



FIDUCIARY MANAGEMENT, INC.

Investment Counsel

Fiduciary Management, Inc. Form ADV Part 2A – Disclosure Brochure March 27, 2024

790 N. Water Street
Suite 2100
Milwaukee, WI 53202
414-226-4545
www.fmimgt.com

This brochure provides information about the qualifications and business practices of Fiduciary Management, Inc. If you have any questions about the contents of this brochure, please contact us at 414-226-4545. 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 Fiduciary Management, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 Material Changes

The following summarizes for your reference changes to the firm's disclosure brochure since the last annual update (dated March 13, 2023). Some or all of these changes may not be considered material to you or others. You should keep a copy of this summary with the complete copy of the disclosure brochure we previously provided to you. If you would like a complete copy of the current disclosure brochure so that you can review these changes in their entirety, please call us.

Changes from brochure dated (dated June 20, 2023):

None.

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Item 4 Advisory Business

THE COMPANY

Fiduciary Management, Inc. (“FMI” or “the firm” or “we”) was founded in 1980 and is an independent money management firm based in Milwaukee, Wisconsin. Its principal owners are Ted Kellner and Patrick English. FMI is a registered investment adviser with the SEC.

INVESTMENT MANAGEMENT SERVICES

FMI’s equity investing strategies apply a value discipline, with a focused approach firmly rooted in fundamental research. FMI manages assets for domestic and international institutions, individual investors, and Registered Investment Advisors through separately managed accounts and the FMI Family of Funds. FMI serves as a sub-adviser to unaffiliated mutual funds and other pooled vehicles. When we act as a sub-adviser, our services will be overseen by a third-party fund manager. In such arrangements, the imposition of specific investment restrictions or tailoring of investment strategies will generally be the responsibility of the fund manager.

FMI offers six equity investment strategies, as follows: Large-Cap, Small-Cap, All-Cap, International Equity, Focused Global Equity, and Global Equity. We limit our investment management services to these six equity strategies, and we do not offer financial planning services, or advise clients in the selection of other money managers or mutual funds not managed by us. Upon request from a client, FMI will accommodate restrictions imposed on certain securities or type of securities. Because of capacity limitations, FMI has from time-to-time soft-closed strategies which restricts new investors from investing while allowing existing shareholders of the affected mutual fund and separate account clients to continue to invest in a soft-closed strategy without restriction or exception. Determining the timing of closing a strategy could create related investment risks and potential conflicts of interest.

FMI’s equity strategies may include investments in common stocks, whether domestic or from foreign issuers, preferred stocks, warrants, corporate bonds, commercial paper, certificates of deposit, municipal securities, U.S. government and agency securities, and in mutual fund shares. FMI’s policy is not to participate in Initial Public Offerings (“IPO”), or “hot issues” as these securities generally fail to meet the quality standards established for investment on behalf of our clients. If the quality standards meet our requirements and share availability becomes sufficient to purchase for all clients, FMI may consider such an investment.

WRAP FEE PROGRAMS

FMI also manages client accounts through “wrap fee” programs sponsored by brokers or other financial intermediaries. These sponsor firms generally enter into contracts with their clients to provide a variety of services for a predetermined, all-inclusive wrap fee. For our investment management services to these accounts, we receive a portion of the wrap fee. Wrap fee accounts are considered directed brokerage accounts. It is the responsibility of the sponsoring organization to notify the client of the services provided by FMI and the portion of the fee attributable to our services.

UNIFIED MANAGED ACCOUNT

FMI also provides non-discretionary model portfolio recommendations to third parties through “Model Delivery” Wrap Programs or an unified managed account (UMA). In these relationships, FMI delivers a model portfolio designed to satisfy investment objectives established and does not take into consideration or tailor the model portfolios to the investment objectives or risk tolerances of any specific program participant. The third-party retains sole discretion to accept, modify or reject these recommendations, and

execute transactions for underlying clients. FMI's fees are calculated and paid quarterly based on a percentage of the market value of the accounts managed by the third-party using our model.

ASSETS UNDER MANAGEMENT

As of December 31, 2023, FMI had \$14.9 billion in assets under management. All of these assets were discretionary assets.

Item 5 Fees and Compensation

SEPARATELY MANAGED ACCOUNTS

The management fees for our separately managed accounts are payable quarterly in arrears for all new clients. Some legacy clients are billed in advance. For these clients, in the event of termination of our services, any unearned portion of fees previously paid is prorated and fully refundable to the client. For most clients, we calculate our fees based on the market value of the assets in the client's account at the end of each quarter. FMI provides clients with an invoice after the end of each quarter showing the market value of the assets at quarter-end on which the fee is based, the calculation of the fee based on the fee schedule specific to that account, and the total amount of the management fee due. Clients may choose to have their fees automatically deducted from their accounts. For fees that are automatically deducted in this manner, we will submit our invoice directly to the client's custodian for payment. Fees for partial periods are prorated.

Our fee schedules vary by investment strategy. Below are our standard annual fee schedules:

SEPARATELY MANAGED ACCOUNTS						
Tier	Large Cap	Small Cap	All Cap	International	Focused Global	Global Equity
First \$25 million	0.55%	0.85%	0.65%	0.70%	0.65%	0.60%
\$25 - \$50 million	0.50%	0.80%	0.55%	0.65%	0.60%	0.55%
\$50 - \$100 million	0.45%	0.70%	0.50%	0.60%	0.55%	0.50%
Above \$100 million	0.35%	0.60%	0.45%	0.55%	0.50%	0.45%

FMI reserves the right to negotiate fees based on the size and the nature of the account. Our fee schedules have changed from their original levels and some clients are paying fees under prior agreements. The fees that we charge for investment management services are specified in an agreement between FMI and each individual client.

Outside the context of Wrap and UMA programs, FMI generally requires a minimum of \$3 million in assets to establish a Large Cap, Small Cap, All Cap, Focus Global and Global Equity discretionary account. High net worth individuals may establish an account with a minimum of \$1 million, however, the firm reserves the right to charge a minimum dollar fee for high net worth individuals depending on the client servicing involved. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. FMI generally requires a minimum of \$10 million in assets to establish an International discretionary account. In addition, FMI reserves the right to waive the minimum account size and minimum annual fee under certain circumstances.

MUTUAL FUNDS

FMI receives investment management fees as the investment adviser to the FMI Large Cap Fund (FMIHX / FMIQX), FMI Common Stock Fund (FMIMX / FMIUX), the FMI International Fund (FMIJX / FMIYX), and the FMI International Fund II – Currency Unhedged (FMIFX), each of which is a series of FMI Funds, Inc., a registered investment company (i.e., mutual fund) (the “FMI Funds”). More details about the services we provide and the fees we receive from the FMI Funds can be found in the registration statements and/or financial filings of these funds, which are available at www.sec.gov.

In the event all or a portion of a client’s account is invested in one or more of the FMI Funds, FMI will not charge a separate management fee with respect to those assets. FMI will, however, receive an investment management fee from the funds on those assets.

OTHER FEES AND EXPENSES

In addition to the fees paid to FMI, clients may also incur certain charges imposed by third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund in which a client’s account invests, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges and fees are in addition to FMI’s fee.

ADDITIONAL COMPENSATION

FMI and its employees do not accept compensation from any person or entity for the sale of securities or other investment products.

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

FMI does not provide any services in exchange for performance-based fees. Performance-based fees are those based on a share of capital gains on, or capital appreciation of, a client’s assets.

Item 7 Types of Clients

FMI manages assets for domestic and international institutions, individual investors, Registered Investment Advisers through separately managed accounts and the FMI Family of Funds. Specifically, FMI manages assets for high net worth individuals, advisors, and institutional investors including Registered Investment Companies, private investment funds, financial institutions, charitable institutions, endowments and foundations, municipalities, corporations, corporate pension and profit-sharing plans, and Taft-Hartley plans.

Information regarding accounts minimums is provided in Item 5.

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

INVESTMENT STRATEGIES

FMI offers five equity investment strategies. FMI's equity investing strategies apply a value discipline, with a focused approach firmly rooted in fundamental research.

Large-Cap Equity Strategy – Invests mainly in a limited number of large capitalization (namely, companies with more than \$5 billion market capitalization) value stocks.

Small-Cap Equity Strategy – Invests mainly in small to medium capitalization (namely, companies with less than \$7 billion market capitalization) value stocks.

All-Cap Equity Strategy – Invests mainly in small to large capitalization value stocks.

International Equity Strategy – Invests mainly in a limited number of large capitalization (namely, companies with more than \$5 billion market capitalization) foreign companies.

Focused Global Equity Strategy – Invests mainly in a limited numbers of mid-large capitalization (namely, companies with more than \$5 billion market capitalization) U.S. and foreign companies.

Global Equity Strategy – Invests mainly in medium to large capitalization (namely, companies with more than \$4 billion market capitalization) value stocks. These investments will typically be made in American Depository Receipts (ADR's).

INVESTMENT PHILOSOPHY

FMI uses fundamental analysis to look for stocks of good businesses that are selling at value prices in an effort to achieve above average performance with below average risk. We believe good businesses have some or all of the following characteristics:

- A strong, defensible market niche or products and services niche that is difficult to replicate
- A high degree of relative recurring revenue
- Modestly priced products or services
- Attractive return-on-investments economics (namely, where return on investment exceeds a company's cost of capital over a three to five-year period)
- Above-average growth or improving profitability prospects

FMI considers valuation:

- On both an absolute and relative to the market basis
- Utilizing both historical and prospective analysis

In reviewing companies, FMI applies the characteristics identified above on a case-by-case basis as the order of importance varies depending on the type of business or industry and the company being reviewed.

FMI will generally sell a portfolio security when we believe:

- The security has achieved its value potential
- Such sale is necessary for portfolio diversification
- Changing fundamentals signal a deteriorating value potential
- Other securities have a better value potential

Our research process is geared towards finding companies that have a good business model, and that are trading at an attractive valuation with a management team that thinks and acts like an owner of the business.

PRINCIPAL RISKS

Investing in securities always involves the risk of loss that investors should understand and be prepared to bear. There is a risk that you could lose all or a portion of your money on your investments. This risk may increase during times of significant market volatility. Investing in our strategies is a suitable investment only for investors who have long-term investment goals.

Stock Market Risk – The price of the securities invested may decline in response to adverse issuer, political, regulatory, market, economic or other developments that may cause broad changes in market value, public perceptions concerning these developments, and adverse investor sentiment or publicity. The price declines of common stocks, in particular, may be steep, sudden and/or prolonged. Price and liquidity changes may occur in the market as a whole, or they may occur in only a particular company, industry, sector, or geographical region of the market. These effects could negatively impact the account's performance.

Focused Portfolio Risk – FMI's investment strategies tends to be invested in a relatively small number of stocks, generally ranging from approximately 25 to 35 stocks, instead of hundreds. As a result, the appreciation or depreciation of any one security held by a client will have a greater impact on the value of a client's portfolio than it would if the client invested in a larger number of securities. Although this strategy has the potential to generate attractive returns over time, it could increase the volatility of the client's portfolio and may lead to greater losses.

Value Investing Risk – Our research analysts may be wrong in their assessment of a company's value and the stocks being held may not reach what they believe are their full values. From time to time, "value" investing falls out of favor with investors. During these periods, our relative performance may suffer.

Foreign Securities Risk – Stocks of non-U.S. companies (whether directly or in ADRs or ADSs) as an asset class may underperform stocks of U.S. companies, and such stocks may be less liquid and more volatile than stocks of U.S. companies. The costs associated with securities transactions are often higher in foreign countries than in the U.S. The U.S. dollar value of foreign securities traded in foreign currencies (and any dividends and interest earned) held by the strategy or by exchange-traded funds ("ETFs") in which the strategy invests may be affected unfavorably by changes in foreign currency exchange rates. An increase in the U.S. dollar relative to these other currencies will adversely affect the strategy, if the positions are not fully hedged. Additionally, investments in foreign securities, whether or not publicly traded in the United States, may involve risks which are in addition to those inherent in domestic investments. Foreign companies may be subject to significantly higher levels of taxation than U.S. companies, including potentially confiscatory levels of taxation, thereby reducing the earnings potential of such foreign companies. Substantial withholding taxes may apply to distributions from foreign companies. Foreign companies may not be subject to the same regulatory requirements as those of U.S. companies and, as a consequence, there may be less publicly available information about such companies. Also, foreign companies may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Policy and legislative changes in foreign countries and other events affecting global markets, such as the institution of tariffs by the U.S. or the United Kingdom's expected exit from the European Union, may contribute to decreased liquidity and increased volatility in the financial markets. Foreign governments and foreign economies often are less stable than the U.S. Government and the U.S. economy.

Geographic Concentration Risk – Concentrating investments in a limited number of countries or particular geographic regions makes the strategy more susceptible to adverse economic, political, social, regulatory and other developments in that country, countries or region. Additionally, the strategy’s performance may be more volatile when the strategy’s investments are less diversified across countries.

Currency Hedging Risk – The International Equity Strategy generally hedges a significant portion of its foreign stock investments against foreign currency changes in an effort to have its returns more closely reflect the market performance of its investments, rather than the value of the currency. To the extent the strategy hedges portions of its portfolio, its relative performance may differ from that of unhedged portfolios or indices. There is no guarantee the hedges will fully protect against adverse currency movements.

Liquidity Risk – Liquidity risk is the risk, due to certain investments trading in lower volumes or to market and economic conditions, in which the strategy may be unable to find a buyer for its investments when it seeks to sell them to receive the price it expects based on the strategy’s valuation of the investments. Events that may lead to increased redemptions, such as market disruptions, may also negatively impact the liquidity of the strategy’s investments when it needs to dispose of them. If the strategy is forced to sell its investments at an unfavorable time and/or under adverse conditions in order to meet redemption requests, such sales could negatively affect the strategy. Liquidity issues may also make it difficult to value the strategy’s investments.

Cybersecurity Considerations – With the increased use of technologies such as mobile devices and Web-based or “cloud” applications, and the dependence on the Internet and computer systems to conduct business, FMI is susceptible to operational, information security and related risks. In general, cybersecurity incidents can result from deliberate attacks or unintentional events (arising from external or internal sources) that may cause FMI to lose proprietary information, suffer data corruption, physical damage to a computer or network system or lose operational capacity. Cybersecurity attacks include, but are not limited to, infection by malicious software, such as malware or computer viruses or gaining unauthorized access to digital systems, networks or devices that are used to service FMI’s operations (e.g., through “hacking,” “phishing” or malicious software coding) or other means for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on FMI’s website (i.e., efforts to make network services unavailable to intended users). In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on FMI’s systems. Cybersecurity incidents affecting other service providers to FMI or their account holders (including, but not limited to, Fund accountants, custodians, sub-custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses to both FMI and their account holders, impediments to trading, the inability of account holders to transact business and FMI’s ability to process transactions, violations of applicable privacy and other laws (including the release of private account holder information) and attendant breach notification and credit monitoring costs, regulatory fines, penalties, litigation costs, reputational damage, reimbursement or other compensation costs, forensic investigation and remediation costs, and/or additional compliance costs. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which FMI invests, counterparties with which FMI engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and other service providers) and other parties.

Tax Law Change Risk – Tax law is subject to change, possibly with retroactive effect, or to different interpretations. For example, tax legislation enacted in 2017 (the Tax Cuts and Jobs Act) resulted in fundamental changes to the Code (some of which are set to expire in 2025). More recently, the Inflation

Reduction Act of 2022 will add a 15% alternative minimum tax on large corporations and a 1% excise tax on repurchases of stock by publicly traded corporations and certain affiliates. The excise tax on repurchases of stock may cause some corporations in which the strategy invests to reduce liquidity opportunities for its investors, which could potentially reduce the value of your investments. Such legislation, as well as possible future U.S. tax legislation and administrative guidance, could materially affect the tax consequences of your investments and the strategies investments or holding structures. Prospective investors should consult their own tax advisors regarding the impact to them of possible changes in tax laws.

Large Capitalization Companies Risk – Large capitalization companies may grow more slowly than the overall economy and tend to go in and out of favor based on market and economic conditions, and the strategy may underperform investments that focus on small or medium capitalization companies.

Medium Capitalization Companies Risk – Medium capitalization companies tend to be more susceptible to adverse business or economic events than large capitalization companies, and there is a risk that the securities of medium capitalization companies may have limited liquidity and greater price volatility than securities of large capitalization companies.

Small Capitalization Companies Risk – Small capitalization companies typically have relatively lower revenues, limited product lines and lack of management depth, and may have a smaller share of the market for their products or services, than large capitalization companies. There is a risk that the securities of small capitalization companies may have limited liquidity and greater price volatility than securities of large and medium capitalization companies, which can affect our ability to sell these securities at the quoted market prices. Finally, there are periods when investing in small capitalization company stocks falls out of favor with investors and these stocks may underperform.

Item 9 Disciplinary History

In this item, registered investment advisers must disclose all material facts regarding any legal or disciplinary events material to your evaluation of our firm's investment management business or the integrity of our management. FMI has no legal or disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

MUTUAL FUNDS

FMI supervises and manages the investment portfolios of the FMI Large Cap Fund (FMIHX / FMIQX), FMI Common Stock Fund (FMIMX / FMIUX), FMI International Fund (FMIJX / FMIYX), and the FMI International Fund II – Currency Unhedged (FMIFX), each of which is a series of FMI Funds, Inc. In this capacity, FMI receives a monthly management fee from these funds based on the average daily net asset values of the said funds. More details about the services we provide and the fees we receive from the FMI Funds can be found in the registration statements and/or financial filings of these funds, which are available at www.sec.gov.

FMI does not believe that its investment management services to the FMI Funds create material conflicts of interest with its other clients.

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

CODE OF ETHICS

FMI has adopted and enforces a Code of Ethics that establishes standards of conduct expected of access persons and reflects our fiduciary duties. Among other things, it requires access persons to comply with applicable federal securities laws and report their personal securities holdings and transactions, including transactions in mutual funds advised by FMI or an affiliate. Our Chief Compliance Officer provides each access person with a copy of the Code of Ethics (and any amendments). Each access person must acknowledge receipt and compliance with the Code of Ethics upon employment, annually, or as amended.

Clients or prospective clients may request a copy of the firm's Code of Ethics by contacting our Chief Compliance Officer, Daniel La Nuez at 414-226-4545.

PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

FMI enforces a strict policy regarding personal trading. No employee shall purchase or sell directly or indirectly any security which, to his or her knowledge, is currently being purchased or sold by any account for which the firm serves as investment adviser or which, to his or her knowledge, the firm is actively considering recommending to such an account for purchase or sale.

Item 12 Brokerage Practices

BROKER SELECTION AND BEST EXECUTION

Obtaining the best trade execution is the primary consideration for every trade we make for a client account. FMI has established a Trading Practice Committee which is responsible for the oversight of our trading and brokerage practices. Annually, this Committee conducts a comprehensive review and approval process for all brokers utilized for the execution of client portfolio transactions.

Unless we receive specific directions from a client regarding the placement of brokerage business, we select brokers for the execution of client portfolio transactions on the basis that such brokers will execute the order as promptly, accurately and efficiently as possible subject to the overriding policy of FMI, which is to obtain the best market price and reasonable execution for all transactions, giving due consideration to such factors as reliability of execution and the value of research, statistical and price quotation services provided by such brokers.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Purchases and sales of securities are frequently placed with brokers who provide FMI with supplemental research and statistical services. Selecting a broker in recognition of services or products other than simply transaction execution is known as paying for those services and products with "soft dollars." Because many of those services could be considered to provide some benefit to FMI and because the "soft dollars" used to acquire them will be assets of FMI's clients, FMI is deemed to have a conflict of interest in allocating client brokerage business in this manner. In other words, FMI could receive valuable benefits by selecting a particular broker to execute client transactions and the transaction commission charged by that broker might not be the lowest commission FMI might otherwise be able to negotiate. In addition, FMI could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal

in order to generate brokerage commissions with which to acquire products and services. Research services furnished by brokers through whom we place securities transactions may be used in servicing all of our accounts and these services may not be used solely in connection with the accounts which paid commissions to the broker providing such services.

Research products and services provided to FMI may be propriety and third party. Propriety research is provided directly from the broker, while third party research is provided by payment by a broker, in full or in part, for research services provided by third parties.

During the last fiscal year, propriety and third party research products and services provided to FMI included the following:

- FactSet Research Systems, Inc.
- Leuthold Research
- Autonomous Research
- Third Bridge
- Tegus
- Canalyst Financial Modeling Corp.
- Bloomberg L.P.

FMI will make decisions involving “soft dollars” in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. That is, FMI will generally determine, considering all appropriate factors (including those described here), that the commissions paid are reasonable in relation to the value of all the brokerage and research products and services provided by the broker. In making that determination, FMI may consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services to FMI’s performance of its overall investment management responsibilities to all of its clients. We believe we pay fair and reasonable brokerage commission in return for research products and services provided by brokers.

Where a particular service or product that a broker is willing to provide for soft dollars has not only a “research” application, but it is also useful to FMI for non-“research” purposes, FMI may allocate the cost of the product or service between its “research and non-“research” uses and pay only the “research” portion with soft dollars. FMI’s interest in making such an allocation may differ from clients’ interests in that FMI has an incentive to designate as great a portion of the cost as “research” as possible in order to permit payment with soft dollars.

DIRECTED BROKERAGE

To the extent that clients direct FMI to use certain broker-dealers (i.e., “directed brokerage”), clients should be aware that FMI may be unable to negotiate commissions, block or aggregate client orders or otherwise achieve best execution. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts.

AGGREGATED TRADES, OPPOSITE-WAY TRANSACTIONS AND CROSS TRADING

Allocation of Aggregate Trades among clients: FMI purchases the same securities for all clients utilizing a given investment style of FMI by aggregating (or blocking) all such transactions for such clients in a single transaction or sequence of transactions with the same broker, and endeavors to select securities which have sufficient liquidity to fill positions for all clients. Occasionally, FMI is unable to complete purchases for all clients and attempts to treat all clients fairly by filling positions using a rotational allocation process such that trade orders are not entered for clients in the same sequence. Additionally, when a blocked order is only partially filled, FMI uses an order management system that allocates securities on a pro-rata basis to the accounts participating in the blocked order. The Head Trader, at his or her discretion, may determine

that small partially filled block orders, defined as approximately 5% or less of the total order size, are filled utilizing a random allocation rather than pro-rata. FMI also considers the cash level of the client accounts, investment objectives and guidelines, the size of the position to be allocated to each client and the portion of the order filled.

Opposite-Way Transactions and Cross Trading: FMI may purchase or sell a security on behalf of a client account on the same day that FMI engaged in an opposite-way transaction (purchase/sale) for the same security on behalf of another client account, provided that the transactions are consistent with the investment objectives of each account and provided that FMI will not make cross transactions between our investment management clients.

Item 13 Review of Accounts

FMI does not separate the research and portfolio management functions. The decision-making process is not predicated on an individual or portfolio manager, but rather on a collaborative, team approach. There is no traditional portfolio manager role at FMI. All new ideas are generated by our research team which consists of ten individuals. The research team is headed by Chief Investment Officer (Jonathan Bloom). The Portfolio Management Committee (“PMC”) is made up of the research team, as well as John Brandser, who directs trading and compliance. When the PMC makes a decision to purchase or sell a security, it is executed for all client portfolios (within the strategy) in an equitable manner. There is no discretion given to an investment team member on any specific client portfolio and no individual’s compensation is tied to the performance of a specific client portfolio (or a group of client portfolios).

John Brandser, the firm’s President and Chief Executive Officer (or his designee), reviews accounts regularly with respect to the model portfolios. Cash deposits into, or withdrawals from an account would prompt an additional review of the portfolio.

FMI will furnish quarterly written reports to clients (monthly, if requested) containing a list of holdings with current market value and cost basis, unrealized gains and losses, income and investment results. We urge clients to carefully review the reports we send and compare them to the statements received from their custodians. The information in our reports may be different from the custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 14 Client Referrals and Other Compensation

Other than the fees we receive as described in Item 5, and the soft dollar benefits described in Item 12, FMI does not receive an economic benefit from anyone other than its clients.

Item 15 Custody

FMI does not act as a custodian to clients, nor do we offer custodial services to clients. Client assets are held with banks, registered broker-dealers, or other “qualified custodians.” Clients will receive statements directly from their custodians at least quarterly. We will send clients quarterly reports (monthly, if

requested) showing market value, unrealized gains and losses, income on all portfolio holdings and performance calculations. We urge clients to carefully review the reports we send and compare them to the statements received from their custodians. The information in our reports may be different from the custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Item 16 Investment Discretion

FMI accepts discretionary authority to manage assets on behalf of clients through acceptance of FMI's (or client's) contract agreement. We will follow limitations and restrictions outlined in each account's investment guidelines.

Item 17 Voting Client Securities

FMI has the responsibility and authority to vote proxies with respect to the securities under its management unless the right to vote proxies is expressly reserved for the client, plan trustees or other plan fiduciary. FMI will advise the client and/or its custodian to forward all proxy materials to its office and will take reasonable steps to ensure they are received.

FMI will vote proxies in a manner that we feel best protects the interests of the common shareholder. We will look critically upon any issue or vote that will limit or reduce the prerogatives and/or influence of the common shareholders.

FMI strives to ensure that all conflicts of interest are resolved in the best interests of its clients. When there is an apparent conflict of interest, or the appearance of a conflict of interest (e.g., where FMI may receive fees from a company for advisory or other services at the same time that FMI has investments in the stock of that company), we will vote with management on those issues on which brokerage firms are allowed to vote without customer approval under NYSE rules (e.g., directors and auditors). In all other cases involving a conflict or appearance of a conflict, we will cause the proxies to be voted in accordance with the recommendations of a Proxy Service Provider.

A copy of our proxy voting policies and procedures and/or information regarding the votes cast by FMI with regard to a client's securities is available upon request mailed to:

Fiduciary Management, Inc.
Attn: Chief Compliance Officer
790 N. Water Street
Suite 2100
Milwaukee, WI 53202

A copy of our FMI's statement on Proxy Voting Policies and Voting Procedures can also be found on our website at www.fiduciarymgt.com.

Item 18 Financial Information

In certain circumstances, registered investment advisers must provide you with financial information or disclosures about their financial condition. FMI is an independent, private corporation with no financial commitment that would impair our ability to meet contractual and fiduciary obligations to our clients. FMI has never been the subject of a bankruptcy proceeding.