

ITEM 1 | Cover Page



Mesirow Financial Investment Management, Inc.
Equity Management
353 North Clark Street
Chicago, Illinois 60654

Telephone—312.595.2279
Email—kvorisek@mesirowfinancial.com
Web Address—mesirowfinancial.com

April 2, 2018

This brochure provides information about the qualifications and business practices of the Equity Management division of Mesirow Financial Investment Management, Inc. ("MFEM"). If you have any questions about the contents of this brochure, please contact Kathryn Vorisek at 312.595.2279 or kvorisek@mesirowfinancial.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.

Additional information about Mesirow Financial Investment Management, Inc. ("MFIM") 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. MFIM's CRD number is 111135.

ITEM 2 | Material Changes

MFEM's Form ADV Part 2A, currently dated April 2, 2018 and as may be amended from time to time, is MFEM's disclosure document prepared based on the SEC's regulatory requirements. MFEM is required to update this document at least annually, or when an event occurs that may be deemed to have a material impact on MFEM's investment management business and/or on its clients, or when a disciplinary event occurs.

Mesirow Financial Investment Management, Inc. ("MFIM") purchased Fiduciary Management Associates, LLC ("FMA") on March 31, 2016 in order to enhance its institutional equities management capabilities and expand its client base. The entire portfolio team and decision making process moved from FMA to MFIM.

MFEM has no material or disciplinary events to report or disclose.

ITEM 3 | Table of Contents

Item 1 Cover Page	1
Item 2 Material Changes	2
Item 3 Table of Contents	3
Item 4 Advisory Business	4
Item 5 Fees and Compensation	5
Item 6 Performance-Based Fees and Side-By-Side Management	6
Item 7 Types of Clients	6
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 Disciplinary Information	10
Item 10 Other Financial Industry Activities and Affiliations	10
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Item 12 Brokerage Trading Practices	13
Item 13 Review of Accounts	18
Item 14 Client Referrals and Other Compensation	18
Item 15 Custody	19
Item 16 Investment Discretion	19
Item 17 Voting Client Securities	19
Item 18 Financial Information	21

ITEM 4 | Advisory Business

MFIM, an Illinois corporation formed in 1986, is an investment advisor registered with the SEC with its principal place of business located in Illinois. MFEM is a business division within MFIM.

MFIM's sole shareholder is Mesirow Financial Services, Inc., a wholly-owned subsidiary of Mesirow Financial Holdings, Inc.

MFIM, or an affiliate entity, serves as general partner to a number of private investment vehicles structured as limited partnerships. MFIM also serves as investment advisor to those limited partnerships.

MFEM offers investment advisory services and products to clients relating to U.S. equity investments on a discretionary basis. Clients invest through separately managed accounts.

Discretionary Advisory Services

MFEM manages portfolios for the following strategies:

Small Cap Value Equity Strategy

The Small Cap Value Equity Strategy seeks maximum long-term total return. Under normal circumstances, MFEM seeks to achieve its investment objective by investing the portfolio in common stocks of domestic companies that have market caps consistent with the Russell 2000 Index. The account will own a diversified group of stocks in multiple industries. The strategy invests mainly in common stocks, but it may also invest in exchange traded funds temporarily to manage client cash flows.

Small-Mid (SMID) Cap Value Equity Strategy

The SMID Cap Value Equity Strategy seeks maximum long-term total return. Under normal circumstances, MFEM seeks to achieve its investment objective by investing the portfolio in common stocks of domestic companies that have market caps consistent with the Russell 2500 Index. The account will own a diversified group of stocks in multiple industries. The strategy invests mainly in common stocks, but it may also invest in exchange traded funds temporarily to manage client cash flows.

MFEM invests in U.S. exchange-traded securities using long only strategies. MFEM's advice is currently limited to these strategies.

MFEM manages investment portfolios using discretionary investment powers granted by the client, subject to reasonable restrictions. Investment management services include portfolio construction and management, trading and commission negotiation, cash flow management and rebalancing, proxy voting, and client reporting. Specific agreed upon services are detailed in a written agreement between MFEM and the client. MFEM provides clients with quarterly reports that show portfolio holdings, performance and market analysis. Clients may request additional customized reporting and reviews.

MFEM does not tailor its investment strategies based on a client's financial profile or objectives. Clients select from investment strategies offered by MFEM and may impose reasonable investment restrictions, such as restrictions on investments in certain securities or types of securities, provided they do not materially affect the investment strategy. MFEM requires that clients provide a written statement of their investment guidelines and any restrictions.

Sub-Advisory Services

MFEM may at times provide sub-advisory services to clients of unaffiliated financial services institutions, including investment companies, banks, and other advisors ("Advisor(s)"). In these circumstances, MFEM would manage these accounts on a discretionary basis, similar in manner to its advisory services accounts described above. MFEM would be paid an advisory fee directly by these Advisors. MFEM would not pay a fee to these Advisors for referring clients.

Investment Management Services

As of March 31, 2018, MFEM had approximately \$1.05 billion in assets under management on a discretionary basis and no assets on a non-discretionary basis.

MFIM does not provide tax or legal advice. Clients should consult with an expert on tax or legal issues.

ITEM 5 | Fees and Compensation

MFEM charges a percentage of a client's assets under management for its services. MFEM requires a minimum fee of \$10,000 per account. Fees are negotiable and will vary by client. Additional discounts are available to employees of the firm.

Small Cap Value Equity & SMID Cap Value Equity Standard Annual Fee Schedule

0.85% on first \$25 million
 0.75% on the next \$25 million
 0.60% on the next \$50 million
 0.55% on the balance

If MFEM agrees to a "most-favored nations" fee arrangement (MFN), unless otherwise agreed to in the investment management agreement, any MFN for a separate account will be applied prospectively, applied only when a subsequent client has the same or larger comparative asset size, and will exclude subadvisory clients for comparison. Adjustments for MFNs will be made for the calendar quarter following the calendar quarter during which the MFN adjustment was triggered.

MFEM invoices clients directly, but will accommodate client directives to send MFEM's invoice directly to (and receive payment of its fees directly from) the client's custodian as authorized by the client. MFEM does not accept custody of client assets and does not deduct fees directly from clients' accounts. MFEM recommends that clients who request direct billing arrangements timely review their custodian account statements for all activity, including deductions for fees.

The fees are generally paid monthly or quarterly in arrears. In the event an account terminates, fees will be prorated for the number of days the account was under management. Fees are typically billed to the client or client's custodian; however, under certain circumstances as agreed to between MFIM and a client, fees may be deducted from the custodied account and paid directly to MFIM.

MFIM, or an affiliated entity offers various investment management services through its different business units and serves as general partner to a number of private investment vehicles structured as limited partnerships.

Limited Negotiability of Advisory Fees Although MFEM 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 will be considered in determining the fee schedule. These facts, circumstances and needs may include, among other factors, the complexity of the client; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and reporting requirements. The specific annual fee schedule will be identified in the offering documents of each fund or in the contract between the advisor and each client.

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

Termination of the Advisory Relationship Clients may terminate their investment management agreement upon providing 30 days' prior written notice. Certain fees may be paid in advance of services

provided. Upon termination of any account, any prepaid, unearned fees are generally refunded. In calculating a client's reimbursement of fees, MFIM may prorate the reimbursement according to the number of days remaining in the billing period.

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.

Grandfathering of Minimum Account Pre-existing advisory clients are subject to minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, minimum account requirements may differ among clients.

ERISA Accounts In certain circumstances, MFIM 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 of 1974 ("ERISA"). 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.

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

Limited Prepayment of Fees Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

Educational Events: MFIM employees may benefit from educational events sponsored by service providers to MFIM, such as law firms, audit firms and other professional service firms.

ITEM 6 | Performance-Based Fees and Side-By-Side Management

MFIM does not currently charge performance-based fees for its MFEM products and services, but may choose to do so in the future.

ITEM 7 | Types of Clients

MFIM may provide advisory services to client types that include, but are not limited to:

- High net worth individuals
- Qualified plans
- Charitable organizations
- Corporations or other businesses, domestic and foreign
- State or municipal government entities
- Employee Co-Investments
- Banks
- Registered Investment Companies
- Other Registered Investment Advisors

ITEM 8 | Methods of Analysis, Investment Strategies and Risk of Loss

METHOD OF ANALYSIS

MFEM's equity strategies employ a relative value perspective. We invest in sectors and companies that have attractive valuations and potential catalysts we expect will lead to accelerated earnings and cash flow growth. MFEM uses both a macro level approach as well as a company-specific, catalyst-driven philosophy.

MFEM uses a macroeconomic approach to identify broad themes that can be exploited through portfolio construction. The MFEM investment team analyzes and evaluates the implications of broad macroeconomic data points, market developments, economic indicators, and sector trends.

The team evaluates the general level of economic activity, interest rates, core inflation trends, macro growth and profitability, business input costs, and observations made by the sector analysts. This macro level analysis is a central component of sector decisions, strategic positioning, tactical portfolio weightings, and management of implicit and explicit risks.

Company-level research drives performance through value-added stock selection, seeking to identify companies with higher than average earnings growth, low relative valuations, high relative return on capital, strong balance sheet metrics, and excess cash flow generation capability. The selection process begins with a universe of companies with market capitalizations that are consistent with the companies in the Russell 2000 Index for the small cap strategy, and the Russell 2500 Index for the SMID cap strategy. Companies with negative forecasted earnings per share, negative book value, significantly low prices, and insufficient liquidity, are generally eliminated from the universe.

Analysts use third-party software and resources to screen the universe for companies with relative valuation and potential growth characteristics, although MFEM does not use a quantitative ranking or scoring system. Analysts focus on various fundamental factors including a company's ability to drive revenue growth, new product cycles, industry/sector spending dynamics, incremental margins, margin expansion from internal sources, operating and financial leverage, return-on-capital, and prospective earnings growth.

After identifying potential investment candidates, analysts continue the due diligence process, which may include discussions with company management, formulating earnings and cash flow projections, identifying potential catalysts, gaining a market perspective of forward expectations from both proprietary and third-party resources, and assessing both macro- and company-specific risks for the company under consideration.

MFEM's equity valuation methodology uses both historic and current relative valuations to help determine the appropriate value of a stock. Once a company is added to the portfolio, it is dynamically monitored. The investment team continually monitors relative performance, updating price targets as necessary. MFEM will liquidate an investment based on several factors, including asset valuation, changes in prospective fundamental attributes and the availability of alternative investments with potentially higher returns. MFEM generally will not sell a stock merely due to market appreciation, unless it exceeds the strategy's target capitalization range.

MFEM portfolios are primarily invested in U.S. exchange-traded domestic common equity securities. MFEM defines "domestic" to include companies consistent with the securities in the applicable benchmark indexes that are non-ADRs, trade on U.S. exchanges, file with the Securities and Exchange Commission (SEC), and/or are classified as Benefit-Driven Incorporations. Companies incorporated in certain regions (e.g., Bermuda, Cayman Islands, Bahamas) are considered Benefit-Driven Incorporation companies, because they typically incorporate in these regions for operations, tax, political or other financial market benefits.

To accommodate client cash flows, MFEM may purchase Exchange Traded Funds (ETFs), as described below. Under normal market conditions, MFEM does not attempt to time the market and portfolios remain fully invested. Investment implementation strategies include long term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days).

INVESTMENT STRATEGIES

The investment objective of the MFEM strategies is to achieve total return (i.e., long term growth of capital and high current income) by investing in common stocks which appear to be undervalued relative to the stock market in general at the time of purchase. The objective seeks superior market cycle total returns, with an emphasis on relative performance in difficult market environments.

The investment philosophy upon which our investment process is built is that “The value of a company is ultimately determined by its cash flow generation and capital allocation. Astute in-depth research can identify mispriced companies whose valuations offer a compelling risk/reward tradeoff.”

The goal is to purchase a diversified set of quality stocks that are trading below their intrinsic value and sell these stocks as they return to fair market value.

FORMS OF RISK

Past Performance Past performance is not necessarily indicative of future results. There can be no assurance that MFIM will achieve results comparable to those previously attained or those achieved by MFIM in its management of other client accounts (including other private investment partnerships).

General Economic and Market Conditions The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the securities markets. Unexpected volatility or illiquidity in the markets in which MFIM (directly or indirectly) holds positions could impair MFIM's ability to carry out its investment strategy.

Amount of Funds Under Management An increase or decrease in assets managed by MFIM may have an impact on MFIM's investment actions or returns.

Active Management Risk

A client's portfolio is subject to active management risk because it relies on MFEM's ability to pursue the portfolio's goal. MFEM will apply investment techniques and risk analyses in making investment decisions for the portfolio, but there can be no guarantee that these will produce the desired results. Notwithstanding its benchmark, the portfolio may buy securities not included in its benchmark or hold securities in different proportions than its benchmark.

To the extent the portfolio invests in those securities, its performance depends on MFEM's ability to choose securities that perform better than securities that are included in the benchmark.

Value Investing Risk

Certain equity securities (generally referred to as value securities) are purchased primarily because they are selling at prices below what an advisor believes to be their fundamental value and not necessarily because the issuing companies are expected to experience significant earnings growth.

Although MFEM does not invest in securities based solely on absolute valuation, its value strategy portfolios bear the risk that the companies that issued these securities may not overcome the adverse business developments or other factors causing their securities to be perceived by MFEM to be underpriced or that the market may never come to recognize their fundamental value and the stock may not increase in price, as anticipated. The strategy of investing in value stocks also carries the risk that in certain markets value stocks will underperform growth stocks.

Exchange-Traded Funds (ETFs) Risk

When significant client contributions or withdrawals are made in a portfolio managed by MFEM, MFEM may invest in exchange traded funds (ETFs) temporarily, as an efficient way to minimize the potential performance impact of these large cash movements. An ETF is a type of investment company whose shares are bought and sold on a securities exchange. An ETF represents a fixed portfolio of securities designed to track a particular market segment or index. ETFs provide the opportunity to temporarily gain exposure to a portion of the market while awaiting an opportunity to purchase the underlying securities directly or transfer assets out of an account. The risks of owning an ETF generally reflect the risks of owning the underlying securities it tracks, although lack of liquidity in an ETF could result in it being more volatile; and ETFs have management fees that increase their costs. MFEM uses only widely traded and highly liquid ETFs that match the investment strategy of the particular portfolio. MFEM only uses ETFs as a temporary measure to assist in maintaining exposure in the selected strategy.

IPOs Risk

When consistent with a client's investment guidelines, MFEM occasionally purchases securities sold in underwritten public offerings for the client's account (sometimes referred to as "deal securities"). In certain cases, these public offerings may constitute over-subscribed offerings in which the offered securities trade, or are expected to trade, at a premium to their offering price upon commencement of secondary market trading. Deal securities, particularly those issued in initial public offerings ("IPOs"), often involve greater volatility and higher risk relative to other types of securities purchased for client accounts.

High Portfolio Turnover Risk

Small cap and small-mid cap strategies generally have a higher portfolio turnover rate. This involves correspondingly greater brokerage commission expenses and additional capital gains tax liabilities, which can affect investment performance. The portfolio turnover rate will vary from year to year, and within a year.

Smaller and Medium-Size Company Risks

Stocks of smaller and medium companies tend to be more volatile than those of large companies, and may underperform stocks of large companies over any given period of time. Equity securities risk and liquidity risk may be greater for securities of smaller and medium-size companies as compared to large companies. These companies may have limited product lines or markets, less access to financial resources or less operating experience, or may depend on a few key employees. Stocks of smaller and medium-size companies may not be widely known to investors and may be more thinly traded or may trade only in certain markets, making it difficult to buy or sell them in large volume.

MFEM only invests in exchange-traded securities for which there is a readily available market. However, sometimes a security traded in MFEM's Small Cap Value strategy may be deemed to be "illiquid." All securities undergo a liquidity screen in which we examine the relative position size attainable with a 25-35% market participation threshold over 10 trading days. A full position is 1-2% while smaller weightings may be used for securities with liquidity constraints. We analyze the liquidity of the portfolio monthly. If a security falls below this threshold, it is deemed "illiquid." We limit our exposure to these securities to 15 percent of the overall portfolio. Equity portfolios typically hold between 60 and 90 stocks.

Investments in Equity Securities Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer. Warrants and stock purchase rights are

securities permitting, but not obligating, their holders to subscribe for other equity securities, and they do not represent any rights in the assets of the issuer. As a result, warrants and stock purchase rights may be considered more speculative than other types of equity investments. ETFs may trade at a discount to their NAV and the price of the ETF may not reflect the value of the ETF's underlying holdings. ETFs are subject to the market fluctuations of their underlying investments. ETFs are subject to management fees and other expenses.

Investment in Thinly-Traded Securities MFIM may invest in thinly traded securities. As a result, MFIM may be required to hold such securities despite an adverse price movement.

Lack of Liquidity in Markets Despite the heavy volume of trading in securities, the markets for some securities have limited liquidity and depth. This lack of depth could disadvantage MFIM, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Other Clients of MFIM MFIM has responsibility for making investment decisions for its clients. MFIM and its principals also may trade for their own accounts and manage other accounts. These accounts may employ different or similar trading strategies, and could increase the level of competition for the same trades or positions that MFIM might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security at a satisfactory price.

MFIM and its affiliates may employ investment methods, policies and strategies which differ from those employed on behalf of MFIM's clients. Therefore, the results of MFIM's trading may differ from those of other accounts managed by MFIM and its affiliates.

Suspensions of Trading Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it temporarily or permanently impossible to liquidate positions and could thereby expose MFIM's clients to losses.

Risks For All Forms of Analysis MFIM's securities analysis methods rely on the assumption that the companies whose securities MFIM purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While MFIM is alert to indications that data may be incorrect, there is always a risk that MFIM's analysis may be compromised by limited, inaccurate or misleading information.

Long-term Purchases MFIM generally purchases securities with the idea of holding them in the client's account for a year or longer. Typically MFIM employs this strategy when it believes the securities to be currently undervalued. However, MFIM may employ whatever holding periods when deemed appropriate.

Risk of Loss Securities investments are not guaranteed and clients may lose all invested funds.

ITEM 9 | Disciplinary Information

MFIM and its management personnel have no reportable disciplinary events to disclose.

ITEM 10 | Other Financial Industry Activities and Affiliations

Certain employees of MFIM may be separately licensed as registered representatives of MFI. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While MFIM and these individuals endeavor at all times to fulfill their fiduciary responsibilities to clients, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As part of its proprietary investing program, MFIM or an affiliate may utilize futures contracts and related options for hedging and yield enhancement purposes.

Certain employees, in their individual capacities, may be agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

The principals of MFIM may also be principals of the general partner of the funds named above. The general partner may designate MFIM as having primary responsibility for investment management and administrative matters, such as accounting tax and periodic reporting, pertaining to the Fund. MFIM and its members, officers and employees will devote to the funds as much time as it deems necessary and appropriate to manage the business. MFIM and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the funds. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of MFIM management personnel and employees will not be devoted exclusively to the business of the funds, but could be allocated between the business of the funds and other business activities.

As noted previously, MFIM or its affiliates may act as a general partner or sponsor of various private investment vehicles which MFIM may recommend or sell to its advisory clients. Prior to the sale of any such investments, MFIM will have disclosed any potential conflicts of interest and recommend the investment only if it appears suitable for the client.

Clients should be aware that the receipt of additional compensation by MFIM and its management persons or employees creates a conflict of interest that may impair the objectivity of MFIM and these individuals when making advisory recommendations. MFIM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor. MFIM typically takes the following steps to address any potential conflicts:

- MFIM discloses to clients the existence of all material conflicts of interest;
- MFIM collects, maintains and documents accurate, complete and relevant client background information, including the client's investment mandates, financial goals, objectives and risk tolerance;
- MFIM's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable for the client's needs and circumstances;
- MFIM requires that our employees seek prior approval of any outside employment activity to ensure that any conflicts of interests in such activities are properly addressed;
- MFIM periodically monitors outside employment activities of its employees to verify that any conflicts of interest continue to be properly addressed; and
- MFIM educates its employees regarding the responsibilities of a fiduciary, including the need to have a reasonable and independent basis for the investment advice provided to clients.

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

MFIM has adopted a Code of Ethics that sets forth the ethical standards of business conduct that MFIM requires of its employees, including compliance with applicable federal securities laws.

MFIM and its personnel owe a duty of loyalty, fairness and good faith towards clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code of Ethics.

MFIM's Code of Ethics 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 MFIM's access persons. MFIM has additional policies and procedures relating to the preclearance of all employee trades (other than securities deemed exempt from this obligation). MFIM's Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

MFIM's Code of Ethics further includes policies and procedures governing gifts and entertainment, outside business activities, confidentiality of information and information barriers, and charitable and political contributions. The Code of Ethics also prohibits the misuse of material non-public information and emphasizes the avoidance of conflicts of interest with investors. Each employee must acknowledge the terms of the Code of Ethics on an annual basis. Any employee who violates the Code of Ethics may be subject to possible actions, which may include enhanced supervision, censure, suspension or termination.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email (jlevine@mesirowfinancial.com) or by phone (312.595.6072.)

MFIM is part of a group of affiliated financial services companies that perform a number of different services for a client. MFIM is mindful of the conflicts or potential conflicts that such relationships may create. Consequently, MFIM has adopted a Code of Conduct that prescribes standards of conduct required of all employees, regardless of their position or affiliation in the group. The Code prohibits self-dealing and other improper activities, the misuse of material non-public information, and it emphasizes the avoidance of conflicts of interest with clients. Some specific areas of potential conflict are discussed below.

MFIM and/or individuals associated with it may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in certain securities that may also be recommended to a client. However, it is the expressed policy of MFIM that no person employed by MFIM may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

MFIM does not aggregate employee trades with client transactions

MFIM, through MFI, may direct the purchase or sale in securities on a principal basis in accordance with Section 206(3) under the Investment Advisers Act of 1940, as amended.

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

1. No principal or employee of MFIM may put his or her own interest above the interest of an advisory client.

2. No principal or employee of MFIM may buy or sell securities for their personal portfolio(s) based on information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of MFIM that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account.
4. MFIM requires prior approval for any IPO or private placement investments.
5. MFIM maintains a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by the appropriate designated supervisor.
6. MFIM has established procedures for the maintenance of all required books and records.
7. For accounts custodied at MFI, clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. Clients can decline to implement any advice rendered, except in situations where MFIM is granted discretionary authority.
9. All of MFIM's principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
10. MFIM requires delivery and acknowledgement of the Code of Ethics by each access person.
11. MFIM has established policies requiring the reporting of Code of Ethics violations to senior management.

Any individual who violates any of the above restrictions may be subject to possible actions, which may include enhanced supervision, censure, suspension or termination.

ITEM 12 | Brokerage Trading Practices

Best Execution Policy and Practice

MFEM's policy is to seek best execution for all client transactions. MFEM will execute securities transactions for clients so that the client's total cost or proceeds are most favorable under the circumstances. There is no guarantee that best execution will be achieved for every transaction.

MFEM's Compliance reviews trading practices quarterly for best execution. This review includes: trade execution analysis, broker selection, commissions, soft dollar arrangements, client directed brokerage, trade aggregation and allocation, trade errors and other trading issues.

Selection of Brokers

MFEM's overriding mandate with regard to broker selection is the pursuit of "best execution" of clients' transactions. In selecting brokers, MFEM considers the full range and quality of a broker's services, including, but not limited to, execution capability, market impact, the value of research provided, commission rates, and any other factors that MFEM believes are relevant and add value to the transaction under prevailing market conditions.

The selection of brokers is managed jointly by the investment and trading teams. The Portfolio Managers, Analysts, and Traders review existing relationships and potential additions and deletions on a monthly basis and in greater detail semi-annually. MFEM periodically and systematically evaluates the performance of brokers executing client transactions. As part of this analysis, they review broker service levels and execution ability. Additional factors used in evaluating brokers include MFEM's institutional investment

voting for sell-side research, quantity and quality of analyst meetings, quantity and quality of broker-sponsored analyst meetings, MFEM's attendance at broker-sponsored conferences, and sales coverage.

MFEM does not place trades solely on lower commission costs. MFEM pays commission rates that it believes to be competitive in light of the products and services received by MFEM and its clients, including but not limited to: proprietary research, independent/ third party research, trading systems, and execution service (including trade execution and settlement). Where possible, MFEM negotiates commission rates with trading partners that reflect factors such as the degree and complexity of broker involvement, execution venue(s) utilized, facilitation of liquidity, the provision of research and brokerage products and services qualifying under 28(e), the breadth and depth of relationship, and other considerations MFEM believes are relevant and provide value to the trade.

MFEM does have an affiliated broker/dealer, Mesirow Financial, Inc. ("MFI"). MFEM does not place trades with MFI.

Brokerage for Client Referrals

MFEM does not select brokers in exchange for client referrals.

MFEM sometimes uses brokers affiliated with firms who have retained MFEM as a subadvisor or who have recommended or may recommend MFEM or an MFEM subadvised fund to their clients. MFEM also pays such entities (both in hard and soft dollars) for business services provided to MFEM, such as back office systems or research services.

While all of these situations create conflicts of interest, in all cases, MFEM's policy is to select brokers based on the broker's ability to add value to client transactions. To mitigate any conflicts, MFEM follows the same due diligence process on all brokers, whether or not they have affiliates that may retain MFEM to provide investment management services.

MFEM sometimes purchases securities of publicly traded brokers for client accounts that it also uses for executing client transactions. It is MFEM's policy to select securities for client portfolios in accordance with its fiduciary duties to clients and the client's investment restrictions. MFEM uses a rigorous process to select investments for clients (*See Item 8-Methods of Analysis, Investment Strategies and Risk of Loss*).

Soft Dollars

MFEM obtains investment research products and services via soft dollar arrangements, including commission sharing arrangements, with brokers. A soft dollar arrangement is one in which a broker provides an advisor with research or other services and products in return for commission dollars paid for executing securities transactions on client accounts, rather than charging the manager a separate fee for the services or products. When MFEM uses soft dollars to obtain research or other products or services, MFEM receives a benefit because it does not have to pay out of pocket for such expenditures.

In any arrangement that includes soft dollar payments, commission rates are generally higher than rates otherwise available for "execution only" service. SEC regulations under §28(e) of the Securities Exchange Act of 1934 allow and provide a safe harbor under certain conditions for an advisor to pay higher commission rates for research and brokerage services with the commission dollars generated by client account transactions.

In determining whether a service or product can be paid with soft dollars, the service or product must provide lawful and appropriate assistance to the advisor in carrying out its investment decision-making responsibilities for its clients. MFEM's policy is to use soft dollars only to pay for research products and services that qualify under the SEC's safe harbor, and to do so exclusively via agency transactions.

Because MFEM uses soft dollars, MFEM has an incentive to select brokers based on MFEM's interest in receiving research products or services. However, MFEM's practice is to select the broker it believes to be the most appropriate for the transaction. MFEM traders have the discretion to select brokers to execute specific transactions based on factors that they believe will add value to the trade. MFEM follows the same due diligence process on all brokers, whether or not they provide research or soft dollar services.

MFEM maintains soft dollar arrangements for those research products and services that assist MFEM in its investment decision-making process. Research furnished by brokers assists MFEM in its investment decision making process, thereby benefitting all clients of the firm. Due to client directed brokerage and other factors, some client accounts will generate proportionately more soft dollar credits.

MFEM sometimes obtains research from entities (or their affiliates) that have recommended or may recommend MFEM or MFEM subadvised mutual funds to their clients. In all cases, MFEM's decision to obtain research with soft dollars is based on the quality and value of the research to client accounts and not on that entity's (or its affiliate's) potential to recommend MFEM to prospective clients. MFEM makes a good faith determination that the market value of the services received under soft dollar arrangements are reasonable in relation to the commissions paid.

Where a product or service obtained through a soft dollar arrangement has a mixed use (i.e., can be considered both research and non-research), MFEM will reasonably allocate the costs according to its use between the portion that is eligible as research and the portion considered non-research. The portion eligible as research will be paid for with discretionary client commissions and the non-research portion, which is not eligible for the § 28(e) safe harbor, will be paid for with MFEM's own funds. While the mixed use allocation process itself creates a conflict of interest, MFEM makes a good faith effort to determine an appropriate allocation, which must be approved by MFEM's Compliance Department.

The specific payment methodology and metrics used to obtain products and services via soft dollar relationships varies among providers and platforms. Third-party research is generally obtained via payment structures that encompass an explicit execution cost beyond which soft dollar credit is earned, such as Commission Sharing Arrangements, cost-plus models, or the application of a ratio to the known cost. Proprietary research is generally provided in exchange for payment of commissions at various levels which in turn enables differentiated amounts and nature of service. In the case of proprietary research, it is not possible for MFEM to identify the specific amount of soft dollar credit included in the bundled commission paid to a particular broker and therefore calculated estimates are used for reporting purposes.

Soft dollar contracts must be approved by MFEM's Compliance Department. Approval is granted to requests that meet the requirements of the federal securities laws and MFEM's written policy. Arrangements for soft dollar research are structured such that the agreement for the provision of services, including the payment obligations, meets the safe harbor requirements of §28(e) of the Securities Exchange Act of 1934.

Clients may contact their client service officer at 312-595-2279 to receive a breakdown of total commissions generated on their account by type, including any soft dollar or client recapture program commissions, and the brokers used.

Types of Research

MFEM uses both proprietary and third-party research to assist in the investment-decision making process for the management of its clients' assets. This research includes research reports; economic, political and financial data and analysis; financial publications; trading and portfolio management software and services; access to company management and analyst conferences, and industry consultants; and trading and investment seminars.

Directed Brokerage Arrangements

MFEM does not recommend, request or require that clients direct MFEM to execute transactions through a specified broker. Directed brokerage arrangements are initiated only at the request of a client.

Clients may instruct MFEM in writing to use a specific broker or brokers to execute a portion of the trades on their accounts. This type of arrangement is considered a “directed brokerage arrangement” and such brokers are “directed brokers”. A client’s directed brokerage instructions will remain in effect until the client notifies MFEM in writing of any change. The client and MFEM will agree to either a goal or limit on the percentage of account transactions subject to Directed Brokerage, and those goals or limits may be different for different clients depending on the investment strategy, directed brokerage firm(s) to be used, and other factors.

ERISA and other employee benefit plan fiduciaries are responsible for determining that these directed brokerage arrangements are in the best interests of the plan participants and do not cause MFEM to unknowingly engage in a prohibited transaction.

For all client-directed brokerage arrangements, clients should know that a disparity may exist between the commissions borne by the client’s account and the commissions borne by MFEM’s other clients’ accounts that do not direct MFEM to use a particular broker. By instructing MFEM to execute transactions on behalf of their account through a directed broker(s), the client may pay higher commission rates or receive less favorable prices than those that MFEM might obtain for its other clients through negotiating volume discounts or block (aggregated) trades. In addition, clients who have restricted brokerage to particular brokers may have their orders executed after those accounts that do not have such restrictions, which could negatively influence the price paid/received in certain circumstances.

MFEM attempts to use “step outs” where appropriate to accommodate directed brokerage. When appropriate, MFEM aggregates the trades of clients who have requested that their brokerage be directed to the same brokerage firm(s), and/or aggregate those blocks with other trades, generally into the largest trade block(s) possible given the participating accounts and nature of the transaction. Those clients whose directed brokers will not accept step-outs and clients who specifically prohibit the use of step-outs, may have all or a portion of their trades executed after the completion of orders of clients who do not direct brokerage or who do not prohibit the use of step-outs (*See Step-Out Trades and Trade Aggregation and Allocation below*).

Step-Out Trades

MFEM uses step-out trades where appropriate and permissible, to accommodate directed brokerage transactions at the request of a client. This means that a broker, other than the broker indicated on a client’s trade confirmation as having settled and received commission credit (the “credit broker”) for a trade, may have executed the trade (the “executing broker”).

In such cases, the executing broker “steps out” credit for the trade to the credit broker, and does not receive a share of the commissions on that portion of the trade. MFEM believes that using step-outs enhances its ability to seek “best execution” on all transactions, and improves its ability to meet clients’ requests to direct brokerage by allowing MFEM to execute block trade transactions with the broker it believes to be appropriate for that transaction.

Trade Aggregation and Allocation

It is MFEM’s practice, when appropriate, to aggregate (or “block”) multiple orders for the same security in a single transaction for the accounts of several clients in order to seek more advantageous and/or equitable average pricing, lower commissions, execution efficiencies, and other benefits. Generally, MFEM believes

that aggregating the maximum proportion of individual orders into the largest “block” transaction(s) possible provides the greatest advantage to our clients.

MFEM uses “Step-Outs” to accommodate clients’ direction of brokerage while allowing them to participate in the benefits of “block” trading. However, orders for client accounts with directed brokerage mandates that preclude step outs may not be included in a block trade and may be executed separately after the block trade. Ultimate discretion is left to the trader as to when a particular order is executed.

Traders may randomly insert these orders based on the trader’s experience and view of the market to balance competing client interests, so that no client or client group is systematically favored or disadvantaged over time. Occasionally, certain clients may be excluded from block trades due to individual client account restrictions, including directed brokerage, cash restrictions, or rebalancing issues.

Trades for mutual funds that may be subadvised by MFEM, will also be aggregated with other MFEM clients’ block trades. (Refer to discussion in Item 4.)

When a block trade is filled entirely, it will be allocated among clients according to the guidelines expressed in the trade order. It is MFEM’s policy that all clients participating in the aggregated execution receive the same execution price, generally average share price. To the extent commission negotiation has been left to MFEM, transaction costs are shared pro rata based on each client’s participation in the trade. Any allocation of price or transaction costs that deviates from policy must be approved by MFEM’s Compliance Department.

On partially filled aggregated orders, MFEM’s traders will make good faith judgments whether it is appropriate to allocate the completed portion of the trade pro rata over all accounts involved, based on the number of shares specified for each account in the allocation report, or if “selected allocation” is appropriate. MFEM generally will consider making selected allocations when the number of shares traded on a particular day is less than 20% of the initial order. Trade allocations are subject to a five-share minimum which could result in smaller accounts not receiving an allocation in some instances.

Account-specific circumstances may cause traders to modify the initial allocation. Insufficient cash balances, new account funding, significant contributions or withdrawals, account liquidations, minimum position sizes, small lot orders (less than 500 shares), and the need to raise cash for a particular account, among other factors, may result in exceptions to the normal allocation procedure. In any such situations, the reason for the exception to the normal allocation procedure is documented. Approval of MFEM’s Compliance Department is not required for these types of exceptions.

Occasionally, MFEM will purchase securities for one or more accounts and sell the same securities for other accounts. Upon receipt of trade orders with buy and sell directives for the same securities, MFEM traders will collaborate to determine the trade sequencing and method, keeping in mind the best interests of all affected clients. In such instances, MFEM will generally place such trades with an alternative trading system such as Instinet to be commingled with other trades and automatically executed in the market. MFEM is not a registered broker-dealer, does not have an affiliated broker-dealer through which it trades, and does not engage in either principal or agency cross securities transactions for client accounts.

IPOs and Other Limited Investment Opportunities

MFEM will allocate such investments equitably over time to all eligible discretionary client accounts whose investment guidelines are consistent with such securities. MFEM does not allocate IPOs on the basis of volume of trades on any particular client’s account done with any broker, including the broker allocating the IPO. Therefore, clients may be allocated IPO shares disproportionately greater or lesser in quantity than their share of trading activity, either with the allocating broker or all brokers. IPO allocations are also

subject to the five- share minimum allocation, which may result in small accounts not receiving an allocation.

On partially filled IPO transactions, MFEM's traders will make good faith judgments whether it is appropriate to prorate the allocation over all accounts involved, based on the number of shares specified for each account in the allocation report, subject to a five- share minimum allocation, or if selected allocation is appropriate. MFEM will consider making selected allocations under certain circumstances similar to those described above for other securities trades.

Trade Error Policy

While MFEM has policies and procedures in place to minimize the risk of trading errors, MFEM recognizes that errors occur. MFEM's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade discrepancies promptly, document each trade error with appropriate supervisory approval, and maintain a trade error file. The Compliance Committee must be notified immediately of any trade error. MFEM defines a trade error as a mistake in implementing a trade order, which in turn has a financial impact on a client's account, for which MFEM is responsible.

In the event a trading error results from MFEM's unintentional mistake and causes a loss to a client's account, MFEM will promptly notify the client of the error and the amount of any reimbursement to be made to the client as a result of the error. If an error occurs in a client(s)' account and results in a gain, the client's account will be allocated the benefit of the gain.

ITEM 13 | Review of Accounts

INVESTMENT SUPERVISORY SERVICES PORTFOLIO MANAGEMENT

MFEM has dedicated supervisors, as well as compliance, operational and internal audit staff, who monitor and provide oversight of the investment activities of supervised personnel. The supervisors, or their designees, review and monitor the activities of the portfolio managers and/or investment advisor representatives. Such activities include, but are not limited to, adhering to client guidelines and objectives, employee trading, investment product due diligence and marketing and advertising.

ITEM 14 | Client Referrals and Other Compensation

CLIENT REFERRALS

MFIM may periodically enter into solicitor's arrangements with unrelated third parties ("Solicitors") where MFIM agrees to pay a portion of the fees derived from an account to the individual or entity that referred the account. Unless otherwise disclosed, the client is not charged any amount in addition to the customary advisory fee charged by MFIM. There is no differential between the amount of or level of advisory fee charged by MFIM to the client, attributable to the existence of any Solicitor's arrangement and that charged to other clients of MFIM. MFIM may also pay referral compensation to its affiliates and/or their employees. Whenever MFIM pays a referral fee, it requires 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 MFIM;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and

- whether the fee paid to MFIM by the client will be above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to MFIM by clients referred by solicitors, or by affiliates of MFIM and/or their employees, are not increased as a result of any referral fee.

MFIM may act as a sub-advisor or provide other services to other investment advisors or mutual funds and as such will be paid a fee based on a percentage of the assets of the fund. MFIM, or an affiliate, may also sell the fund to its clients and will receive compensation from the investment advisor or fund family.

It is MFIM's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to clients.

ITEM 15 | Custody

While most MFEM clients custody their assets at an outside custodian and receive statements from the custodian, it has a limited number of accounts which are custodied at National Financial Services, Inc. ("NFS"). MFIM has a clearing relationship with NFS and NFS provides account statements to MFIM's clients which custody assets at NFS. **Clients are urged to carefully compare the information provided by their advisor on statements, or reports, to the statement provided by their custodian, to ensure that all account transactions, holding and values are correct and current.**

MFEM does not recommend any specific custodian. Choice of client's custodian is solely the responsibility of the client.

ITEM 16 | Investment Discretion

Discretionary authority is outlined in the advisory agreement between MFEM and the client.

Clients generally give MFEM full investment discretion to direct transactions in client accounts, subject to reasonable restrictions or limitations.

This means that, subject only to the client's investment guidelines and MFEM's fiduciary obligations, MFEM has full authority to determine, without prior client consent, the securities and amount of securities to be bought or sold, the brokers used and the commission rates paid. A client's imposition of restrictions may cause investment performance to differ from the model portfolio for the selected strategy and from other MFEM client accounts. Client investment guidelines, including any directed brokerage instructions, must be provided to MFEM in writing prior to MFEM's management of the assets.

For registered investment companies, public funds, and ERISA accounts, MFEM's authority to trade securities may also be limited by other federal, state and local laws that impose other restrictions.

ITEM 17 | Voting Client Securities

PROXY VOTING POLICIES AND PROCEDURES

MFIM's Proxy Voting Policies and Procedures apply only in the event that MFIM has agreed, or been instructed, to vote proxies on behalf of a client. **Currently, the only groups within MFIM that have undertaken this responsibility are Equity Management, Wealth Advisors' Micro Cap Strategy and MFIM Fixed Income High Yield.** Otherwise, it is the general policy of Mesirow Financial that the firm's

registered investment advisors and underlying groups do not vote proxies on behalf of clients. The following information regarding MFIM's Proxy Voting Policies and Procedures, therefore, applies only to Equity Management, Wealth Advisors Micro Cap Strategy and MFIM Fixed Income High Yield.

MFIM has adopted and implemented policies and procedures that are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with its fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. MFIM's authority to vote the proxies of certain of MFIM's clients is established by MFIM's advisory contracts executed by those clients, and MFIM's proxy voting policy and procedures have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisors, MFIM Proxy Voting Policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts set out in Department of Labor Bulletin 94-2, 29 C.F.R.2509.94-2 (July 29, 1994).

Except as otherwise agreed to in writing with a client, MFIM has no authority or obligation to take any action or render any advice with respect to the voting of proxies on behalf of a client.

With the exception as described below regarding MFIM's Fixed Income High Yield group, wherein MFIM has accepted discretionary authority to vote proxies on behalf of clients, MFIM has elected to utilize an outside, third-party, independent proxy voting service (the "Service"). There are three (3) separate sets of guidelines that are utilized by MFIM which are established by the Service, utilizing its expertise and standing within the financial services industry, as well as our own. In general, MFIM has instructed the Service to vote Taft-Hartley and other union related accounts in accordance with the Taft-Hartley proxy voting guidelines, and Public Fund accounts in accordance with the Public Fund proxy voting guidelines each as established by the Service to be responsive to their particular concerns. All other accounts are generally instructed to be voted in accordance with the standard proxy voting guidelines established by the service.

Specifically regarding MFIM's Fixed Income High Yield group, high yield bonds and leveraged loans are subject to amendments, waivers and other such modifications after they are issued. MFIM HY votes on these actions in the best interest of its clients, giving recognition to the effect on both the future prospects of the bond or loan as well as any fee or other consideration offered by the issuer to clients who consent. In addition, bonds or loans may become subject to restructuring proceedings, in or out of bankruptcy, in which case MFIM HY will act in its best judgment to maximize the cash flow and value. If the restructuring results in clients owning equity of the issuer, MFIM HY will vote as a shareholder in any vote put to shareholders, including any proxy vote, in accordance with its best judgment of the clients' interests.

In the event that a client of MFIM requests information as to how a particular proxy had been voted on that client's behalf, MFIM will provide said information to the client in a timely manner. Under no circumstance will MFIM disclose to a third party how a proxy had been voted on behalf of a client without that client's expressed, written consent. Likewise, in the event that a client of MFIM requests a copy of MFIM's Proxy Voting Policies and Procedures, MFIM will provide said Policies and Procedures within a reasonable amount of time to the client at client's address of record.

MFIM has designated its Director of Operations as responsible for administering and overseeing the proxy voting process. MFIM is currently not aware of any specific conflicts of interest. However, should MFIM become aware of a conflict of interest, it will rely on, and the Service, where applicable, shall vote in accordance with, its pre-determined policies as set forth in the guidelines if application of such policies to the matter at hand involves discretion on the part of MFIM.

Clients may obtain a copy of MFIM's proxy voting policies by contacting Kathryn Vorisek at the address or phone number on the front page.

ITEM 18 | **Financial Information**

MFIM has no additional no financial circumstances to report.

MFIM has not been the subject of a bankruptcy petition at any time during the past 10 years.