



A BOUTIQUE INVESTMENT ADVISORY

Item 1

Punch & Associates Investment Management, Inc.

Form ADV Part 2A

3601 West 76th Street, Suite 225

Edina, MN 55435

(952) 224-4350

www.punchinvest.com

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This brochure provides information about the qualifications and business practices of Punch & Associates Investment Management, Inc. ("Punch & Associates"). If you have any questions about the contents of this brochure, please contact Nancy Bohlman at (952) 224-4350 or nancy@punchinvest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Item 2 Material Changes

The following is a summary of material changes made to our brochure since the last annual update dated April 1, 2013.

Item 5 – Fees and Compensation

We clarify that immediate family members of employees are not charged fees, and we do not charge fees for management of certain donor advised funds through which employees may make charitable contributions.

Within Item 5, we disclose our account valuation practices, including the actions we would follow in the unlikely event we are required to price a security as a result of, for example, a custodian not supplying a price or us believing a price supplied is not indicative of an accurate market value. We also provided an overview of our approach in valuing a PIPE (a Private Investment in a Public Equity) held within a client portfolio.

Item 7 – Types of Clients

We disclose that we manage the firm's profit sharing plan and individual retirement accounts for employees, as well as direct accounts for immediate family members, but these proprietary accounts are not included in a block order along with client trades. We also disclose that we reserve the right to increase or decrease this minimum account size or otherwise place limitations and covenants on accounts invested in our Micro Cap style.

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

We updated this item to remove a description of the Punch SMID Cap Equity Strategy, a strategy which is not currently offered to clients.

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

We recently adopted a new Code of Ethics, and provided an overview of our Standards of Conduct and Personal Trading practices, including most notably:

- Employees must wait five business days before selling a security that was purchased for a client, or before buying a security that was sold for a client.
- Employees are prohibited from investing in any equity or closed-end funds with a market capitalization smaller than \$10 billion unless the security is also held in a client portfolio.
- Donor advised funds managed by us through which employees make tax-deductible donations are not treated as personal investment accounts, and are not subject to personal trading restrictions outlined within Item 11, as employees have no beneficial ownership interest in these accounts. Our Item 11 disclosure discusses inherent conflicts which exist within donor advised funds.

Item 12 – Brokerage Practices

We revamped our Item 12 disclosures to more accurately reflect our current business practices, and we encourage you to read Item 12 in its entirety. We have summarized notable changes below:

- We disclose our soft dollar services utilized.
- We discuss our trade aggregation and allocation practice, including a trade rotation process designed to provide reasonable assurance our clients are treated fairly over time. Specifically, on a per trade basis, we rotate the order of:
 - Individual High Net Worth and Institutional clients' trades; and
 - Individual High Net Worth and institutional brokers to whom we may direct trades.
- We disclose our process to allocate shares of a block order which is only partially completed:
 - Individual High Net Worth Clients: These trades are generally allocated on a random, full-fill basis, subject to a de minimis number of shares.
 - Institutional Clients: These trades are generally allocated on a pro-rata basis, subject to a de minimis number of shares.
- We disclose our trade error correction policy, noting our objective is to correct trade errors within a reasonable period of time, with the objective of ensuring the impacted client(s) are made whole.

Item 15 – Custody

We disclose that, as Managing Member of a private fund, we have legal access to that private fund's securities or funds in a manner which may result in us having technical custody of the private fund's assets.

Item 17 – Voting Client Securities

We disclose our revised proxy voting policy. In summary:

- We generally support management's recommendations on proxy issues as we believe a company's management should generally have the latitude to make decisions related to basic business operations matters.
- We consider proxy proposals regarding control matters on a case-by-case basis, but will generally vote against recommendations we believe will limit the rights of shareholders or entrench existing management (such as poison pills and dual class shares).
- We generally oppose measures preventing shareholders from accepting an offer of a sale of the company.

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Item 4 Advisory Business

Punch & Associates is an independent boutique investment adviser located in Edina, Minnesota, founded in February 2002. Punch & Associates is 100% employee owned; its principal owners are Howard D. Punch, Jr. (majority owner), Andrew J. Matysik and John C. Carraux. As of December 31, 2013, we had discretionary assets under management of \$832,723,802.

We offer two primary services to clients: Investment Management and Wealth Planning.

Investment Management

We provide discretionary portfolio management services to Individual High Net Worth and Institutional clients, based on the individual needs and objectives of each client. In addition, we also serve as investment adviser and managing member to the Punch Micro Cap Partners, LLC ("PMCP"), the "Private Fund".

In managing portfolios, we incorporate a risk-averse investment philosophy centered on preserving and growing our clients' assets. We are a multi-cap manager with the following core strategies:

1. Income
2. Large Cap Equity
3. Small and Micro Cap Equity

Our Institutional clients generally hire us for a specific strategy (or, subset of one of our existing strategies). Our Individual High Net Worth clients generally hire us to manage a substantial portion of their personal portfolio, where we believe the most important decision involves the allocation of assets among different asset classes, supplemented by rigorous fundamental analysis providing the key to successful security selection. We believe it is possible to achieve consistent and superior investment returns through all market environments by using a disciplined and opportunistic style of investing, coupled with a willingness to look different from other "mainstream" investors.

When managing client portfolios, we will consider client-imposed restrictions on investing in securities or specific types of securities, as directed by clients and agreed to by us.

Wealth Planning

In connection with our Wealth Planning service, our Wealth Strategies Group oversees our clients' overall financial situations on an ongoing basis, striving to assist them in addressing their important financial issues. Our process begins with a Discovery Meeting where we assess the individual's or family's financial situation, both qualitatively and quantitatively. We examine a client's current situation, future goals, investment objectives and risk tolerance along with their time horizon and income needs. Then, we develop a plan and a timeline, begin implementation and monitor the plan through frequent and detailed communication to ensure we are aware of events and changes that may require adjustments.

Our Wealth Planning service is customized to each client's individual needs and circumstances.

Item 5 Fees and Compensation

General Fee Information

In cases where we are responsible for billing the client, individual client accounts are billed quarterly in advance. Institutional client accounts are also billed quarterly in advance unless otherwise directed by the client. We do not generally pro-rate fees for periods of significant contributions and withdrawals. We deduct fees directly from the client's account unless otherwise mutually agreed upon, in which case an invoice would be sent directly to the client.

Clients will incur separate custodian, brokerage and transaction costs. Custodian fees are negotiated by the clients and their selected custodian(s). In addition, we may at times use outside registered investment companies or exchange-traded funds ("ETFs") when managing client accounts. In addition to our fees, clients are responsible for shareholder fees imbedded within the share price of these securities. Please see Item 12 for a discussion of our brokerage practices.

Fee Schedule

Individual High Net Worth and Institutional

Our standard investment management fee for Individual High Net Worth accounts is 1.00% of assets under management. Our Institutional accounts have a tiered fee schedule as follows:

Assets Under Management	Fee
\$0-\$10 Million	1%
\$10 Million-\$50 Million	.85%
\$50 Million -\$100 Million	.80%
Over \$100 Million	.75%

While we generally do not expect to negotiate fees, fees may be negotiable in certain circumstances based on account size or other considerations. Immediate family members of employees are not charged fees. We also do not charge fees for management of certain donor advised funds through which employees may make charitable contributions. While we do not currently charge Individual High Net Worth and Institutional accounts a performance-based fee, we would consider entering into such an arrangement with select clients eligible to pay performance-based fees.

Wealth Planning

We offer inclusive Wealth Planning services for clients with greater than \$5 million in assets under management with the firm. We generally charge a flat fee for Wealth Planning services for clients with less than \$5 million assets under management. This fee is negotiated with the

client and varies depending upon factors including the level of complexity of the engagement and the nature of our relationship with the client.

Private Fund

We collect asset-based and performance-based fees as adviser to the Private Fund, as fully described in the Private Fund's Confidential Private Placement Memorandum. Investors in the Private Fund are encouraged to consult the Confidential Private Placement Memorandum as the authoritative source for disclosure regarding fees paid by the Private Fund. The Private Fund's administrator, ALPS Fund Services, Inc., calculates both the asset-based and performance-based fees using the market value determined by an independent pricing service as of the last day of the previous month end.

While we are authorized to negotiate fees paid by investors in the Private Fund based upon factors determined by us to be material, we have not and do not intend to negotiate such fees. However, Punch & Associates employees invested in the Private Fund pay neither investment management nor performance-based fees. See Item 6 for more information on performance-base fees.

Account Valuation Practices

Where possible, we use account market values for publicly-traded securities as provided by our clients' custodians to calculate investment performance and client fees. While this scenario rarely occurs, if the custodian does not supply a price or if we believe a price supplied is not indicative of an accurate market value, we would attempt to obtain a price from another third party source. If a price is still not available, our Investment Committee would establish a fair value for the security. No single factor or approach will be used by us in every case of determining a fair value for a security, as each individual case is unique in nature.

When valuing a PIPE (a Private Investment in a Public Equity) held within a client portfolio, we generally use publicly available prices for the underlying public equity, amortizing the discount to account for the restricted period.

We encounter inherent conflicts of interest when we participate in the valuation of client accounts, as higher security prices increase market values, thereby enhancing performance results and increasing fees. In addition, because clients pay different fees based on differing fee schedules or the size of the account, we have an incentive to favor those accounts where we earn the highest fees. We maintain investment, trade allocation and account valuation (including fair valuation) policies and procedures to address such conflicts of interest. See Item 6 for more information on performance-base fees, and Item 12 for a discussion of our brokerage and trading practices.

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

We offer performance-based fees in connection with our Private Fund, as more fully described within the Private Fund's Confidential Private Placement Memorandum. In addition, select

Institutional separate accounts and the Private Fund are managed following similar investment mandates, which results in these accounts often investing in the same securities, known as “side-by-side” management.

Performance-based fees may create an incentive for us to invest more aggressively than in an account without a performance-based fee in an effort to increase our compensation. To address this inherent conflict, we maintain policies and procedures designed to ensure all accounts are treated fairly, and to provide reasonable assurance accounts with performance-based fees are not favored. Punch & Associates management also routinely reviews all accounts to confirm accounts with performance-based fees are not favored, including a daily review of investment opportunity allocations between the Private Fund and other similarly managed accounts.

Item 7 Types of Clients

We manage assets for foundations, pension and profit sharing plans, government entities, corporations, high net worth individuals, families, trusts, a private fund and donor advised funds.

We manage the firm’s profit sharing plan and individual retirement accounts for employees, as well as direct accounts for immediate family members, but these proprietary accounts are not included in a block order along with client trades. Please see Item 12 for a discussion of our trading practices.

Our minimum account size for Institutional clients is \$10,000,000. Given the inherent capacity limitations on micro cap securities, we reserve the right to increase or decrease this minimum account size or otherwise place limitations and covenants on accounts invested in our Micro Cap style. Our minimum Private Fund investor account size is addressed within the Confidential Private Placement Memorandum. Our minimum account size for Individual High Net Worth accounts is \$250,000. We have no specific minimum account size for Wealth Planning clients. At our discretion, we may waive our account minimums. Among our reasons to waive such minimums include: the client is a family member or close personal friend; we have a long-standing relationship with the client; and our expectation to manage additional client assets in the future. We may aggregate portfolios of family members to meet the minimum portfolio size.

Our investment management agreement with the client determines the protocol the client or we will follow in terminating accounts.

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

Investment Philosophy

Our investment philosophy is based on the belief that returns on capital are greatest where capital is most scarce. We formulate investment ideas by focusing in areas of the market we believe other investors have discarded, misunderstood, or simply ignored. We look for market behavior toward investments that are short-sighted, emotionally-driven and uninformed. We place an

emphasis on behavioral investing and believe that the migration of the “investment herd” creates value. We strive to identify areas where investor sentiment and expectations are lowest, anticipate themes that currently have low recognition and employ time arbitrage. We believe that most investors tend to have increasingly short-term time horizons, rapid turnover and are trying to exploit extremely short-term anomalies in the market. In an environment with massive short-term data overload, and with individuals concerned about minute-to-minute performance, Punch & Associates believes that inefficiencies are likely in time frames twelve months and beyond.

We are committed to managing risk by staying disciplined throughout each market cycle. Our approach is primarily fundamental, as we believe that there are no shortcuts to selecting good investments. We perform our own research in order to make the most informed decisions and to gain an information edge over other small cap investors. We closely monitor investor sentiment and believe that investors make predictable, repeated errors that frequently create value. All too often, we have observed investors committing the “sin of certainty” by chasing performance in popular stocks or asset classes that have performed the best recently and at times in which they receive the most notoriety. As valuations in “must own” securities are pushed to extremes, capital gets “distracted” away from other industries and companies, and value is often created in these left-behind areas that remain out of the spotlight.

We utilize a bottoms-up security selection process in which we seek securities with specific characteristics in order to find income-producing investments that have a strong potential for total return. In selecting investments, we seek companies or securities whose cash-flow payouts are adequately supported by the underlying strength of the issuing entity and that are unlikely to change dramatically. We also believe that asset classes or sectors that have under-performed over the past three to five years, or are out-of-favor with most investors, are fertile ground for finding value-priced securities. We believe the bottoms-up security selection process works best when analysis is unique and independent from the views of most investors.

We attempt to purchase growth companies at value prices. We believe that these companies afford the greatest returns as they transition from the “value” camp to the “growth” camp and as other investors take recognition of them. We combine a value manager’s risk assessment abilities with a growth manager’s imagination in our small cap approach. We strive to assemble a portfolio of high-quality companies at undemanding valuations. In assembling portfolios, we favor the small cap asset class because relatively few professional investors are focused in this area, creating a dearth of analysis and research which we believe leads to persistent pricing and informational inefficiencies. Because of these inefficiencies, we believe the small cap space is where thorough research matters. Our risk-averse investment philosophy also integrates behavioral and contrarian elements that permeate every aspect of our process.

Investment Strategies

We manage assets by utilizing the following strategies:

Punch Small Cap Strategy: The Punch Small Cap Strategy invests in small cap equities with market capitalizations between \$250 million and \$2 billion. This universe contains some 5,000

companies but occupies only 30% of the U.S. stock market. Small cap companies are generally much less efficiently priced than larger companies, and we search for those companies with minimal Wall Street coverage—and lesser investor expectations—in order to take advantage of inefficiencies in this space.

We combine intensive bottoms-up investment research with elements of behavioral finance to create a portfolio of companies that are purchased at what we believe are compressed valuations. We seek out sectors and issues with accelerating fundamentals, economically attractive business models and low recognition among the general investing public. These are the areas where original fundamental research provides the most value.

We narrow the small cap universe according to following criteria:

- Sufficient trading volume and liquidity to allow for a full position;
- Conservative capital structure with minimal or no debt;
- Profitable on an operating basis and consistent cash flow generation;
- Predictable revenue and earnings streams and durable business models;
- Prudent capital allocation by managers; and,
- Minimal or no Wall Street coverage.

We aim to identify the highest quality small cap companies which have the greatest probability of deserving above-market valuations or becoming much larger enterprises over time. We emphasize proven business models and management teams that have set a clear and realistic path to achieving their goals over the medium-term. At the same time, we attempt to discover these firms before the majority of other investors by limiting ourselves either to those companies with minimal or no sell-side coverage or to those companies with low analyst ratings.

Punch Large Cap Strategy: The Punch Large Cap strategy takes a “hub-and-spoke” approach to building a portfolio of large cap equities. This means that a “hub” of closed-end or index funds is surrounded with “spokes” of concentrated positions in individual stocks taken from the universe of domestic companies with market capitalizations over \$5 billion. We take this approach to investing in this universe because larger companies are generally more widely followed, their prospects generally more widely known, and their share prices more efficiently priced.

The hub portion of the portfolio is where we think we can take advantage of the greatest pricing inefficiencies and where original research will yield greater rewards. The investable universe for the hub is comprised of approximately 300 equity closed-end funds whose shares trade on exchanges, often at a discount to the net asset value of the funds themselves. The closed-end fund universe contains a broad variety of funds and fund strategies. By purchasing these funds at a discount to their net asset value (NAV), we strive to gain exposure to a basket of securities at a discounted price while receiving an above-average yield. Index funds are sometimes used after periods of broad market weakness.

The closed-end fund universe is then narrowed according to the following criteria:

- Market capitalization greater than \$100 million and sufficient trading volume and liquidity;
- Share price over \$5; and,
- Dividend or distribution policy that is regular, predictable and frequent (monthly or quarterly).

The spokes of the portfolio are where we perform fundamental analysis on individual large-cap companies and take concentrated positions in stocks we think will outperform the broader market. While the universe is generally defined as S&P 500 member companies, we occasionally take positions in mid-cap companies or companies located abroad. Our buy-and-hold approach to owning individual companies in the spoke portion of the strategy enables us to limit turnover and tax consequences. When investigating individual companies, we emphasize durable, high quality franchises, reliable and predictable earnings, reputable management, conservative capital allocation and capital structure, and above-market returns on capital. We believe that it is these characteristics that allow us to find companies worth holding for several years.

Punch Strategic Total Return (STR): The Punch Strategic Total Return Strategy was created to manage client accounts that do not meet the minimum investment amount for our other strategies (generally \$100,000), although it can also be suitable for larger accounts as well. STR is a total return strategy that focuses on generating an attractive dividend yield in addition to capital appreciation. Portfolios are constructed utilizing a limited number of closed-end funds, index shares and other pooled vehicles, and the strategy is benchmarked to the S&P 500 Index.

Punch Micro Cap Equity Strategy: The Punch Micro Cap Equity Strategy applies a similar investment process as the Small Cap Equity Strategy while screening for companies in the smallest end of the small cap spectrum (less than \$250 million in market capitalization). This segment of the marketplace for publicly-traded companies is made up of thousands of small, under-researched and overlooked companies. The Micro Cap Equity Strategy is currently offered to Accredited Investors and Qualified Clients through a private investment partnership, PMCP, and it is offered solely through a Confidential Private Placement Memorandum.

Punch Income Strategy: The Punch Income Strategy invests in a wide variety of securities with the characteristics of producing durable, predictable yields and price appreciation over full market cycles. Incorporating varied yield vehicles to provide total return in both a taxable and tax-efficient manner, the strategy focuses on total return and emphasizes regular cash flow and takes a “reversion-to-the-mean” approach to asset allocation, emphasizing those asset classes that have under-performed over the past three- to five-years.

Securities included in the portfolio include:

- Closed-end funds;
- Preferred stocks;
- Utility equities;
- REIT equities;
- Corporate bonds;
- Municipal bonds; and,
- Treasury bonds.

We apply a combination of qualitative and quantitative analysis to identify under researched opportunities which generate current income and have the potential for long-term capital appreciation. Maintaining a focus on value, we select securities that have sustainable and durable income streams. Importantly, we take an opportunistic and active management approach that seeks to take advantage of extreme investor behavior and exaggerated price movements.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary

market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Market Risks

The profitability of a significant portion of our recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that we will be able to predict those price movements accurately. Our strategies do not, however, attempt or depend on our ability to predict the direction of the overall market in the short to intermediate term.

Management Through Similarly Managed Accounts

For certain clients, we may manage portfolios by allocating portfolio assets among various mutual funds / securities on a discretionary basis using one or more of our proprietary investment strategies (collectively referred to as “*investment strategy*”). In so doing, we buy, sell, exchange and/or transfer shares of mutual funds / securities based upon the *investment strategy*.

The *investment strategy* may involve an above-average portfolio turnover that could negatively impact upon the net after-tax gain experienced by an individual client. Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client’s individual tax ramifications. Certain investment opportunities that become available to our clients may be limited. For example, various mutual funds or insurance companies may limit our ability to buy, sell, exchange or transfer securities consistent with our applicable *investment strategy*. As further discussed in response to Item 12B (below), we maintain policies and procedures designed to ensure we allocate investment opportunities among our clients on a fair and equitable basis.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by us in the management of the client’s investment portfolio, the market value of the client’s account and corresponding fee payable by the client to us will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client’s decision to employ margin shall correspondingly increase the management fee payable to us. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, such a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

We do not offer any products or services that guarantee rates of return on investments for any time period to any client. Investing is speculative and involves risk, including the possible loss of principal.

Item 9 Disciplinary Information

We have no disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

We serve as investment adviser to and managing member of the Private Fund. Please see Item 6 for a discussion of our side-by-side management practices.

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

Standards of Conduct

We maintain a Code which applies to all of our employees. As a fiduciary, we have a duty of utmost good faith to act solely in the best interests of each of our clients. This fiduciary duty compels all employees to act with the utmost integrity in all dealings. In connection with these expectations, we have established core principles of conduct for our employees. Further we expect our employees to avoid potential conflicts of interest or even the appearance of such conflicts; however, as a practical matter, investment advisers encounter conflicts of interest with clients, as addressed throughout this brochure and within our compliance program.

Our Code and related compliance policies outline the standards of conduct we expect of our employees and includes limitations on personal trading, giving and accepting gifts, making charitable or political contributions, serving as a director or trustee for an external organization, and engaging in outside business activities. In addition, employees are prohibited from using

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inside information to trade in personal accounts or on behalf of our clients including trading on nonpublic information related to any strategy we manage. We also maintain physical and electronic safeguards to protect nonpublic client information while in our possession.

Employees are required to report promptly any violation of the Code (including the discovery of any violation or suspected violation committed by another employee) to our Chief Compliance Officer (“CCO”).

Personal Trading

Our Personal Trading Policy governs each of our employees’ personal securities trading activity. Employees are permitted to buy and sell securities that we also recommend to clients. In fact, our employees are permitted to hold the same securities which are held in client accounts. Our Personal Trading Policy, along with the controls identified within this disclosure document, are designed to address the conflicts arising from allowing our employees to invest in the same securities as clients.

Employees are generally prohibited from purchasing or selling securities on the same day we execute a transaction in the security for a client or if our portfolio management team expects to purchase or sell the security for a client. Employees must also wait five business days before selling a security that was purchased for a client, or before buying a security that was sold for a client. Employees are also prohibited from investing in any equity or closed-end funds with a market capitalization smaller than \$10 billion unless the security is also held in a client portfolio. Further, employees cannot acquire securities in an Initial Public Offering (“IPO”) and must obtain pre-approval prior to investing in private placements.

These personal trading restrictions apply to employee accounts managed by Punch & Associates portfolio managers. Donor advised funds managed by Punch & Associates through which employees make tax-deductible donations are not treated as personal investment accounts, and are not subject to these personal trading restrictions, as employees have no beneficial ownership interest in these accounts. However, such donor advised fund accounts may present a potential conflict as the employee is able to direct donations to a charity of his/her choice from the donor advised fund’s assets. As such, the employee may have an incentive to increase the asset size of the account. We believe this risk is mitigated through our trading policies and controls described in Item 12.

We require employees to pre-clear certain personal securities transactions through the President and CCO. In addition, our Code requires all employees to submit personal security holdings reports initially upon employment and on an annual basis thereafter. Finally, all Access Persons are required to report personal transactions to the CCO on a quarterly basis.

Our Code of Ethics is available upon request.

Item 12 Brokerage Practices

Selection of Brokers and Best Execution

We determine in most cases which securities are bought or sold, the broker-dealer through which the securities are to be traded and the commission rates at which transactions are effected.

Consistent with our fiduciary obligations, we seek best execution in all transactions, which we define as placing trades in such a manner that the client's total proceeds or cost for each transaction is the most favorable under the circumstances in which the trades are placed. We consider various factors in selecting a broker, including:

- Execution
 - Ability to execute
 - Quality of execution
 - Order flow
 - Locating liquidity
 - Commission structure
- Research Services
 - Proactive delivery of ideas
 - Conferences
 - Access to company management or analysts
- Knowledge of and dominance in specific markets, securities and industries
- Acceptable record keeping, administrative and settlement functions
- Reputation and integrity

We currently do not have clients direct us to effect portfolio transactions through particular brokers or dealers. We would not direct brokerage on a client's behalf unless specifically directed by the client in writing within the client investment advisory agreement or a separate letter of agreement.

Although we do not anticipate entering into directed brokerage arrangements with clients, clients request us to use a particular broker or dealer should understand they may forgo any benefit from savings on execution costs that we may obtain for other clients, such as negotiating volume discounts on block orders. These clients may also not receive the same price or commission paid by other clients who utilize different brokers. In addition, in accordance with our policies, trades in accounts where the client directs brokerage are generally placed after fully discretionary trades.

We may recommend clients use Fidelity Investments, Inc. ("Fidelity") for custody and brokerage services. For these clients, we generally find it most advantageous to the client for Fidelity to execute trades, although we may direct certain transactions (such as select bonds) to other qualified broker/dealers as executing broker in an effort to obtain quality execution. We believe Fidelity offers clients a compelling combination of cost and services. We have no affiliation with Fidelity, but we may receive referrals from Fidelity as addressed within Item 14.

Soft Dollars and Commission Arrangements

We may pay a broker a greater commission than what another broker might have charged for effecting the same transaction, in recognition of the value of research services provided by the broker. These arrangements, generally known as “soft dollar arrangements,” are not used solely for the accounts that generate the brokerage commission, but may be used in servicing any or all of our accounts. Research services we receive from broker-dealers are supplemental to our research effort, and we may allocate brokerage for such research services that could otherwise be available for cash. Therefore, we are relieved from paying certain expenses we might otherwise be required to pay. Research services we receive from broker-dealers include:

- Bloomberg Professional Service
- Access to public company management
- Access to broker-dealer analysts
- Access to conferences sponsored by broker-dealers

As noted above, we may recommend clients use Fidelity for custody and brokerage services. To service these clients, we use standard technology and research services provided by Fidelity, including services related to trade execution, clearance and settlement functions, as well trading software and general economic commentary and analyses. All services provided by Fidelity are generally available to all advisors with clients on the Fidelity platform, and may be used to service all of our accounts.

When we determine a service is not used exclusively for research purposes, we perform a good faith analysis to determine the percentage of the service which is not used for research purposes. We then pay for the non-research portion of the service with the firm’s resources. We currently treat Bloomberg’s Professional Service as a mixed-use service, as we use a relatively small portion of the service’s offerings for firm administrative and marketing purposes.

Our authority to select brokers presents an inherent conflict, as we may face an incentive to choose brokers who provide us with research services. To mitigate this conflict, we maintain policies and procedures designed to ensure we select brokers based on our fiduciary obligations, and not based on this conflict. Our Trade Oversight Committee also routinely reviews allocation of commissions to brokers.

Commissions for trades with brokers with whom we do not have a soft-dollar arrangement range between \$.02 cents and \$.05 cents per share.

Allocation of Investment Opportunities

We strive to make investment opportunities available to all clients: 1) that are eligible to participate; and 2) where such investment opportunities are deemed to be appropriate for the specific client. We maintain a policy to allocate investment opportunities without regard to factors that solely benefit us, including but not limited to client-specific financial arrangements (such as the Incentive Allocation related to the Private Fund noted within Item 6). Our ability to allocate investment opportunities presents an inherent conflict, as we may face an incentive to favor certain accounts over others. To mitigate this conflict, we maintain policies and

procedures designed to ensure clients are treated fairly, as summarized within this disclosure document.

While we do not envision investing in IPOs, we treat investments in IPOs and secondary offerings in the same manner as any other security.

Trade Aggregation and Allocation

To support our efforts in seeking best execution when effecting trades on behalf of our clients, as well as to help provide assurance our investment management clients are not competing against one another in the marketplace, we generally aggregate, or “block” our trade orders together following these guidelines:

- **Individual High Net Worth Clients:** we generally direct these client account transactions to the broker affiliated with the client’s custodian (in most cases, Fidelity). Therefore, trades which have been designated for these clients will generally be blocked together and executed through the broker, subject to our assessment of the broker’s ability to provide best execution related to the trades executed.
- **Institutional Clients:** our institutional clients have various custodians; as such, we will determine the broker with whom to trade following the factors outlined above.

Donor advised fund accounts we manage to which employees make tax-deductible contributions may participate in block trades with all other clients. We direct transactions in securities which may be eligible for both Individual High Net Worth and Institutional clients; as such, we may trade with several different trading partners to complete a particular transaction. Due to the nature of the securities in which we invest, not all clients eligible for the trade may participate on a given day. To help provide assurance our clients are treated fairly over time, our trading department uses an order rotation schedule. On a per trade basis, we will rotate the order of:

- Individual High Net Worth and Institutional clients’ trades; and
- Individual High Net Worth and institutional brokers to whom we may direct trades.

Certain securities are also eligible to be included within our micro cap and small cap strategies. In such situations, we may also rotate trades by strategy.

If a block order is filled (full or partial fill) at several prices through multiple trades, we will calculate an average price (including the commission charged) for all trades executed by the broker for the day, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day may be combined for purposes of calculating the average price. Trades are allocated to underlying client accounts after completion of each trade, but no later than by day-end.

Once a trade is executed, the shares are allocated according to the pre-allocation schedule. In cases where a block order is only partially completed:

- **Individual High Net Worth Clients:** These trades are generally allocated on a random, full-fill basis, subject to a *de minimis* number of shares.

- Institutional Clients: These trades are generally allocated on a pro-rata basis, subject to a *de minimis* number of shares.

In all cases, we endeavor to ensure trade allocations are fair to our clients. While we consistently apply this policy, we may deviate from this policy if we determine the standard method of aggregating or allocating trades would result in unfair or inequitable treatment to some or all of our clients.

Cross Transactions

We maintain a cross transaction policy which addresses a purchase and sale transaction between two affiliated accounts (accounts where Punch & Associates serves in an advisory capacity). We expect such transactions to occur infrequently; however, we may execute cross transactions when we believe the cross transaction is in the best interest of both clients involved. ERISA accounts managed by us are generally not eligible to participate in cross transactions.

Trade-Error Correction

We correct trade errors within a reasonable period of time, with the objective of ensuring the impacted client(s) are made whole.

Addressing trade errors presents a true conflict to all advisers, including us, as we have a financial incentive to minimize a trade error resulting in a loss and to maximize a trade error resulting in a gain. To mitigate this conflict, we maintain policies and procedures designed to provide reasonable assurance trade errors are properly addressed. In addition, Our Trade Oversight Committee reviews all trade errors.

Item 13 Review of Accounts

We monitor portfolios for Investment Management clients on an ongoing basis while general account reviews are conducted on at least a quarterly basis. For our Wealth Planning clients, reviews are performed on an as needed basis by our Director of Wealth Strategies or Managing Partner. We routinely contact ongoing investment advisory clients (most on an annual basis) to discuss any changes in the client's financial situation and/or investment objectives and restrictions.

Investment advisory clients receive a report from us that may include relevant account and/or market-related information such as account performance on a quarterly basis. Wealth Planning clients receive reports from us summarizing our analysis and conclusions as requested by the client.

Item 14 Client Referrals and Other Compensation

Fidelity Wealth Advisor Solutions Program

We have entered into an agreement with *Fidelity* to participate in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which we receive referrals from Strategic

March 26, 2014

Advisers, Inc. (“SAI”), a registered investment adviser and subsidiary of FMR LLC (“FMR”), the parent company of Fidelity Investments. We are independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control and has no responsibility or oversight for our provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for us, and we pay referral fees to SAI for each referral received based on the firm’s assets under management attributable to each client referred by SAI or members of each client’s household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from SAI to Punch & Associates does not constitute a recommendation or endorsement by SAI of our particular investment management services or strategies. Under this arrangement, SAI will receive 0.20% of the market value on the referred assets (paid by us quarterly in arrears on the last day of each quarter) under management for a period of up to seven years. These referral fees are paid by us and not the client.

To receive referrals from the WAS Program, we must meet certain minimum participation criteria, but we may have been selected for participation in the WAS Program as a result of our other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). We have procedures in place to address any conflicts of interest inherent to this type of arrangement, as we strive to ensure that any client-related recommendations or decisions remain objective and aligned with our clients’ best interests. Nonetheless, as a result of our participation in the WAS Program, we may have a potential conflict of interest with respect to our decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and we may have a potential incentive to suggest the use of FBS and its affiliates to our advisory clients, whether or not those clients were referred to us as part of the WAS Program. Under an agreement with SAI, we have agreed that we will not charge clients more than the standard range of advisory fees disclosed in our Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, we have agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when our fiduciary duties would so require; therefore, we may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit our duty to select brokers on the basis of best execution.

Item 15 Custody

For our separately managed accounts, we do not maintain custody of client assets, except as a consequence of our ability to withdraw our advisory fee directly from those client accounts which have authorized us to do so. Our fee is fully disclosed on quarterly client account statements sent by the client’s custodian. We encourage you to review these statements carefully. We also maintain policies and procedures designed to provide reasonable assurance our client’s custodian is sending monthly and quarterly statements to our clients and that we do not inadvertently obtain further custody over client assets. We encourage clients to compare information in our reports to reports provided by the client’s qualified custodian. While we

regularly reconcile the balances from our internal accounting system to the balances per the custodian records, certain differences routinely occur due to the timing of entries made within each system, differences in pricing sources or calculations of income accruals among other reasons. We have no affiliated custodians, but we maintain a referral arrangement with Fidelity, as discussed within Item 14.

Punch & Associates serves as the Managing Member of the Private Fund. In this role, we have legal access to the Private Fund's securities or funds in a manner which may result in us having technical custody of the Private Fund's assets. To mitigate this risk, the Private Fund is audited by an independent accountant annually, and we send copies of these financial statements to investors of the Private Fund and the third party outside administrator

Item 16 Investment Discretion

We manage each client account on a discretionary basis subject to the signed investment management agreement between Punch & Associates and the client. At times, we may permit a client to limit our discretionary authority. Any and all such limitations are described in the respective client's written investment advisory agreement.

Item 17 Voting Client Securities

Where we vote proxies, we strive to vote proxies in the clients' best economic interest. We maintain a policy designed to reasonably ensure we will not be influenced by outside sources whose interests conflict with our clients' interests, and to properly resolve any conflict of interest identified. We maintain written proxy voting guidelines which summarize our approach to voting proxy matters. We will generally support management's recommendations on proxy issues as we believe a company's management should generally have the latitude to make decisions related to basic business operations matters. We will also consider proxy proposals regarding control matters on a case-by-case basis, but will generally vote against recommendations we believe will limit the rights of shareholders or entrench existing management (such as poison pills and dual class shares). We will also generally oppose measures preventing shareholders from accepting an offer of a sale of the company. Clients who have authorized us to vote proxies on their behalf may request a report showing how we voted shares held in their account(s). In addition, a copy of our Proxy Voting Policy is available upon request.

Item 18 Financial Information

We have no financial conditions to disclose which would impair our ability to meet our contractual commitments to our clients.

Other Information

Dual Roles

Our Chief Compliance Officer, Nancy Bohlman, is also Director of Operations which may present a conflict of interest in performing the dual roles. We maintain policies, procedures and controls to routinely monitor this conflict, and do not believe it results in unfair treatment of our clients.

Identity Theft

To help protect our clients from the risk of identity theft, we request you notify us if you receive any alerts within a consumer report or if a credit freeze is placed on your account which you believe is related to a potential identity theft matter.

Privacy Policy Notice

Our Promise to You

As a client of Punch & Associates, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

Information Provided by Clients

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

How We Manage and Protect Your Personal Information

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested or permitted to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. We may, however, share information with outside companies that perform administrative services for us. However, our arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

Client Notifications

Punch & Associates Investment Management, Inc.

Form ADV Part 2A

March 26, 2014

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. Please do not hesitate to contact us at (952) 224-4350 with questions about this notice.