

Foundry Partners has adopted a written Code of Ethics (the "Code") that is applicable to all employees. Among other things, the Code requires Foundry Partners and its employees to act in Clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Foundry Partners' restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of Foundry Partners' Code is available upon request by contacting Eugenie Logue at 610-260-2621.

Employees must pre-clear certain personal securities transactions, including IPO's and securities obtained through a private placement, before completing the transactions. Foundry Partners may disapprove any proposed transaction, particularly if the transaction poses a conflict of interest. Employees are also required to provide quarterly reports regarding transactions and holdings in "Reportable Securities" as defined in the Advisers Act. Employees must disclose all personal trading accounts initially upon commencement of employment and annually thereafter.

Item 12: Brokerage Practices

Broker Dealer Selection

Where Foundry Partners has discretionary management authority, it is authorized to determine, without specific client consent, the broker-dealer used for placing trades. Foundry Partners' discretionary authority over the account may be subject to guidelines and limitations imposed by the client or a wrap fee program sponsor. Such limitations may include requiring Foundry Partners to use a particular broker-dealer, to seek specific commission rates or dealer spreads, and/or other guidelines or restrictions in various areas, including, but not limited to, investments in particular companies, industries, geographies, security types, or asset classes, etc. In certain client arrangements, Foundry Partners also provides model portfolio investment recommendations or allocations without providing trade execution and related services.

Foundry Partners' objective in selecting broker-dealers and in effecting portfolio transactions is to seek the best combination of price and execution with respect to its clients' portfolio transactions. The best net price, giving consideration to brokerage commissions, spreads and other costs, is an important factor in this decision, but a number of other factors are also considered. These factors include, but are not limited to: Foundry Partners' knowledge of negotiated commission rates and spreads currently available; the nature of the security to be traded; the size and type of transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality and anonymity; execution; clearance and settlement capabilities as well as the broker-dealer's reputation and perceived financial soundness; Foundry Partners' knowledge of broker-dealer operational problems; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions. To the extent that the executing broker provides research services, Foundry Partners also considers the quality and usefulness of these services. The relationships with brokerage firms that provide soft dollar research services to Foundry Partners may influence Foundry Partners' judgment in allocating brokerage business and create a conflict of interest. Foundry Partners may also place trades with brokers who generate proprietary research, including buy and sell recommendations on individual securities, if these broker arrangements satisfy Foundry Partners' best execution standards.

Soft Dollar Benefits

When appropriate under its discretionary authority and consistent with its duty to seek best execution, Foundry Partners may direct trades for client accounts to brokers who provide Foundry Partners with brokerage and research services. The client commissions used to acquire brokerage and research services are known as "soft dollars." Foundry Partners seeks to comply with Section 28(e) of the Securities Exchange Act of 1934, which provides a "safe harbor" allowing an investment adviser to pay more than the lowest available commission for brokerage and research

services if it determines in good faith that: (1) the brokerage and research services fall within the definitions set forth in Section 28(e); (2) the brokerage and research services provide lawful and appropriate assistance in the investment decision-making process; and (3) the commission paid is reasonable in relation to the brokerage and research services provided. The use of client commissions to pay for research and brokerage services may present Foundry Partners with conflicts of interest because (1) it receives an indirect benefit that it does not have to pay for from its resources, and (2) Foundry Partners may be incented to select brokers based on receiving brokerage and research services rather than receiving the most favorable execution.

The receipt of brokerage and research services in exchange for soft dollars benefits Foundry Partners by allowing it to supplement its own research and analysis activities, to receive the views and information from research experts, and to gain access to persons having special expertise on certain companies, industries, areas of economy, and market factors. Such brokerage and research services are made available to Foundry Partners in connection with its investment decision-making responsibilities and enhance Foundry Partners' capability to discharge those responsibilities. These products and services are useful for Foundry Partners' investment decision-making and generally benefit all client accounts. The ongoing evaluation focuses on the quality and quantity of brokerage and research services provided by brokerage firms and whether the commissions paid for such services are fair and reasonable. Brokerage and research services acquired with soft dollars may include, but not be limited to: written and oral reports on the economy, industries, sectors and individual companies or issuers; appraisals and analysis relating to markets and economic factors; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotations, trading techniques, and other trading systems; risk measurement; analyses of corporate responsibility issues; research related on-line news services; seminars; on-site visits; asset allocation software; pricing; indices data; and financial and market database services.

Determination and evaluation of the reasonableness of the brokerage commissions paid are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the individual's experience in the securities industry and information available concerning the level of commissions paid by other investors of comparable size and type. Foundry Partners may select brokers based on an assessment of their ability to provide quality executions and its belief that the research, information, and other eligible services provided by these brokers benefit client accounts. It is not possible to place a precise dollar value on the special executions or on the brokerage and research services Foundry Partners receives from brokers. Accordingly, brokers selected by Foundry Partners may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other brokers would have charged for effecting similar transactions if Foundry Partners determines in good faith that such amounts are reasonable in relation to the value of the brokerage and research services provided by those brokers, viewed either in terms of a particular transaction or its overall duty to discretionary accounts.

Brokerage and research services obtained with soft dollars are not necessarily utilized for the specific account that generated the soft dollars. Some clients, including, but not limited to directed brokerage clients, UMA program clients, wrap fee program clients, and clients who restrict the use of soft dollars, may benefit from the research and brokerage products obtained from soft

dollars despite the fact that their trade commissions may not be used to pay for these services. Foundry Partners does not attempt to allocate the relative costs or benefits of brokerage and research services among client accounts because it believes that, in the aggregate, the brokerage and research services it receives benefit all clients and assists Foundry Partners in fulfilling its overall investment responsibilities.

Selected products or services provided by brokers may have administrative, marketing or other uses that do not constitute brokerage or research services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. These are referred to as “mixed-use” services. Foundry Partners evaluates mixed-use products and services and attempts to make a reasonable allocation of the cost of these products or services according to their use, including the number of people involved, the intended purpose, or the amount time that different functions utilize the product or service. A conflict of interest may arise in allocating the cost of mixed-use items between research and non-research products and services. The portion of a product or service attributable to eligible brokerage or research services will be paid through brokerage commissions generated by client transactions; the remaining cost of the product or service will be paid by Foundry Partners from its own resources.

Aggregated Trades

Foundry Partners manages accounts with both similar and different investment strategies all of which may trade in the same securities. Although not required to do so, Foundry Partners may combine different client orders for identical securities to be executed as an aggregated (blocked) order. This practice may enable Foundry Partners to seek more favorable executions and net prices. Each client participating in a blocked order will receive an average share price and will share in commissions and/or other transaction costs on a pro-rata basis. Generally, securities will be allocated on a pro-rata basis based on assets under management including in situations where the order is partially filled. Adjustments to this pro-rata allocation may be made to avoid odd amounts of shares in any client account or to avoid deviations from targeted minimum/maximum holdings limits established for any account. Foundry Partners may, in certain cases, use its judgment to aggregate or not aggregate the trade based on the client’s unique investment guidelines. It is Foundry Partners’ policy to allocate investment opportunities, to the extent practical, to similarly situated client accounts over time, in a manner that Foundry Partners believes is fair and equitable to each client’s account. In some cases, clients with account restrictions may not participate in blocked trades if the restrictions prevent the trader or portfolio manager from executing the trade in a timely manner. In such an instance, the accounts with restrictions may be traded after accounts participating in the blocked trade.

For any client accounts for which an IPO and/or other offerings of securities is appropriate in light of the account’s objective and current portfolio composition, the allotment provided to Foundry Partners is generally allocated pro rata among participating accounts based on each account’s assets under management. When Foundry Partners does not receive a full allocation, the partial fill is allocated on a pro-rata basis across participating accounts pursuant to procedures that ensure that eligible clients are treated fairly and equitably over time.

For all blocked trades, including IPOs, if Foundry Partners is unable to fully execute a blocked transaction and it determines that it would be impractical to allocate a smaller number of shares

among accounts participating in the transaction on a pro-rata basis, Foundry Partners will allocate such securities in a manner determined in good faith to result in a fair allocation over time.

Client Referrals

Foundry Partners does not compensate any custodian or broker-dealer for referring client accounts.

Directed Brokerage

Clients that establish custodial accounts at a broker may direct Foundry Partners to effect portfolio transactions through that broker at a rate agreed upon between the client and the broker. If a client is referred to Foundry Partners by a broker, has opened a custodial account with a broker-dealer, or otherwise directs Foundry Partners to use a certain broker, it is Foundry Partners' practice not to negotiate commission rates with such brokers unless specifically requested to do so by the client. Clients may select brokers at their discretion.

A client who directs Foundry Partners to use a particular broker-dealer, including a client who directs the use of a broker-dealer as custodian of the client's assets, should consider whether such a direction may result in costs or disadvantages to the client, as further described below. Accordingly, a client should satisfy itself that the broker/dealer provides adequate price and execution of transactions.

If a client directs Foundry Partners to place securities transactions through a broker, the client should consider the following: (1) the client may compromise Foundry Partners' ability to seek best execution; (2) Foundry Partners may not attempt to negotiate commissions on the client's behalf which may result in higher commissions, greater spreads or less favorable net prices than would be the case if Foundry Partners alone selected the brokers; (3) the client's trades may not be aggregated (blocked) with similar trades for other Foundry Partners client accounts and thus the client will not receive any benefits that accrue from such blocked orders; (4) as a result of not being blocked, directed transactions will be traded after non-directed accounts, according to a First-In, First-Out (FIFO) and/or rotational method; (5) the client may pay more in commissions than if it had not directed Foundry Partners to use a particular brokerage firm; (6) the brokerage firm selected may be a full service, retail brokers and not a discount brokerage firm; (7) the loss of other factors that Foundry Partners considers in selecting its brokers; and (8) because of this direction the client account may not generate returns equal to those of Foundry Partners clients who do not direct brokerage. As a result, such clients may pay higher commissions and/or receive less favorable net prices than might be attained if Foundry Partners were able to maintain trading discretion. Foundry Partners requires written client instructions to direct overall brokerage or specific transactions to a specific broker, including affiliated brokers.

Wrap Fee Program Trading

As disclosed under Item 4 above, Foundry Partners is an investment manager in a number of Wrap Programs. Under most Wrap Programs, customers are not charged separate commissions or other transaction costs on each trade so long as the Sponsor (or its broker-dealer affiliate) executes the trade. Foundry Partners may have discretion to select the securities purchased or sold, but may be required to direct the trade to the Sponsor. A portion of the wrap fee generally is considered in lieu of commissions or other transaction costs. Where permitted by Wrap Program terms, Foundry Partners may execute a transaction through a broker-dealer other than the Sponsor

where Foundry Partners believes that such trade would result in the best price and execution under the circumstances.

In many situations, trades will be blocked into a single trade with related Wrap Program clients and executed with the introducing Sponsor (or its broker-dealer affiliate) so as to avoid incurring additional brokerage costs or other transaction costs associated with using other broker-dealers. In Wrap Programs where Foundry Partners is directed to use the Sponsor or its affiliated broker-dealer, Foundry Partners may be unable, under those circumstances, to obtain volume discounts, best price, or best execution. While it has generally been Foundry Partners' experience that the broker-dealers to which Foundry Partners is required to direct transactions under a Wrap Program can offer best execution under the circumstances, no assurance can be given that this will continue to be the case in the future.

All Wrap Program Sponsors have an opportunity to trade in an unbiased rotation but traders will follow the Sponsor's specific trade protocol. In certain cases where trade restrictions or unique account level requirements jeopardize the fair and equitable treatment of all accounts, the traders will have the ability to use their discretion to deviate from the rotation order.

Depending upon the level of the wrap fee charged by a Wrap Program Sponsor, the amount of portfolio activity in a client's account, the value of the custodial and other services that are provided under the arrangement, a Wrap Program client should consider whether the program fee would exceed the aggregate cost of such services if they were to be provided separately and if Foundry Partners were free to negotiate commissions. Wrap Program clients should review all materials available from the Sponsor concerning the Wrap Program terms, conditions, and fees.

Item 13: Review of Accounts

Foundry Partners' portfolio manager's monitors and reviews historical investment performance, benchmark comparisons, and portfolio attribution at the investment strategy level on a monthly basis. Portfolio managers and/or client relationship managers oversee all aspects of a client's account including performance and adherence to client-specific investment guidelines. Foundry Partners may also perform compliance monitoring of client investment guidelines and restrictions.

Foundry Partners meets with clients on an agreed-upon basis to discuss the performance of the client's account, the Firm's services, investment updates, review client investment objectives, and any other issues of concern to the client.

Foundry Partners offers clients the opportunity to receive at least quarterly written investment reports. Custodians also generally provide separate account and confirmations reflecting investment activity.

Foundry Partners or its designees will periodically review accounts managed under Wrap Programs. Additional reviews will be performed from time to time when market conditions dictate or as Foundry Partners or its designees deem appropriate.

Clients participating in a Wrap Program where Foundry Partners is an investment adviser will receive at least quarterly accounts statements from the Sponsor reflecting asset holdings, values, transaction activity, and performance results.

Item 14: Client Referrals and Other Compensation

Foundry Partners does not compensate any third parties for referring client accounts.

Other than the previously described products and services that Foundry Partners receives through soft dollar arrangements, Foundry Partners does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Item 15: Custody

All clients' accounts are held in custody by unaffiliated broker-dealers or banks, but Foundry Partners can access many clients' accounts through its ability to debit advisory fees. For this reason Foundry Partners is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Foundry Partners.

Item 16: Investment Discretion

Discretionary Investment and Brokerage Authority

As described in client advisory contracts, Foundry Partners is given discretionary authority to manage client assets to specified investment objectives. Within the investment mandate, Foundry Partners retains the authority to determine, without obtaining specific client consent, the types and quantities of securities to buy and sell. Clients may impose specific investment restrictions, limitations, or prohibitions including specific securities (e.g., socially responsible investment restrictions), asset classes (e.g., derivatives), market restrictions (e.g., limit emerging market exposures), etc.

Non-Discretionary Investment Management Activities

Foundry Partners does not generally manage accounts on a non-discretionary basis but may enter into arrangements with wrap fee program sponsors where it provides access to one or more of its investment models for a fee. In these arrangements, Foundry Partners recommends transactions but the program's sponsor retains all investment and trading discretion. The wrap fee program Sponsor maintains the client relationship including suitability determinations and monitoring any client specific requirements. See Items 4 and 5 above for more information regarding wrap fee programs. See Item 12 above for more information regarding wrap fee program trading arrangements.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Foundry Partners has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Foundry Partners receives will be treated in accordance with these policies and procedures.

Foundry Partners seeks to vote proxies in the best interests of its clients. Foundry Partners will use its best efforts to vote proxies on behalf of clients and will vote proxies where it is afforded the ability to do so. Foundry Partners supplements its evaluation of client proxies with guidance from an independent corporate governance consulting firm. There may be instances, for example, where, at the time the vote is due, client securities have been loaned or other issues exist that prevent Foundry Partners from voting client proxies.

In some situations, acting in the client's best interest may include abstention from voting. For example, Foundry Partners may not vote proxies where it believes the cost of voting outweighs the benefits (e.g., voting on international securities where personal appearance is required, not having sufficient information to vote the proxy, etc.).

Foundry Partners has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a client was a senior executive with a publicly traded company and other clients held securities issued by that company. Absent specific client instructions, if Foundry Partners identifies a material conflict of interest it will follow the voting recommendation of the independent corporate governance consulting firm that it has retained.

A copy of Foundry Partners's proxy voting policies and procedures, as well as specific information about how Foundry Partners has voted in the past, is available upon request by contacting Eugenie Logue at 610-260-2621. Upon written request, clients can also take responsibility for voting their own proxies, or can give Foundry Partners instructions about how to vote their respective shares.

Item 18: Financial Information

A balance sheet is not required to be provided as Foundry Partners (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.