



Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Palisade Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 612-455-2900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Palisade Asset Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This firm brochure does not contain any material changes since the last annual update dated March 21, 2019.



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ITEM 4 – ADVISORY BUSINESS

Palisade Asset Management, LLC (“Palisade”) is a SEC registered investment adviser that began conducting business in 2005. Its predecessor firm, Palisade Investment Advisor, LLC, began conducting business in 2002.

Listed below are the firm's principal shareholders (those individuals and/or entities controlling 25% or more of the company):

- Steven E. Landberg
- Peter D. Rocca
- Paul J. Kronlokken

We offer the following advisory services to our clients:

Individual Portfolio Management and Investment Supervisory Services

We provide continuous advice to clients regarding the investment of client assets based on the individual needs of the client. We also provide continuous asset management of the client's assets. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we work with the client to develop personal investment directives and create and manage a portfolio based on those directives. During our data-gathering process, we determine the client's individual objectives, restrictions or constraints, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary and/or non-discretionary basis. Account supervision is guided by the client's investment directives and tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

Company Retirement Plans – Investment Advisory Services

We provide investment advisory services to companies offering Employee Retirement Income Security Act (“ERISA”) retirement plans. This includes the analysis, recommendation and on-going monitoring of the plan's investment offerings. If requested, we will also assist companies in the research, review and selection process of Plan Administrators/Record keepers. Additionally, we will implement new plans and manage the on-going education and enrollment meetings offered to all plan participants.

Other Services Offered

Financial Planning Services

Selection of Other Advisers

Publication of Periodicals and Newsletters

Amount of Managed Assets

As of 12/31/2019, Palisade actively manages \$862,239,731 of client assets on a discretionary basis plus \$69,058,352 of client assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Fees are billed and payable quarterly, in advance, based on the market value at the previous quarter end in accordance with the applicable following fee schedules:

Individual Portfolio Management and Investment Supervisory Services

<i>Assets Under Management</i>	<i>Annual Fee</i>
First \$2,000,000	1.0%
Next \$3,000,000	.75%
Next \$5,000,000	.60%
Over \$10,000,000	.50%

Company Retirement Plans – Investment Advisory Services

<i>Assets Under Management</i>	<i>Annual Fee</i>
First \$2,000,000	0.50%
Next \$3,000,000	0.40%
Next \$5,000,000	0.30%
Next \$15,000,000	0.25%
Over \$25,000,000	0.20%

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

We will group certain related client accounts when determining the annualized fee.

Accounts deemed to be complex or requiring additional administrative effort may require additional fees. Such fees will be determined and agreed upon in advance.

Fees will be billed to the client; however, clients may elect to authorize us to directly debit fees from their accounts. This ability is granted in the clients' investment management agreement with us.

Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

All fees paid to Palisade for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or Exchange Traded Funds ("ETF") to their shareholders. If the fund also imposes sales charges, the client would pay the initial or deferred sales charge.

Clients who have opted to use separately managed accounts will be charged various program fees in

addition to the advisory fee charged by us. Such fees include the investment management fees of the independent advisers, custodial fees, and trading expenses. We will review with clients any separate program fees that they will be charged.

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

We do not receive any compensation as a result of investing in mutual funds or ETFs.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not charge performance-based fees for investment advisory services.

ITEM 7 – TYPES OF CLIENTS

We provide investment advisory services to the following types of clients:

- High Net Worth Individuals
- Individuals (other than High Net Worth Individuals)
- Nonprofit Organizations
- Corporations or other businesses
- ERISA Company Plans

A minimum of \$1,000,000 of assets under management is required for advisory services. The account size is negotiable under certain circumstances. We will group certain related client accounts for the purposes of achieving the minimum asset level.

Advisory clients are subject to our minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our minimum account requirements differ among clients.

ITEM 8 – METHODS OF INVESTMENT STRATEGIES, RISK OF LOSS AND INVESTMENT ANALYSIS

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use several different strategies in managing client accounts. The strategies used are determined by the needs of the client and consistent with the client's investment objectives, risk tolerance, time horizons, and other considerations.

Equity Strategies

Our strategy is to invest in high quality stocks that tend to have a steady and historically strong growth in earnings and dividends. Quality and stability of earnings typically help protect principal value in down markets. Portfolios in the strategy are diversified across economic sectors and are constructed to hold stocks for the long term. We strive to purchase companies at the lower end of their historical valuation range. Our client portfolios exhibit low turnover and are highly tax efficient.

High Quality Growth Equity Strategy

Portfolios hold up to 35 large capitalization companies. A history of consistent earnings and dividend growth is a focus of this strategy.

Core Growth Equity Strategy

Portfolios hold about 40 companies which have a market cap of \$1 billion or greater. Many of the companies in the strategy have an upper Midwest presence.

Fixed Income Strategies

Taxable Fixed Income

Our investment philosophy stresses a conservative management approach by investing in high quality, investment grade, taxable bonds. The approach includes corporate, government, and government agency securities, as well as certificates of deposit up to the limit of the FDIC insurance protection. In some instances, investment grade municipal bonds may be utilized. Generally, we stagger maturities and diversifies among non-U.S. government issuers. Credit quality of non-government securities is monitored as well as a spread history. While maturities are laddered, the client's liquidity and cash needs determine the ultimate portfolio structure.

Tax-Exempt Fixed Income

Our investment philosophy targets high quality, investment grade, tax-exempt bonds. Each municipal bond's underlying quality and credit enhancements are analyzed. Some of the factors analyzed include revenue sources, reserves and debt service capabilities. We generally ladder the bond portfolio, but a client's liquidity and cash flow needs determine the ultimate structure of the portfolio. If available, we also utilize the client's home state bonds when exempt from state taxes. We will use non-home state companies when the rate differential more than offsets the client's tax. The use of client non-home state securities also diversifies portfolios and may reduce risk of a geographical problem. When possible, we avoid purchasing municipal bonds which are subject to the Federal Alternative Minimum Tax.

Third-Party Managers and Funds

Occasionally, we will utilize Third-Party Managers, Mutual Funds, and/or ETFs when additional portfolio diversity is desired, or when a complementary investment structure is sought. These managers and/or funds may be used as part of an equity, fixed income, or balanced strategy.

Balanced Account Strategy

Based on a client's need for income, growth, and liquidity, portfolios will be constructed using a combination of equity, fixed income, and/or third-party strategies.

Investment Vehicles Used

We primarily invest in the following types of securities:

- Exchange-traded securities
- Securities traded over-the-counter
- Corporate debt securities
- United States government and agency securities
- Certificates of deposit
- Municipal securities
- Mutual funds and exchange traded funds

RISK OF LOSS

Investments are not guaranteed and may lead to a loss of money to the client. There is no assurance that an investment will provide positive performance over any period of time. Past performance is no guarantee of future results and different periods and market conditions may result in significantly different outcomes.

Our investment approach constantly keeps the risk of loss in mind. Dependent on the investment strategy used, clients face the following investment risks:

Equity and Balanced Strategies

Market Risk. Market risk is the possibility for an investor to experience losses due to factors that affect the overall performance of the market. Market risk is affected by political factors, interest rate fluctuations, and changes in the general economy.

Common Stock. Common stocks represent an ownership interest in the issuing company and may decline due to general market conditions which are not specifically related to a particular company. Common stocks generally have greater price volatility than most fixed income securities. In addition, there is a risk that companies that have paid regular dividends opt to decrease or eliminate dividend payments at some point in the future.

Small and Mid-Cap Securities. Securities of small and mid-capitalization companies tend to be subject to greater price volatility, lower trading volume and less liquidity than large-cap companies. As a result, they may be subject to wider price fluctuations and such securities may be affected to a greater extent than large-cap securities by the underperformance of a sector or during market downturns.

Geographic Risk. Securities of companies can be impacted by events and conditions that are specific to the region where a majority of the company's business takes place. Changes in legislative or tax policy in a state or region as well as natural disasters can cause a greater impact on portfolios that are concentrated in an affected area than on portfolios holding geographically diverse investments.

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a large number of securities.

Fixed Income and Balanced Strategies

Credit Risk. The risk that the bond issuer will fail to make interest and principal payments when due is credit risk. The downgrade of the credit of a security or of the issuer of security held by the account may decrease the value of the security.

Interest Rate Risk. Interest rate risk is the possibility of interest rates increasing, causing the value of fixed-rate bonds to decrease. Debt with a longer maturity is prone to greater price volatility than debt with a shorter maturity.

Issuer Risk. The risk that the value of a security may decline due to concerns related to the issuer, such as management or financial performance.

Liquidity Risk. Liquidity risk occurs when a security is difficult to purchase or sell, typically due to low trading volumes.

Municipal Securities Risk. Municipal bonds are issued to raise funds for various public purposes, such as general financing for state and local governments, or financing for a specific project or facility. General obligation bonds are backed by the taxing authority of the issuer and face risk based on changes to the tax base or rate. Revenue obligation bonds are backed by revenues generated by a particular project or revenue source, and have a greater risk of default than general obligation bonds because they can only be paid using revenue generated by the project or other revenue source backing

the project, rather than to the general taxing authority of the state or local government issuer of the obligations. Because many municipal bonds are issued to fund projects in areas including, but not limited to, education, health care, transportation and utilities, conditions in those areas can affect the municipal market as a whole.

Prepayment Risk. The risk that a security will be redeemed by the issuer prior to the stated maturity date. When this occurs, the security holder will not receive the interest payments they were due to receive between the prepayment date and the original stated maturity date.

Asset-Backed and Mortgage-Backed Securities Risk. Asset- and mortgage-backed securities represent interests in pools of underlying assets, including mortgages, bank loans, or consumer loans. Asset- and mortgage-backed securities are subject to credit, interest rate, and prepayment risks. These securities also are subject to default risk on the underlying loan, particularly during economic downturns.

ITEM 9 – DISCIPLINARY INFORMATION

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

Palisade and its management personnel have no such legal or disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

We have a sub-advisory and fee-sharing agreement with BNC National Bank (BNC). Clients of one company may be introduced to the other company if the client has a need for the other company's services. No referral fees are accepted by either party. BNC is a publicly traded company and, as a result, Palisade personnel may own shares of BNC. Palisade and its related persons are not engaged in other financial industry activities and have no other industry affiliations.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A basic principle of the Code of Ethics (the Code) is that principals and employees must adhere to the highest standards of conduct in carrying out their duties with respect to client accounts. We value our adherence to high ethical standards of business conduct in ensuring the fair treatment of clients. As such, the Code requires personnel to comply with stated standards of business conduct, including compliance with the firm's policies and procedures, relevant fiduciary duties, and applicable legal standards. All principals and employees are expected to avoid situations in which their personal interests conflict with their responsibilities to our clients and promptly disclose any such conflicts when they arise. All personnel are also expected to report any violations of the Code which come to their attention.

Our policies and the Code also include ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

Personal Trading

The investment timeframes of both Palisade clients and its personnel may extend over a period of months and securities may be held for long-term investment. From time to time, principals and employees of Palisade have interests in securities held by or recommended to clients. As these situations involve potential conflicts of interest, we have implemented policies and procedures relating

to personal securities transactions and prohibitions against insider trading that are designed to identify and prevent or mitigate actual conflicts of interest.

The Code includes various requirements designed to ensure that personal trading activity is properly disclosed. Upon becoming employed by Palisade and on an annual basis thereafter, all personnel are required to certify that they have disclosed all personal brokerage accounts and covered securities in which they have a beneficial interest. Various reports are reviewed on a periodic basis to monitor personal trading and additional information requested in order to ensure proper administration of the Code's personal trading rules.

Service as an Officer or Director

Personnel shall not serve as an officer or on the board of directors of any publicly traded or privately held company without prior authorization. Where board service or an officer position is approved, we shall implement appropriate procedures to isolate such person from making decisions relating to the company's securities.

Material Non-Public Information

No supervised person is permitted to trade a particular security, either personally or on behalf of others (such as investment funds and private accounts managed by us), while in the possession of material, nonpublic information regarding that security, nor shall any personnel of Palisade communicate material, nonpublic information to others in violation of the law.

Gifts and Entertainment

Palisade personnel occasionally receive gifts and/or entertainment as a result of their role with the company. In order to minimize the potential conflict of interest between clients and Palisade principals or employees, we have adopted a policy within the Code that specifies the types of gifts or entertainment Palisade personnel are permitted to accept. Gifts and gratuities exceeding a de minimus threshold must be approved prior to accepting such items.

A copy of the Palisade Code of Ethics is available upon request by contacting us using the information found on the cover page.

ITEM 12 – BROKERAGE PRACTICES

Broker Selection

We do not assume the authority to determine what custodian will be used. If a client uses a broker-dealer as a custodian, we will execute all transactions through that custodian at the existing commission schedule, unless the client requests otherwise. If clients elect to use a full-service broker-dealer, trades could potentially be executed for higher commission than if they had used a low-cost transactional broker.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we will recommend the use of one of several brokers including, but not limited to, Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"), provided that such a recommendation is consistent with the needs of the client. The factors considered when we make these recommendations are the broker's ability to provide professional services, the firm's experience with the broker, the broker's reputation, the broker's quality of execution services, and costs of such services.

Schwab also makes available to us other products and services that are of benefit, but may not directly benefit our client accounts. Many of these products and services can be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab. These products and services are not provided dependent on client transactions and do not require clients pay additional fees or commission to obtain these benefits.

Products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Other services intended to help us manage and further develop our business enterprise. These services include, but are not limited to:

- compliance, legal, technology and business consulting;
- publications and conferences on practice management and business succession;
- educational conferences and events.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to us. Schwab may discount or waive fees it would otherwise charge for some of these services, or pay all or a part of the fees of a third-party providing these services to us. In evaluating whether to recommend that client's custody their assets at Schwab, we will take into account the availability of some of the foregoing products and services, and other arrangements, as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

Trade Aggregation

We will aggregate trades where possible and when advantageous to clients. The combining of client trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts and may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and will generally rotate or vary the order of brokers through which we place trades for clients on any particular day. Our block trading policy and procedures are as follows:

- Any client account transactions will not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Palisade, or the firm's order allocation policy.
- The portfolio manager must reasonably believe that the order aggregation will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

ITEM 13 – REVIEW OF ACCOUNTS

Accounts managed by Palisade are monitored on a continuing basis. This oversight includes a review on a quarterly basis in connection with the mailing of account statements by the client's investment manager. In addition, accounts are formally reviewed at least twice a year by an internal Investment Committee consisting of the firm's officers. This review includes ensuring the portfolios are structured and managed in accordance with the client's investment objectives and guidelines as well as our investment strategies. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

We provide quarterly written reports summarizing account transactions, holdings, and other related information.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

It is our policy not to accept or allow our related persons to accept any form of compensation, direct or indirect, from a non-client in conjunction with the advisory services we provide to our clients.

It is our policy not to pay related or non-related persons for referring potential clients to the firm.

ITEM 15 – CUSTODY

Client assets are maintained with independent, third party custodians. While clients have the option of selecting the custodian of their choosing, we will recommend a custodian if asked.

While we do not maintain physical custody of client's assets, we are deemed by the applicable SEC rules to have constructive custody of client assets for those accounts where we have the power to deduct our advisory fee directly from the account.

Clients receive account statements directly from their custodians. We urge our clients to carefully compare the information provided on these statements to any statements received from us. Differences may occur due to accounting procedures, reporting dates, or valuation methodologies of certain securities. We ask that clients contact us if they have questions about their statements, notice any discrepancies, or stop receiving statements from their custodians.

ITEM 16 – INVESTMENT DISCRETION

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

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

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

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

If a client has elected to hire us on a non-discretionary basis, client approval must be obtained before we will execute transactions in the client's account.

ITEM 17 – VOTING CLIENT SECURITIES

Clients may authorize us to vote proxies on their behalf. We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. If we have a conflict of interest in voting a particular action, the firm will notify the client of the conflict and retain an independent third-party to cast a vote. We will vote proxies for ERISA plans if requested, unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

Clients can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). Clients can also instruct us on how to cast their vote in a particular proxy contest. These requests must be made in writing.

A copy of our complete proxy voting policies and procedures, as well as information on how proxies for their shares were voted, is available upon client request.

Clients that have not elected to have us vote proxies on their behalf should ensure that they receive proxies and other solicitations from their custodian. Clients may contact us with questions regarding voting their proxies.

ITEM 18 – FINANCIAL INFORMATION

We do not have any financial condition that is reasonably likely to impair our ability to meet our contractual obligations.

We have not been the subject of a bankruptcy petition.