



Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Pennant Management, Inc. ("Pennant Management"). If you have any questions about the contents of this brochure, please contact us at 414-359-1044 or melste@pennantmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Pennant Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 106974.

Item 2 Material Changes

This Brochure provides you with a summary of Pennant Management’s advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. The disclosure in this Item 2 is used to provide our clients with a summary of new and/or updated information in the Brochure. We will inform you of the revision(s) based on the nature of the information as follows:

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm’s fiscal year end (“FYE”) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item 2.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item 2). “Material changes” requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client’s full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Brochure dated March 21, 2014:

- The disclosure in Item 4 has been updated to include additional information regarding Pennant Management’s buy and sell allocation procedures for client accounts in the Repurchase Agreement Program. This additional information is included within the “Repurchase Agreement Program” section beginning on page 7 of the Brochure.

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Item 4 Advisory Business

Pennant Management is located in Milwaukee, Wisconsin and is an investment adviser registered with and regulated by the SEC.

Mark A. Elste, CFA, founded Pennant Management in 1992 as an employee-owned, entrepreneurial enterprise. In 2004, Pennant Management became a wholly owned subsidiary of U.S. Fiduciary Services, Inc., an employee-owned financial services holding company. The U.S. Fiduciary Services, Inc. Employee Stock Ownership Plan (“USFS ESOP”) holds all of the outstanding stock of U.S. Fiduciary Services, Inc. Colin Henderson, President of Strategic Investment Counsel Corporation, serves as trustee of the USFS ESOP.

Pennant Management offers the following advisory services to our clients:

SEPARATELY-MANAGED PORTFOLIOS

Our firm provides advice regarding the investment of funds to clients of Pennant Management, as well as clients of our affiliated trust companies, GreatBanc Trust Company, principally located in Lisle, Illinois, and Salem Trust Company, principally located in Tampa, Florida. Depending on the needs of each client, we may provide this advice on an investment supervisory or non-investment supervisory basis. If a client chooses to have Pennant Management provide investment supervisory services we will provide continuous and regular advice related to the investment management of the client’s account based on the client’s individual needs. If a client chooses to have Pennant Management provide non-investment supervisory services, we will provide investment management services related to the client’s account, but only at the client’s request and not on a continuous and regular basis.

When Pennant Management provides investment supervisory services, we conduct personal discussions in which goals and objectives based on a client’s particular circumstances are established, we develop a client’s personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client’s individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client’s prior investment history, as well as family composition and background. We manage these advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the client’s stated investment objectives, as well as tax considerations.

When Pennant Management provides non-investment supervisory services, we conduct personal discussions in which goals and objectives based on a client’s particular circumstances are established. In addition, we determine both frequency and type of advice the client wishes Pennant Management to provide. Since each client’s situation and advising needs are unique, we strive to provide a customized investment advisory solution. We manage these advisory accounts on a non-discretionary basis.

Whether Pennant Management provides investment supervisory or non-investment supervisory services, clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Our investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Common stock;
- Preferred stock;
- Corporate debt securities (other than commercial paper);
- Commercial paper;
- Repurchase agreements;
- Certificates of deposit;
- Municipal securities;
- SBA 504 first lien loans
- Investment company securities (i.e., open-end and closed-end mutual funds);
- Exchange-traded funds (ETFs);
- U.S. government securities;
- Options contracts on securities;
- Interests in partnerships investing in real estate;
- Interests in partnerships investing in oil and gas interests; and
- Interests in partnerships investing in equity and mezzanine finance.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

MODEL PORTFOLIO MANAGEMENT

Through our affiliated trust companies, GreatBanc Trust Company and Salem Trust Company, Pennant Management provides portfolio management services to clients using model asset allocation portfolios pursuant to a sub-advisory agreement with each respective trust company. Each model portfolio is designed to meet a particular investment objective.

Growth	The growth objective contains accounts with active equity and bond management engaging in the use of ETFs and open-end and closed-end mutual funds. Portfolio asset weight of equities is greater than or equal to 75%.
Growth/Income	The growth/income objective contains accounts with active equity and bond management engaging in the use of ETFs and open-end and closed-end mutual funds. Portfolio asset weight of equities is between 55% and 75%.

Income/Growth	The income/growth objective contains accounts with active equity and bond management engaging in the use of ETFs and open-end and closed-end mutual funds. Portfolio asset weight of equities is between 35% and 55%.
Income	The income objective contains accounts with active equity and bond management engaging in the use of ETFs and open-end and closed-end mutual funds. Portfolio asset weight of equities is less than or equal to 35%.
Short Term Bond	The short term bond objective contains accounts with active short-term bond management engaging in the use of ETFs and open-end and closed-end mutual funds. The composite portfolios are engaged in high quality bond portfolio management with an average maturity between 1 and 5 years.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated investment objectives. The target equity weight for any of the objectives having an equity component can be established at 10% increments within the equity weight range established for each objective. For example, if it is determined that Growth/Income is the suitable objective for a client, the target equity weight may be set at 10% increments anywhere in the range of 55% – 75%.

A client services officer from either GreatBanc Trust Company or Salem Trust Company conducts personal discussions with the client to establish the client's goals and objectives and to determine if the model portfolio is suitable to the client's circumstances. Once the officer determines the suitability and investment objectives, the portfolio is managed based on the portfolio's goal. Clients have the opportunity to place restrictions on the types of securities to be held in a model account. Clients do retain individual ownership of all securities.

Because investments involve degrees of risk, they will only be recommended and implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

MUTUAL FUND AND COLLECTIVE INVESTMENT FUND PORTFOLIO MANAGEMENT

Pennant Management provides discretionary portfolio management services to the USFS Funds Limited Duration Government Fund and the USFS Funds Tactical Asset Allocation Fund (the "Mutual Funds"), each a series of USFS Funds Trust, a Delaware statutory trust and an investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Pennant Management serves as the investment manager to the Mutual Funds and continuously manages the Mutual Funds' assets based on the investment objectives and strategies as outlined in the Mutual Funds' prospectus.

Pennant Management receives an advisory fee (“Fee”) according to the fee schedules listed in the Mutual Funds’ prospectus for each Mutual Fund it manages. Clients can view the Mutual Funds’ prospectus and other related documents at www.pennantmanagement.com/usfs_funds.html. The Fee is calculated as a percentage of each Mutual Fund’s average daily net assets. For each Mutual Fund, contractual caps may result in fee waivers and expense reimbursements by Pennant Management. After an initial two-year term, the Mutual Funds’ Board of Trustees will review the advisory contract and Fees annually.

In addition, Pennant Management provides discretionary portfolio management services to The Pennant 504 Fund (the “Closed-end Fund”), a Delaware statutory trust registered under the 1940 Act as a closed-end, non-diversified management investment company. Pennant Management serves as the investment manager to the Closed-end Fund and continuously manages the Closed-end Fund’s assets based on the investment objectives and strategies as outlined in the Closed-end Fund’s prospectus.

Pennant Management receives an advisory fee (“Fee”) according to the fee schedules listed in the Closed-end Fund’s prospectus. Clients can view the prospectus reports and other information about the Fund on the EDGAR Database on the SEC’s website at <http://www.sec.gov>. The Fee is calculated as a percentage of the Closed-end Fund’s average daily net assets. Contractual caps may result in fee waivers and expense reimbursements by Pennant Management. After an initial two-year term, the Closed-end Fund’s Board of Trustees will review the advisory contract and Fees annually.

Finally, Pennant Management provides non-discretionary portfolio management services to the Salem Trust Short Term Investment Fund (“STIF”). This fund is organized as a collective investment fund (“CIF”) maintained by a trust company. Investment in this fund is limited to certain qualified retirement plans. Pennant Management receives an advisory fee for the management services provided to this fund.

Prior to making any investment in the Mutual Funds, the Closed-end Fund or the STIF, investors and prospective investors should carefully review the fund documents for a comprehensive understanding of the applicable terms and conditions.

REPURCHASE AGREEMENT PROGRAM

A repurchase agreement (repo) is a contractual arrangement between a buyer, the buyer’s custodian, and a seller such as an investment banking firm, U.S. Government bond dealer or other entity. In the transaction, the repo seller receives cash from the repo buyer. In turn, the seller provides securities to the buyer as collateral for the cash. The seller enters into a contractual commitment to repurchase the securities from the buyer at predetermined dates and prices.

The Pennant Management Overnight Repo is our pre-negotiated repo that, although patterned after standard industry repos, is custom-designed for use with institutional and high-net-worth clients of Pennant Management and our affiliated companies. It is over-collateralized with the U.S. Government guaranteed portion of loans issued pursuant to the U.S. Small Business

Administration's 7(a) Loan Program ("SBA 7(a) loans"), loans issued by the U.S. Department of Agriculture ("USDA"), pools composed of SBA 7(a) loans or other loans backed by a "full faith and credit" guaranty from the U.S. Government, and cash. It provides daily liquidity and flexibility to match an investor's specific cash flow needs.

Pennant Management maintains relationships with various counterparty sellers of repo. These counterparties include broker/dealers who are approved U.S. Small Business Administration pool assemblers and other organizations that hold SBA 7(a) loans, USDA loans, or pools composed of U.S. Government guaranteed loans. We conduct initial and ongoing due diligence and monitoring of these counterparties.

In a repo transaction, Pennant Management acts as agent for its clients as buyers and directs the custodian to invest client funds in repo. The custodian then transfers funds from the client (buyer) to the repo seller. To secure the seller's obligation, the seller is required to deposit, with the custodian, collateral having value that equals at least 102.5% of the amount of the original purchase price. The collateral deposited with the custodian must be the U.S. Government guaranteed portion of SBA 7(a) loans, USDA loans or loan pools that carry the "full faith and credit" guarantee of the U.S. Government. GreatBanc Trust Company, one of Pennant Management's affiliates, serves as custodian for most of our repo facilities.

The Pennant Management Overnight Repo may be used as a short-term investment in certain accounts of institutional or high-net-worth clients where we provide separately managed portfolio services, provided it is determined to be a suitable investment. However, due to operational limitations of certain custodians, the client's account must be maintained with a custodian that has the ability to process repo transactions in order for Pennant Management to be able to use this investment in a client's account. Pennant Management's affiliates, GreatBanc Trust Company and Salem Trust Company, are two custodians that have this capability. Often, institutional clients choose to use repo as a cash management investment. In these cases, the institutional client may open a non-investment supervisory, non-discretionary account intended solely for investment in Pennant Management Overnight Repo ("repo-only accounts"). We advise these clients regarding the ongoing due diligence and monitoring performed by Pennant Management on the repo counterparty sellers and provide information regarding the relevant markets for the collateral.

The availability of Pennant Management Overnight Repo is limited by the funding needs and available collateral of the counterparty sellers. These funding needs usually vary significantly. As a result, the availability of repo varies significantly as well.

Due to constraints inherent in this investment vehicle, Pennant Management's process of allocating repo to its clients will differ from the process of allocating other investments. Pennant Management will allocate repo to its advisory clients, specifically separately managed portfolios, collective investment funds, mutual funds, and repo-only accounts on a first-come-first-served basis. This means that clients may indicate to Pennant Management their interest in placing an investment in repo and said interest will be filled on a best efforts basis. The indication of interest will be noted in

the order it was received and the client will be contacted when repo becomes available. Open indications of interest are limited to \$6,000,000 per account. Once the interest is filled, the client may provide a new indication of interest, which will again be noted in the order it was received. Pennant Management portfolio managers who manage collective funds, mutual funds, or separately managed accounts, follow this process.

Pennant Management becomes aware of changes in the availability of repo between 8:00 and 8:30 AM Central Time. The cutoff for placing orders for repo is 9:30 AM Central Time. Before the cutoff time, Pennant Management will attempt to contact clients who have provided an indication of interest as described above. However, since all repo transactions must be placed by 9:30 AM Central Time, clients with non-discretionary accounts must be available to place an order when contacted. If a client is not available, Pennant Management cannot allocate repo to that account. Furthermore, clients must agree to the proposed transaction terms on that day, as actual repo availability may not match a client's indication of interest. If a client is not available or declines to accept the proposed repo transaction, Pennant Management will then move to the next client on the indication of interest list.

If no indications of interest exist and there is additional repo that needs to be placed, Pennant Management will attempt to contact all clients who are eligible to hold that particular repo line and notify them of the opportunity for investment. Eligible clients include those that have completed the required documentation for a particular line. A reasonable deadline for indicating interest will be communicated to all eligible clients at that time. Once the deadline has passed, all clients who have indicated an interest will be given a pro rata share of the available repo, up to the client's individual maximum indicated interest. The allocation will also be subject to any minimal investment levels that the client has indicated. Other factors, including transaction costs related to wires and trade tickets, may be considered.

All client sell indications will be honored on a best efforts basis. Under normal circumstances, Pennant Management will work to fill client sell indications in their entirety per the client's request. If Pennant Management experiences client redemption requests that exceed client indications of interest on any given line for any particular day, Pennant Management will fulfill its responsibilities under the Master Agreement for that facility. If no sell indications exist and cash needs to be returned, the cash will be allocated on a pro rata basis across all clients currently invested in the repo line. The pro rata return of cash may be subject to a *de minimis* amount that takes into consideration wire costs, the number of trade tickets to be generated and other factors that would be significant for the client relative to the value of the transaction.

Some of the collateral held in connection with the Pennant Management Overnight Repo consists of SBA 7(a) loan pool securities held in inventory by certain broker/dealers. Clients should be aware that, from time to time, Pennant Management purchases SBA 7(a) loan pool securities for certain client portfolios and funds it manages. Occasionally, these securities may be purchased from the inventory of one of the counterparty sellers in the repo program. When this occurs, the security will be removed from the broker/dealer's inventory, thereby reducing the amount of collateral available

to the repo program. This reduces the amount of investment opportunity available to clients in the program and represents a conflict of interest for Pennant Management.

PORTFOLIO CONSULTING SERVICES

Pennant Management also provides several portfolio consulting services separately or in combination. Clients for these services may include employee stock ownership plans, profit sharing and 401(k) plans, individuals, trusts, estates, banks, and charitable organizations. These portfolio consulting services are comprised of the following services:

Investment Policy Statement Preparation (hereinafter referred to as “IPS”):

We will work with the client to determine the client’s investment objectives and an appropriate investment strategy designed to meet those objectives. Our firm then prepares a written IPS detailing those objectives and investment strategy. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

Investment Performance Monitoring:

Based on established procedures and timing intervals, we continually monitor securities held in certain retirement plans for which our affiliated trust companies serve in a fiduciary capacity. Although our firm is typically not involved in the purchase or sale of these investments, we supervise these portfolios and will make recommendations to our affiliates as market factors or the underlying fundamentals of the securities dictate.

Third-Party Money Manager Review and Monitoring:

Our firm provides services to our affiliated trust companies related to the review and monitoring of third-party money managers in connection with certain collective investment funds managed by those trust companies. Pennant conducts initial and ongoing due diligence on the managers, monitors the performance of the managers and makes recommendations regarding the managers’ services to the collective investment funds and trust companies to support the fulfillment of their fiduciary duties.

Employee Communications:

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own accounts (“self-directed plans”), we may provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined in consultation with the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will not

provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

FINANCIAL CONSULTING SERVICES

Through Pennant Management's CFO à la Carte™ services, banks and other financial institutions may receive specialized consulting services including: asset and liability analysis, bond accounting analysis, policy review consulting, investment strategy and forecasting consulting, and regulatory reporting consulting. These services are customized to the individual needs of each institution and are separate from the investment advisory services provided by Pennant Management. Consulting recommendations are not limited to any specific product or service.

AMOUNT OF MANAGED ASSETS

As of December 31, 2013, Pennant Management was actively managing \$314,435,247 of clients' assets on a discretionary basis plus \$98,578,169 of clients' assets on a non-discretionary basis, resulting in regulatory assets under management of \$413,013,417.

In addition, as of December 31, 2013, we were providing advisory and portfolio consulting services to accounts with assets of \$5,859,616,074. This includes accounts where Pennant Management provides supervisory or management services that are not continuous and regular as defined in the instructions to Form ADV. These accounts include the following:

- Accounts established solely for investment in Pennant Management Overnight Repo;
- Collective investment funds sponsored by our affiliated trust companies; and
- Certain qualified retirement plans, such as employee stock ownership plans, for which our affiliated trust companies serve as fiduciary.

Item 5 Fees and Compensation

The following description of fees and compensation applies to clients having investment advisory agreements directly with Pennant Management. GreatBanc Trust Company and Salem Trust Company, both affiliated entities of Pennant, have separate fee arrangements for their client accounts. Pennant Management may serve as sub-adviser to GreatBanc Trust Company and Salem Trust Company accounts and is compensated for services provided to these affiliates through sub-advisory agreements with the respective trust company.

SEPARATELY-MANAGED PORTFOLIO FEES

The annualized fee for separately-managed portfolio services are charged as a percentage of assets under management, according to the following schedule:

PORTFOLIO MANAGEMENT FOR INDIVIDUALS

<u>Market Value of Assets</u>	<u>Annual Fee</u>
First \$250,000	1.25% of Market Value
Next \$750,000	0.90% of Market Value
Balance	0.65% of Market Value

An account minimum of \$100,000 is required for this service. This account size may be negotiable under certain circumstances. Pennant Management may aggregate certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

CASH MANAGEMENT AND BOND PORTFOLIO MANAGEMENT FOR INSTITUTIONS

<u>Market Value of Assets</u>	<u>Annual Fee</u>
Balance not invested in Pennant Management Repo Program	0.10% of Market Value
Balance invested in Pennant Management Repo Program	0.55% of Market Value
Minimum Annual Fee	\$5,000

An account minimum of \$1,000,000 is required for this service. This account size may be negotiable under certain circumstances. Pennant Management may aggregate certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

BALANCED AND EQUITY PORTFOLIO MANAGEMENT FOR INSTITUTIONS

<u>Market Value of Assets</u>	<u>Annual Fee</u>
First \$100,000,000	0.35% of Market Value
Balance	0.18% of Market Value
Minimum Annual Fee	\$14,000

An account minimum of \$1,000,000 is required for this service. This account size may be negotiable under certain circumstances. Pennant Management may aggregate certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Fee Payment: Clients may choose to have fees deducted from their assets or they may choose to be invoiced directly. Fees are typically charged on a quarterly basis unless the client chooses a

different payment frequency. In addition, fees will typically be charged in advance unless the client chooses to have them charged in arrears.

Limited Negotiability of Advisory Fees: Although Pennant Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and account reporting obligations, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

MODEL PORTFOLIO MANAGEMENT FEES

Model Portfolio Management Services are provided through Pennant Management's affiliates, GreatBanc Trust Company and Salem Trust Company. Fees for this service are determined by our affiliates based on their pricing policies and shared with clients based on their procedures. Pennant Management is compensated pursuant to a sub-advisory agreement with each respective trust company.

REPURCHASE AGREEMENT PROGRAM FEES

As mentioned previously, institutional clients may choose to use Pennant Management Overnight Repo as a cash management investment. In these cases, the institutional client may open an account intended solely for investing in repo. Fees for these accounts are generally 0.55% of the market value of the account on an annual basis.

There is no minimum amount required to open an account. Although Pennant Management has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis.

Fee Payment: Fees are charged on a monthly basis in arrears. Fees will be deducted from client accounts in the repurchase agreement program where Pennant Management's affiliate, GreatBanc Trust Company, serves as custodian. Fees will be billed to clients in the repurchase agreement program where a non-affiliated party serves as the client's custodian.

MUTUAL FUND PORTFOLIO MANAGEMENT FEES

Pennant Management receives an advisory fee from each Mutual Fund it manages at a specified annual percentage rate of each Fund's average daily net assets. Additional information about the

fees charged to each Mutual Fund is available in the Mutual Funds' Prospectus at:
www.pennantmanagement.com/usfs_funds.html.

The advisory fees charged to each Mutual Fund are also summarized below:

- USFS Funds Limited Duration Government Fund – 0.41% on the average daily net assets
- USFS Funds Tactical Asset Allocation Fund – 0.75% on the average daily net assets

When Pennant Management determines to invest part or all of a discretionary account in a Mutual Fund, the account will pay the Mutual Fund fees and expenses, as well as Pennant Management's investment advisory fee as described in the fee schedules listed above. Pennant Management may also invest in unaffiliated open-end and closed-end funds, ETFs, or similar investments on behalf of client accounts. Clients whose assets are invested in such securities will pay both a direct investment advisory fee to Pennant Management and the proportionate share of the fund's expenses, including the investment management fees to the fund's investment advisor. Please refer to the respective fund's prospectus for more information.

CLOSED-END FUND PORTFOLIO MANAGEMENT FEES

Pennant Management receives an advisory fee from the Closed-end Fund at a specified annual percentage rate of the average daily net assets. Additional information about the fees charged to the Closed-end Fund can be found in the Fund's prospectus, which is available on the EDGAR Database on the SEC's website at <http://www.sec.gov>

The advisory fees charged to the Closed-end Fund are equal to 2.00% on the average daily net assets.

When Pennant Management determines to invest part or all of a discretionary account in the Closed-end Fund, the account will pay the Closed-end Fund fees and expenses, as well as Pennant Management's investment advisory fee as described in the fee schedules listed above. Pennant Management may also invest in unaffiliated open-end and closed-end funds, ETFs, or similar investments on behalf of client accounts. Clients whose assets are invested in such securities will pay both a direct investment advisory fee to Pennant Management and the proportionate share of the fund's expenses, including the investment management fees to the fund's investment advisor. Please refer to the respective fund's prospectus for more information.

COLLECTIVE INVESTMENT FUND FEES

Pennant Management receives an advisory fee from each CIF it manages at a specified annual percentage rate of each fund's average daily net assets. This fee is negotiated between Pennant Management and the sponsoring institution for the CIF and is disclosed, as appropriate, in the governing documents of the CIF.

PORTFOLIO CONSULTING SERVICES FEES

Pennant Management's Portfolio Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. Our Portfolio Consulting Services fees are negotiable and may be calculated and charged on either an hourly or fixed fee basis. All fees are agreed upon prior to entering into a contract with any client.

FINANCIAL CONSULTING SERVICES FEES

Pennant Management's Financial Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. Our Financial Consulting Services fees are negotiable and may be calculated and charged on either an hourly or fixed fee basis. All fees are agreed upon prior to entering into a contract with any client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Pennant Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial situation and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Pennant Management's minimum account requirements and advisory fees in effect at the time the

client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Pennant Management is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Internal Revenue Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Pennant Management may only charge fees for investment advice about products for which our firm and our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Pennant Management's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

Pennant Management does not charge any performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

Item 7 Types of Clients

Pennant Management provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Banking or thrift institutions;
- Investment companies (including mutual funds);
- Pooled investment vehicles (other than investment companies);
- Pension and profit sharing plans (other than plan participants);
- Charitable organizations;
- Unions;
- Educational Institutions;
- Corporations or other businesses not listed above; and

- State or municipal government entities.

As previously disclosed in Item 5, our firm has established certain initial account minimum requirements and annual fee minimums to maintain an account, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and

cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the mutual funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a mutual fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued; and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time.

There are four basic options strategies we may use:

- **Call Buying** – We would normally purchase call options in anticipation of an increase in the market value of certain securities. We would ordinarily realize a gain if, during the option period, the value of the underlying instrument exceeded the exercise price plus the premium paid and related transaction costs. Otherwise, we would realize either no gain or a loss on the purchase of the call option.
- **Call Selling (Writing)** – When we write a call option we assume an obligation to sell specified securities to the holder of the option at a specified price if the option is exercised at any time before the expiration date. We may try to hedge against a decline in the value of securities already owned by writing a call option. If the price of that security falls as expected, we would expect the option to expire and the premium we received to offset the decline of the security's value. However, we must be prepared to deliver the underlying instrument in return for the strike price, which may deprive us of the opportunity to profit from an increase in the market price of the securities held.

- Put Buying – We may purchase put options to offset or hedge against a decline in the market value of securities owned (“protective puts”) or to benefit from a decline in the price of securities not owned. We would ordinarily realize a gain if, during the option period, the value of the underlying securities decreased below the exercise price sufficiently to cover the premium and transaction costs. However, if the price of the underlying instrument does not fall enough to offset the cost of purchasing the option, a put buyer would lose the premium and related transaction costs.
- Put Selling (Writing) – When we write a put option we assume an obligation to purchase specified securities from the option holder at a specified price if the option is exercised at any time before the expiration date. We may try to hedge against an increase in the value of securities we would like to acquire by writing a put option on those securities. If security prices rise, we would expect the put option to expire and the premium received would offset the increase in the security’s value. If security prices remain the same over time, we would hope to profit by closing out the put option at a lower price. If security prices fall, we may lose an amount of money equal to the difference between the value of the security and the premium it received.

REPURCHASE AGREEMENTS

As mentioned previously, investment in the Pennant Management Overnight Repo is subject to certain risks. If the seller is unable to repurchase the collateral in accordance with the repurchase agreement, the buyer is only protected by the value of the collateral. This situation is known as default risk of the seller. If the seller were to default, the buyer would own the collateral that was deposited and would have the right to liquidate. Although active markets exist for the loans and securities deposited as collateral, it may take some amount of time for full liquidation. As a result, the cash invested by a buyer may not be available as expected. This is referred to as liquidity risk.

Although the Pennant Management Overnight Repo is collateralized at a minimum of 102.5% with instruments that carry the full faith and credit guaranty of the U.S. Government, the collateral can and does vary in market price. The government guarantee protects the principal value of the investment up to the amortized loan or pool value at par. However, to the extent that loans or pools are purchased at a premium, this premium is not guaranteed. The risk associated with the premium is known as premium risk.

RISK OF LOSS

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Pennant Management is an SEC-registered investment adviser and a wholly owned subsidiary of U.S. Fiduciary Services, Inc. As a subsidiary of U.S. Fiduciary Services, Inc., our firm is under common ownership and control with several financial institutions, including the following with which we have a material business relationship (referred to collectively as the “Related Companies”):

- **GreatBanc Trust Company**, an Illinois trust company regulated by the State of Illinois Department of Financial and Professional Regulation;
- **Salem Trust Company**, a Florida trust company regulated by the State of Florida Department of Financial Institutions;
- **USF Affiliate Services, Inc.**, an Illinois corporation that provides administrative and back office support to all affiliates of U.S. Fiduciary Services, Inc.; and
- **Waretech, Inc.**, an Indiana corporation that provides technology support to all affiliates of U.S. Fiduciary Services, Inc.
- **504 Fund Advisors, LLC**, an Illinois limited liability corporation formed as a joint venture between U.S. Fiduciary Services, Inc., certain officers and directors of U.S. Fiduciary Services, Inc. or its affiliates, in their individual capacities, and Live Oak Bancshares, Inc., a bank holding company based in Wilmington, North Carolina.

GreatBanc Trust Company and Salem Trust Company provide custody and trustee services, while Pennant Management provides investment advisory services. Clients of Pennant Management are free to pick any custodian or trustee that they choose. There is no requirement to use the fiduciary services provided by the Related Companies. The relationship between the Related Companies and Pennant Management is meant to broaden the array of services available to clients.

When appropriate, Pennant Management and our employees may recommend the various investment and investment-related services of the Related Companies to our advisory clients. The Related Companies and their employees may also recommend the advisory services of our firm to their clients. The services provided by the Related Companies are separate and distinct from our advisory services, and are provided for separate and additional compensation. There may also be arrangements between Pennant Management and the Related Companies whereby Pennant Management or the Related Companies and their employees receive payment in exchange for client referrals. No Pennant Management client is obligated to use the services of any of the Related Companies. In addition, some management persons and other employees of Pennant Management may be management persons or employees of one or more of the Related Companies.

Clients should be aware that the receipt of additional compensation by Pennant Management and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Pennant Management endeavors at all times to put the interests of its clients first as part of our fiduciary duty as an SEC-registered investment adviser, and we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

504 Fund Advisors, LLC

504 Fund Advisors, LLC is a joint venture formed by its members U.S. Fiduciary Services, Inc., certain officers and directors of U.S. Fiduciary Services, Inc. or its affiliates, in their individual capacities, and Live Oak Bancshares, Inc., a bank holding company based in Wilmington, North Carolina. 504 Fund Advisors, LLC provides to services support Pennant Management in connection with Pennant Management's delivery of advisory services to the Closed-end Fund.

Live Oak Bancshares, Inc. owns 100% interest in Government Loan Solutions ("GLS"). GLS provides specialized third-party pricing and consulting services to financial institutions. Specifically, through their pricing service, GLS provides valuation information for SBA pooled securities, individual SBA loans and USDA loans. GLS provides this valuation information to custodians, including GreatBanc Trust Company, Pennant Management's affiliate, in connection with Pennant Management's Repurchase Agreement Program. The custodians for Pennant Management's Repurchase Agreement Program use the valuation information from GLS to value certain collateral that is subject to repurchase agreements under the program. GLS receives compensation from the custodians for the service provided.

Employees of GLS are also actively involved in the management of the Closed-end Fund. Specifically, Robert Judge and Jordan Blanchard, both employees of GLS, are also portfolio managers for the Closed-end Fund. Mr. Judge and Mr. Blanchard are independent contractors for and investment adviser representatives of Pennant Management. Mr. Judge and Mr. Blanchard are compensated by GLS with a fixed salary and a bonus based upon the performance of GLS and do not receive compensation from Pennant Management or the Closed-end Fund. Other employees of Live Oak Bancshares and GLS also serve in capacities that provide support to the Closed-end Fund. Such capacities include, but are not limited to, credit underwriting and loan processing functions. Employees of USF Affiliate Services also serve in capacities that provide support to the Closed-end Fund. Such capacities include, but are not limited to, compliance, legal and accounting functions.

Mutual Funds and Closed-end Funds

Pennant Management is the investment adviser to the USFS Funds Limited Duration Government Fund, the USFS Funds Tactical Asset Allocation Fund and The Pennant 504 Fund. As previously disclosed in “Fees and Compensation” (Item 5), Pennant Management often invests portions of managed client portfolios in the Mutual Funds, and may invest portions of managed client portfolio in the Closed-end Fund. This means that it is possible for Pennant Management to receive revenue from assets invested in the Mutual Funds or the Closed-end Fund while also collecting its investment advisory fee. Clients should be aware that this creates a conflict of interest as it may create an incentive for Pennant Management to invest client money in the Mutual Funds or the Closed-end Fund advised by us in order to increase revenue.

As an investment adviser with fiduciary responsibility to our clients, Pennant Management understands that this conflict of interest exists and we constantly strive to do what is in the best interest of our clients. For many of the accounts we manage, we find that the use of mutual funds is the most efficient method for achieving the necessary portfolio diversification. As a result, we use various mutual funds and closed-end funds in client accounts, including the Mutual Funds and the Closed-end Fund managed by Pennant Management.

Mutual funds charge internal management fees, which are disclosed in each fund’s prospectus. These fees are in addition to the fees charged by Pennant Management for account management services. We are conscious of the combined expense to the client, and make every effort to manage it to an acceptable level for the given portfolio management assignment.

Repurchase Agreement Program

Pennant Management’s affiliate, GreatBanc Trust Company, serves as the tri-party custodian for several repurchase agreements in Pennant Management’s Repurchase Agreement Program. In this role, GreatBanc Trust Company is responsible for holding and monitoring the collateral required to secure the seller’s obligation. In exchange for this service, GreatBanc Trust Company receives fees from the repo sellers.

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

Our firm has adopted a Code of Ethics (the “Code”) which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Pennant Management and our personnel owe a duty of loyalty, fairness and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code but also to the general principles that guide the Code.

Our Code includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm’s

supervised persons. Among other things, our Code also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code also provides for oversight, enforcement and recordkeeping provisions.

The Code further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

Pennant Management and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions.

Our Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person may have an interest or position in a certain security, which may also be recommended to a client.

In order to prevent employees benefiting from transactions placed on behalf of clients, it is the expressed policy of our firm that no person employed by us may purchase or sell any security within two (2) business days before or after any client trades in that security unless:

1. the employee's transaction occurs in an account over which the employee does not have direct or indirect influence or control;
2. the employee has complied with the Code regarding prior written approval of a transaction by the firm's compliance officers; or,
3. the transaction occurs in conjunction with the rebalancing of the employee's portfolio by Pennant Management, Inc. concurrent with the rebalancing of other portfolios with identical investment objectives and at a price equal to or less advantageous than the price obtained for such security by Pennant Management, Inc. for each client;

We may aggregate our employee trades with client transactions when possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances when there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing the Code, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for his personal portfolio when his decision is a result of information received as a result of his employment unless the information is also available to the investing public.
3. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
4. We have established procedures for the maintenance of all required books and records.
5. Clients can decline to implement any advice rendered, except when our firm is granted discretionary authority.
6. All of our principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
7. We require delivery and acknowledgment of the Code by each supervised person of our firm.
8. We have established policies requiring the reporting of Code violations to our senior management.
9. Any individual who violates any of the above restrictions may be subject to termination of employment.

A copy of our Code is available to our advisory clients and prospective clients. You may request a copy by calling us at 414-359-1044.

Mutual Funds and Closed-end Fund Advised by Pennant Management. As previously disclosed in this brochure, Pennant Management is the investment adviser to the Mutual Funds the Closed-end Fund. Please refer to “Advisory Business” (Item 4), “Fees and Compensation” (Item 5), and “Other Financial Industry Activities and Affiliations” (Item 10) for a detailed explanation of this relationship and important conflict of interest disclosure.

Item 12 Brokerage Practices

Client assets must be maintained in an account at a qualified custodian, generally a bank, trust company or a broker-dealer. We may recommend the use of a specific affiliated or non-affiliated

bank, trust company or broker-dealer depending on the client's individual circumstances, but the client will decide whether to act on that recommendation.

BANK/TRUST CUSTODIAL ACCOUNTS

As part of our standard Investment Advisory Agreement, clients provide us with a written statement that authorizes Pennant Management to determine the broker-dealer to use and the commission costs that will be charged for transactions. Any limitations the client wishes to place on this authority may be provided in writing along with the Investment Advisory Agreement. Clients may amend these limitations as required. Such amendments must also be provided to us in writing.

Research and Other Soft Dollar Benefits

Consistent with obtaining best execution for clients, Pennant Management may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Pennant Management and, indirectly, to Pennant Management's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934, as amended, and are designed to augment our own internal research and investment strategy capabilities. This practice may be pursued at our discretion without prior agreement or understanding by the client. Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties who are compensated by the broker.

When Pennant Management uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Pennant Management does not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we may have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

Pennant Management will endeavor to select brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Pennant Management in providing investment management services to clients.

Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Pennant Management determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to our discretionary client accounts.

Pennant Management believes that the research we receive will help us to fulfill our overall duty to our clients; we do not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients. Pennant Management may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client.

Within our last fiscal year, we have obtained the following products and services on a soft-dollar basis:

- Anderson & Loe – Equity PMI Research (Technical market research);
- Chicago Board Options Exchange (Live option quotes on Bloomberg, News, Data, Analytics);
- Ned Davis Research (Research, Data, Analytics);
- NYSE Market (Live option quotes on Bloomberg, News, Data, Analytics);
- The Leuthold Group (Research Service); and
- Morningstar (Research, Data, Analytics).

Directed Brokerage

Pennant Management may accept client instruction for directing the client's brokerage transactions to a particular broker-dealer. Any client instructions to Pennant Management are to be in writing with appropriate disclosures that for any directed brokerage arrangements Pennant Management will not negotiate commissions, may not obtain volume discounts or aggregate directed transactions, and that commissions charges will vary among clients and best execution may not be obtained. Accordingly, directed brokerage may cost you more money.

Pennant Management will execute block trades when possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Pennant Management will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

CHARLES SCHWAB ACCOUNTS

Client assets must be maintained in an account at a "qualified custodian," generally a bank, trust company or broker-dealer. On our recommendation, clients may choose Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member SIPC, as their qualified custodian. Pennant Management is independently owned and operated and is not affiliated with Schwab.

Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we may recommend that client's use Schwab as custodian/broker, the client will decide whether to do so and will open an account with Schwab by entering into an agreement directly with them. We do not open the account for clients, although we may assist in doing so. Even though the client's account is maintained at Schwab, we can still use other brokers to execute trades as described below (see "*Brokerage and Custody Costs*").

We may recommend Schwab as custodian/broker if we believe Schwab will hold client assets and 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, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Quality of services;
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength, and stability; and
- Prior service to us and our other clients.

Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, 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 into the client's Schwab account. Schwab's commission rates applicable to our client accounts were negotiated by Pennant Management. This benefits our clients because the negotiated commission rates 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 we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades for these accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

If Pennant Management determines that trading through a different broker would provide "best execution" for the client, we may suggest that the client execute a Prime Broker Agreement with Schwab. In order for Pennant to be able to execute trades under a Prime Broker Agreement, the client's account must have a minimum net value of \$100,000 in cash and liquid securities. If the

value of the account drops below \$100,000, prime broker trades may not be executed until the account again exceeds \$100,000 in value. As mentioned above, Schwab will charge a “prime broker” or “trade away” fee for each trade that we execute under the Prime Broker Agreement.

Products and Services Available to Us From Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage (trading, custody, reporting, and related services) many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others may help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us.

Schwab also makes available to us other products and services that benefit us but may not directly benefit clients or client accounts. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data;
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Facilitate payment of our fees from our clients’ accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab’s services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that clients maintain their accounts with Schwab, based on our interest in receiving Schwab’s services that benefit our business rather than based on the client’s interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our recommendation to clients to select Schwab as custodian and broker is in the best interests of our clients. Our recommendation is primarily supported by the scope, quality, and price of Schwab’s services and not Schwab’s services that benefit only us.

Item 13 Review of Accounts

SEPARATELY-MANAGED PORTFOLIOS

REVIEWS: Each of our firm's portfolio managers are responsible for certain assigned accounts. They have the primary responsibility for determining and knowing each client's circumstances and managing the portfolio in accordance with the client's objectives.

For accounts where Pennant Management provides investment supervisory services, the portfolio managers are responsible for ongoing review of underlying securities held in the accounts with respect to fundamentals of the securities, or economic and market conditions. The portfolio managers are also responsible for ongoing review of the mix among cash, fixed income and equity investments in the account to maintain consistency with the objectives of the client.

For accounts where Pennant Management provides non-investment supervisory services, the portfolio managers are responsible for understanding the needs of the client and for providing reviews based on the client's needs.

A more formal review of accounts is conducted annually by a committee made up of Pennant Management's portfolio managers. This review evaluates account performance, compliance with stated client objectives and a review of account documentation.

Clients may request a review of their accounts, goals and objectives at any time by contacting the portfolio manager assigned to their account.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their custodians, we provide quarterly written reports summarizing account performance, balances and holdings.

MODEL PORTFOLIO MANAGEMENT

REVIEWS: The Investment Committee of Pennant Management continually monitors the underlying securities of the model portfolios. The committee also evaluates desired exposure to the equity markets on a weekly basis. The committee may choose to modify equity exposure of the model portfolios based on its consensus regarding market conditions. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment.

REPORTS: Since Pennant Management provides this service as sub-adviser to its affiliated trust companies, GreatBanc Trust Company and Salem Trust Company, statements are provided to clients based on the policies and procedures of those firms.

MUTUAL FUND AND CLOSED-END FUND PORTFOLIO MANAGEMENT

REVIEWS: Pennant Management continually reviews and monitors the holdings of the Mutual Funds and the Closed-end Fund in accordance with the investment objectives as detailed in the prospectus of each fund. The timing and nature of account reviews for the Mutual Funds and the Closed-end Fund are further dictated by regulatory requirements including but not limited to the

1940 Act, the Internal Revenue Code, and each Mutual Fund's respective prospectus limitations and internal guidelines.

REPORTS: Reports are provided to the Board of Trustees of each fund at least four times each calendar year. Shareholder reports are issued in accordance with the prospectus of each fund. Clients should refer to the relevant prospectus for information regarding the regular reporting obligations with respect to the Mutual Funds and the Closed-end Fund by Pennant Management.

COLLECTIVE INVESTMENT FUND PORTFOLIO MANAGEMENT

REVIEWS: Pennant Management continually reviews and monitors the holdings of the CIFs in accordance with the investment objectives as detailed in the governing documents of the CIF.

REPORTS: Reports are provided to the sponsor of the collective investment fund in accordance with the governing documents of the CIF.

REPURCHASE AGREEMENT PROGRAM

REVIEWS: Separately managed portfolios that are invested in Pennant Management Overnight Repo are reviewed in accordance with the Separately-Managed Portfolio procedures above. Mutual Funds that are invested in Pennant Management Overnight Repo are reviewed in accordance with the Mutual Fund and Closed-end Fund procedures above. CIFs that are invested in Pennant Management Overnight Repo are reviewed in accordance with the Collective Investment Fund Portfolio Management procedures above. Finally, repo-only accounts are reviewed based on the needs of the client.

REPORTS: Reports are provided for separately managed portfolios that are invested in Pennant Management Overnight Repo in accordance with the Separately-Managed Portfolio procedures above. Reports for Mutual Funds that are invested in Pennant Management Overnight Repo are provided in accordance with the Mutual Fund procedures above. Reports for CIFs that are invested in Pennant Management Overnight Repo are provided in accordance with the Collective Investment Fund Portfolio Management procedures above. Finally, written reports summarizing account performance, balances and holdings are provided to clients invested in repo-only accounts on a monthly basis.

PORTFOLIO CONSULTING SERVICES

REVIEWS: Pennant Management will review the client's IPS whenever the client advises us of a change in circumstances regarding the needs of the plan. Pennant Management will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

REPORTS: These client accounts will receive written reports as contracted for at the inception of the advisory relationship.

FINANCIAL CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Consulting Services clients unless otherwise called for by the consulting services contract. Such reviews will be conducted by the client's account representative.

REPORTS: These client accounts will receive written reports as contracted for at the inception of the advisory engagement.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Although we do not currently have any such arrangements, our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

OTHER COMPENSATION

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see the "Brokerage Practices" section (Item 12)). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Item 15 Custody

As noted herein, Pennant Management may arrange for an affiliate, either GreatBanc Trust Company or Salem Trust Company, to act as custodian of clients' funds and securities. Clients of Pennant Management are free to pick any custodian that they choose.

We previously disclosed in the “Fees and Compensation” section (Item 5) of this Brochure that our firm may directly debit advisory fees from client accounts. As part of this billing process, the client’s custodian is advised of the amount of the fee to be deducted from that client’s account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client’s account without contacting the client prior to each trade to obtain the client’s permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and
- determine the amount of the security to buy or sell.

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

Pennant Management may vote proxies if directed to do so by clients. Such a direction would be established during execution of the initial investment advisory contract, or a subsequent letter of direction from a client.

When we are directed to vote proxies, we will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. We contract with the research firm Glass Lewis & Co. to provide independent and objective proxy research and voting recommendations. This helps us avoid any potential conflicts of interest. In most cases, custodians will be directed to send proxies directly to Glass Lewis & Co. for vote execution. Occasionally, proxies may be delivered to Pennant Management. When this occurs, Pennant Management will vote the proxy in accordance with the recommendations of Glass Lewis & Co.

Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Pennant Management by telephone, email or in writing. Clients may request, in writing, information on how proxies for shares in such client's account were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for such client's account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account, including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client accounts or is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Pennant Management has no such financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a balance sheet with this Brochure.

Pennant Management has not been the subject of a bankruptcy petition at any time during the past ten years.