

*Item 1 - Cover Page*

**MORGAN DEMPSEY CAPITAL MANAGEMENT, LLC**

FORM ADV – PART 2A INFORMATION

March 19, 2020

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**This Brochure provides information about the qualifications and business practices of Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”). If you have any questions about the contents of this Brochure, please contact us at (414) 319-1080. 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. Registration with the United States Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training.**

**Additional information about Morgan Dempsey, including a copy of its Form ADV Part 1, is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

***Item 2 - Material Changes***

There have been no material changes since our last update.

The Firm Brochure for Morgan Dempsey Capital Management, LLC is available without charge by contacting (414) 319-1080 or [ddurham@morgandempsey.com](mailto:ddurham@morgandempsey.com).

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#### ***Item 4 - Advisory Business***

Morgan Dempsey Capital Management, LLC (“Morgan Dempsey”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Morgan Dempsey was founded and has been registered as an investment adviser since December 1994. The principals of the Firm are Marc J. Dion and David W. Durham; both are employees of the Firm. Morgan Dempsey does not control any other firm and does not engage in any other business. The advisory services of Morgan Dempsey are described below.

##### **Investment Management Services**

Morgan Dempsey’s equity investing strategies apply a value discipline, with a fundamental research approach, as described in *Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss* of this Brochure.

Morgan Dempsey offers Large Cap Value and Small/Micro-Cap Value equity investment strategies (*Item 8* provides more information about our investment strategies). We primarily limit our investment management services to these equity strategies, and do not offer financial planning services, or advise clients in the selection of other money managers or mutual funds not managed by us with the exception of our Wealth Management clients. Upon request from a client, Morgan Dempsey will accommodate restrictions imposed on certain securities or types of securities.

As a general rule, Morgan Dempsey believes that investing is best suited to those who believe in a long-term buy-and-hold policy. Therefore, clients should not expect frequent investment changes in the portfolio. However, as a result of monitoring the account, investment purchases and sales will be made.

Investments are not held by Morgan Dempsey. Instead, all investments managed by Morgan Dempsey are held at the custodian or brokerage firms (“Custodian”) through which transactions are placed.

Morgan Dempsey does not assure or guarantee the results of its investment management services. Thus, losses can occur from following Morgan Dempsey’s advice pertaining to any investment or investment approach, including using conservative investment strategies.

##### **Services to Broker-Dealers**

Morgan Dempsey maintains a small account program with a number of national and regional brokerage firms pursuant to which individuals with funds falling below an account minimum set by these firms are able to utilize Morgan Dempsey’s services. In these programs, Morgan Dempsey provides investment management services to the clients referred by these firms. These clients pay a wrap fee, which is a fixed percentage commission from which Morgan Dempsey receives a portion for their management fee. The wrap fee also covers transaction costs, custodial services, and other services provided by the brokerage firm. Investment decisions for the accounts in the wrap fee program are made by Morgan Dempsey in an identical manner as investment decisions in accounts not in the wrap fee program.

##### **Unified Managed Account Services**

Morgan Dempsey participates in Unified Managed Account (“UMA”) programs at various organizations. Morgan Dempsey does not manage or have discretionary authority over any UMA assets, nor does it process transactions. Rather, Morgan Dempsey provides the portfolio model to the UMA program sponsor and its managers utilize the model as they deem appropriate for client assets under their supervision and control. Morgan Dempsey also provides updates to the model as part of its service.

### Wealth Management

Morgan Dempsey Wealth Management focuses on clients that meet the SEC's definition of a "Qualified Purchaser." The minimum relationship size to open a Morgan Dempsey Wealth Account is \$3 million of investable assets. Morgan Dempsey works to understand each client's needs and goals to develop an Investment Policy that guides the investment strategy. The individual's investment strategy will be structured as a long-term strategy that adheres to the client's short-term and long-term goals. Proprietary and non-proprietary products including individual stocks, mutual funds and alternative investments are utilized to achieve client goals.

### Assets Under Management

As of 12/31/2020, Morgan Dempsey had assets of \$333,971,546 under discretionary management.

As of 12/31/2020, Morgan Dempsey had assets of \$35,217,888 in various Unified Management Accounts, which are not included in the firm assets under discretionary management.

## ***Item 5 - Fees and Compensation***

### Investment Management Services Fee

As compensation for its services, Morgan Dempsey charges a percentage of the market value of the assets it manages. The fees are based on an annual percentage rate applied to the market value of the portfolio on a quarterly basis, and in some cases, monthly. Clients may choose to be invoiced, or Morgan Dempsey can direct debit from the Client's custodial account, either quarterly or monthly, in advance or in arrears. In most cases, the fees are calculated based upon the market value of the portfolio at the end of each quarter/month, although some accounts are billed based upon the market value of the portfolio at the beginning of the quarter. The timing of calculations is determined in the services agreement before services begin. One-fourth in the case of quarterly billing or, in the case of the monthly-billed clients, one-twelfth of the annual fee is then billed to the Client for services performed during that quarter or month. For clients billed at the beginning of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be recalculated from the beginning of the quarter to the termination date; any difference between what was paid and the new fee will be returned to the Client. For clients billed at the end of each quarter, and in the event that a client terminates their investment advisory contract prior to the end of the quarter, the fee will be pro-rated for the partial period that the account was under management.

The management agreement runs for an initial period of one year, and quarterly thereafter. The agreement generally may be terminated by either party without penalty upon 30 days' written notice.

Our fees range from 0.50% to 1.00% and are negotiable based on our discretion.

The Firm will negotiate fees for accounts of substantial size, or with platforms with small accounts that in aggregate are of substantial size, or with large institutional manager-of-manager accounts whose multi-manager investment guidelines and business model require a lower fee, or with accounts which are affiliated, whether by family or corporate relationships.

### Services to Broker-Dealers Fee

For management of accounts through the small account program with brokerage firms, the clients are charged a fixed percentage commission and management fee, which is usually in excess of 1% in

aggregate. Due to this all-inclusive fee arrangement, the annual fee paid by clients may be more or less than the total fee charge if separate fees were charged for each service. Full disclosure is made with respect to the significance of the fee arrangement by the broker-dealers' program brochures.

#### Unified Managed Account Service Fee

Asset-based fees for this service typically range from 27-40 basis points, because no account management services are provided by Morgan Dempsey. It only provides purchase and sale recommendations to other advisers who decide whether to follow any of the recommendations with respect to the accounts managed by them.

#### Other Fees

Fees paid to Morgan Dempsey are for Morgan Dempsey Investment Management Services only. The fees do not include, for example, fees charged by third parties such as third-party managers or accountants and attorneys assisting with providing the Client with accounting and legal advice. Commissions on transactions and other account fees will also be charged by brokerage firms in accordance with the account's brokerage or custodial Firm's normal commission schedule. See Item 12, Brokerage Practices.

Prospective clients should be aware that in addition to Morgan Dempsey's advisory fees, each exchange-traded fund or mutual fund in which a client's assets are invested also pays its own advisory fees and other internal expenses which already have been deducted from the fund's reported performance.

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

Morgan Dempsey does not currently charge a performance-based fee.

### ***Item 7 - Types of Clients/Minimum Account Size***

Morgan Dempsey makes its advisory services available to a wide variety of clients including, but not limited to State or Municipal Government entities, Investment Companies, Pension & Profit Sharing Plans, Charitable Organizations, and Corporations or other businesses, Individuals, and High Net worth individuals.

Morgan Dempsey's minimum account size for its equity strategies is \$100,000. Morgan Dempsey may waive the minimum account size requirements if circumstances exist, which cause the Firm to believe a prospective account will grow in size to meet those requirements.

### ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***

Morgan Dempsey's equity strategies may include investments in common stocks, preferred stocks, and exchange-traded funds ("ETF"). Morgan Dempsey'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 become sufficient to purchase for all clients, Morgan Dempsey may consider such an investment.

#### Common risks to all of Morgan Dempsey's equity strategies:

*Equity Risk:* Investment in equity securities involves risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. The market value of a stock may fluctuate for any number of reasons that directly relate to the company, such as management performance, financial leverage, and reduced demand for the company's goods or services.

*Market Risk:* This is the risk that portfolio value may be affected by a sudden overall price decline in the financial markets. The prices of equities may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a stock's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

For actively managed equity accounts, the Firm approaches security analysis by emphasizing financial quality, quantitative characteristics of securities growth potential, and the strength and character of management.

Morgan Dempsey utilizes all of the typical research tools such as the output of selected institutional research houses and information from private consultants. When necessary, the Firm will purchase specialized studies to aid us in reaching more accurate conclusions in a timely manner. Research capabilities are enhanced through the use of a computer system furnishing immediate access to an array of extensive, accurate databases and programs capable of providing current and historical statistics.

Investment strategies offered by Morgan Dempsey are as follows: large-cap value equity and small/micro-cap value equity portfolios.

#### Large Cap Value

The Large Cap Value strategy is managed using an active, bottom-up and fundamentally-based stock selection process. While we think that this provides good diversification, it could be considered a concentrated approach. We consider this a relative value product, although the company is compared to its historical valuation metrics as opposed to those of an index, sector, or peer group. We compare such items as Price to Earnings (P/E), Price to Cash Flow (P/CF), dividend yield and yield spread (relative to the U.S. 10 year Treasury) to their 5-year averages to help identify stocks that are undervalued. When we have identified a company that meets our qualitative and quantitative parameters, we will consider it for purchase. We prefer to see the majority of our valuation parameters below the mean. Although we are not technicians, we generally prefer that a stock is either trading below its highs, if it has a positive trend, or showing signs of price stability after a precipitous decline.

#### Small/Micro-Cap Value

We purchase both micro-cap and small-cap companies in the Small/Micro-Cap Value strategy. We apply a Graham & Dodd value style with a contrarian bias. We believe through focused, disciplined research we can identify small companies trading at a significant discount to our computed intrinsic value and that those companies will produce positive long-term results for our investors. The process consists of our proprietary valuation model which screens for a number of quantitative and qualitative factors applicable to bottom-up analysis of the stock universe. Qualitative factors that influence a purchase or sale decision include the company's competitive position in its industry along with the sustainability and durability of a company's business model. We look for an emerging catalyst which will drive earnings going forward and prefer a founder/owner/operator structure with a strong heritage and culture. Quantitative factors that influence the decision to purchase or sell an investment include many investment metrics, but of primary importance is a "fortress balance sheet" with little to no debt and strong free cash flow. We wait for the opportunity to purchase these companies at a significant margin of safety compared to our computed intrinsic value estimates.

Risks of investing in smaller companies: such as *Small/Microcap Value*:

Investments in small-sized companies often pose greater risks than those typically associated with larger, more established companies. Examples include increased volatility of earnings and prospects, higher failure rates, and limited markets, product lines, or financial resources.

Morgan Dempsey does not guarantee the results of the advice given or the results of its strategies. Investing in securities involves risk of loss that clients should be prepared to bear. Thus, significant losses can occur by investing in any security, or by following any strategy, including conservative strategies recommended or applied by Morgan Dempsey.

Morgan Dempsey may recommend traditional exchange-traded funds (“ETF”). ETF shares are bought and sold at market price, unlike mutual funds. ETFs are subject to risks similar to those of stocks.

### ***Item 9 - Disciplinary Information***

Morgan Dempsey does not have any disciplinary information to report regarding itself or any of its supervised persons.

### ***Item 10 - Other Financial Industry Activities and Affiliations***

Morgan Dempsey does not have any other financial industry activities or affiliations which are material to its advisory business.

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

Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”) requires federally registered investment advisers to establish, maintain and enforce written codes of ethics that include, among other matters, standards of business conduct required of “supervised persons,” provisions requiring supervised persons to comply with applicable federal securities laws, provisions requiring “access persons” to report their personal securities transactions and holdings and obtain approval before they acquire beneficial ownership of any security in an initial public offering or private placement. This Code has been adopted by the Firm and is intended to comply with Advisers Act Rule 204A-1.

Morgan Dempsey has adopted a Code of Ethics pursuant to Rule 204A-1 that sets forth the standards of business conduct required of Morgan Dempsey’s Supervised Persons and requires an affirmative commitment that all Supervised Persons will comply with federal securities laws.

Morgan Dempsey will provide a copy of the Firm Code of Ethics to any client or prospect upon request.

#### **Invest in Same Securities Recommended to Clients**

Supervised Persons of Morgan Dempsey may buy or sell securities for themselves that they also recommend to clients. Where a transaction for a Supervised Person, or an account related to a Supervised Person, is contemplated, a client’s transaction is given priority. Morgan Dempsey imposes the following guidelines and procedures on securities trading by its employees:

The following are “restricted transactions”: (a) purchases of securities or options that are currently in an active purchase or sale program by Morgan Dempsey. All transactions must be approved by David W. Durham, the Firm’s Chief Compliance Officer, prior to execution. Employee stock must be purchased and time-stamped after client executions; (b) sales of securities or options that are currently in an active purchase or sale program by Morgan Dempsey. All transactions must be approved by Morgan



Dempsey's Chief Compliance Officer, prior to execution. Employee stock must be sold and time stamped after client executions.

The following are "acceptable transactions": (a) investing stocks that are not holdings in client accounts or securities not currently in a Morgan Dempsey purchase program; (b) investing in stocks that are holdings in Client's accounts, in a manner that does not interfere with or front run an active trading program execution by Morgan Dempsey.

From time to time, supervised persons of Morgan Dempsey will have interests in securities owned by or recommended to clients. On occasion, Morgan Dempsey purchases or sells for its advisory accounts' securities of an issuer in which Morgan Dempsey or its Supervised Persons also have a position or interest. To mitigate this conflict of interest, Morgan Dempsey aggregates transactions for its proprietary accounts and accounts of its Supervised Persons, and averages prices across all accounts participating in the transaction to the extent that such aggregated transactions do not violate the securities laws or regulations or the Code. See Item 12. Brokerage Practices for information on how we aggregate transactions.

Morgan Dempsey will provide a copy of the Firm's Code of Ethics to any client or prospect upon request.

### ***Item 12 - Brokerage Practices***

Morgan Dempsey's policy, when exercising discretion as to where trades are placed and executed, is to achieve the best execution for clients. Generally, transactions which involve positions or capital commitment on the part of the brokerage firm are negotiated to fairly reflect the level of risk involved. Commissions on agency transactions are also negotiated. When purchasing OTC securities, a client may incur transaction costs in addition to any commissions charged by an executing broker when affecting these trades through a broker-dealer acting on an agency basis. Consistent with the Firm's best execution policy, transactions are placed after giving consideration to the quality, quantity, nature, and scope of the brokerage firm's professional services which would include execution capabilities, responsiveness, timeliness, price, commission rate, clearance procedures, custodial and reporting services and market, statistical and research information provided by a firm. Consideration is also given to expressed client preferences, if any, as well as to the value of long-term business relationships and client convenience.

#### **Research Benefits**

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law.

Morgan Dempsey will not enter into any formal "soft dollar commitments/arrangements," written or verbal, explicit or implied, with any broker-dealers. A soft dollar commitment/arrangement is viewed by Morgan Dempsey as a commitment, understanding, or agreement to pay increased commissions, or direct trades to a broker-dealer, in exchange for the receipt of research.

Morgan Dempsey may, however, affect transactions for clients with broker-dealers who provide Morgan Dempsey with research or brokerage products and services, providing lawful and appropriate assistance to the Morgan Dempsey in the performance of its investment decision-making responsibilities. Research and brokerage products and services received from broker-dealers are supplemental to Morgan Dempsey's own research efforts and may be used to service all client accounts. Research services furnished by

brokers through which Morgan Dempsey effects transactions may be used in servicing all of its accounts, and not all such services may be used by us in connection with the accounts which paid commission to the broker providing services. From time to time, the Firm will purchase, with its own funds, research services, or research products from brokers for the general benefit of Morgan Dempsey's clients.

Based upon the quantity and quality of brokerage and research services provided, as determined based on the considerations described above, a client account may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Commission rates are negotiated by the applicant for the benefit of its accounts and generally reflect a discount from the broker's "standard" published commission rates.

### Directed Brokerage

Brokers typically are willing to provide trade commission discounts, when requested, with larger discounts provided for larger orders. Because the brokerage firm desires the largest commission possible, limitations on Morgan Dempsey's ability to negotiate commissions can increase commission costs. Therefore, clients who direct all brokerage virtually eliminate Morgan Dempsey's ability to negotiate commission rates; and those who direct a portion of the account's transactions to a particular broker or Firm, whether or not "subject to best execution," or who express a preference for a given broker or Firm may significantly reduce applicant's ability to negotiate commission costs for the account. Also, such a restriction may limit Morgan Dempsey's ability to batch the Client's order with those of other clients to process the block order through a single broker-dealer to obtain best price and/or execution. Thus, clients directing Morgan Dempsey to use a particular broker-dealer may not receive an average price for securities bought or sold or otherwise obtain best price and execution. In the case of accounts for which brokerage firm provides custodial and reporting services, Morgan Dempsey accords significant weight, in determining best execution, to the value of the custodial and reporting services and to the potential inconvenience to the Client of transferring the account to an institutional custodian or to another broker. This may also be viewed as a limitation on Morgan Dempsey's ability to negotiate commission rates in those cases where the brokerage firm might terminate custodial or certain reporting services if commission rates were lower.

No client is obligated to use any particular broker or Firm for brokerage, or custodial services, and clients should feel free to discuss these matters further with any of Morgan Dempsey's Representatives at any time. Clients should notify Morgan Dempsey in writing if the Client desires assistance in changing its custodial arrangement.

### Trade Aggregation

When processing similar orders for client accounts, Morgan Dempsey generally batches or aggregates such orders into one order for purposes of obtaining an average price. In the event that a batched order is not completely filled when placed, Morgan Dempsey will replace an order for the remaining unfilled portion of the order the next business day. Client should be aware of the fact that such follow-up orders may not receive exactly the same average price as those clients received from execution of the block order the day before because the market price on the follow-up day may be higher or lower.

At the request of a client or prospective client, the Firm may occasionally recommend the services of a broker. The primary factors considered when recommending a broker are custodial service capabilities and competitive commission rates. In no instance are commission rates of the recommended broker higher than those obtained from other brokers for similarly traded accounts, nor are clients recommended to a specific broker to pay for research services used by Morgan Dempsey.

Clients should be aware that the receipt of economic benefits by Morgan Dempsey described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence Morgan Dempsey's recommendation of those service providers for custody and brokerage service.

Other than the services described above, Morgan Dempsey and its Supervised Persons do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

#### Trade Errors

It is Morgan Dempsey's policy that the utmost care is taken in making and implementing investment decisions on behalf of client accounts. If any errors occur, they are to be:

- (a) Corrected as soon as practicable and in such a manner that the Client incurs no loss,
- (b) Reported to the CCO, and
- (c) Scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary.

### ***Item 13 - Review of Accounts and Reports***

Portfolio managers are responsible for implementing the policy and strategy to their client accounts within the framework of specific client guidelines and the policies established by Morgan Dempsey.

Accounts are reviewed by portfolio managers regularly in response to changes in specific securities values and in market conditions. Other factors that would trigger an account review would be a change in a client's investment objectives or guidelines; a change in diversification; a change in asset allocation; a tax consideration; cash added or withdrawn from management; a strategy trade program; exception reports, which monitor cash available for investment, and security holdings whose size must meet certain guidelines; developments in domestic or international economies; developments in a particular business in which clients hold a position. Information is available on each portfolio through a computer system updated daily.

Quarterly written reports are provided to Morgan Dempsey clients. These reports include investment returns and portfolio data. Morgan Dempsey's reports are custom made for clients. Formal meetings are scheduled as frequently as the client desires. Clients are free to contact their account manager at any time.

### ***Item 14 - Client Referrals and Other Compensation***

Morgan Dempsey maintains written agreements with firms and individuals who, from time to time, will seek new business and introduce prospective clients who may enter into advisory relationships with Morgan Dempsey. These firms and individuals are paid a percentage of the advisory fees Morgan Dempsey receives from such clients. The details of these fee arrangements are disclosed to the referred Client in advance of contract signing. In some cases, clients introduced to Morgan Dempsey in this fashion pay advisory fees higher than those of Morgan Dempsey's standard fee schedule. Morgan Dempsey follows closely Rule 206(4)-3 Cash Payment for Client Solicitations.

### ***Item 15 - Custody***

Morgan Dempsey does not take physical custody of client funds or securities. These safekeeping services are typically provided to managed accounts only by the brokerage firm processing the securities transactions ordered by Morgan Dempsey.

Morgan Dempsey has the authority to directly debit client accounts for quarterly fees if authorized in writing by the Client, and, therefore, is deemed to have custody. For such accounts, Morgan Dempsey requires that the custodian, selected by the Client, send account statements directly to our clients at a minimum of a quarterly basis.

To the extent a client receives any account or other investment ownership statement from Morgan Dempsey, Morgan Dempsey recommends the Client carefully compare the information in the report to the information in the custodian's statements.

### ***Item 16 - Investment Discretion***

When providing Investment Management Services, Morgan Dempsey Supervised Persons may exercise discretion when granted authority to do so by clients; and most clients grant such authority to Morgan Dempsey. When doing so, it allows Morgan Dempsey to select the securities to buy and sell, the amount to buy and sell when to buy and sell, and the commission rate paid, without obtaining specific consent from the Client for each trade. Clients should be aware that representatives may make different recommendations and effect different trades with respect to the same securities to different advisory clients. Commissions and execution of securities transactions implemented through the custodian/broker-dealer recommended by Morgan Dempsey may not be better than the commissions or execution available if the Client used another brokerage firm. However, Morgan Dempsey believes that the overall level of services and support provided to the Client by custodians and broker-dealers whom Morgan Dempsey recommends outweighs the potentially lower costs that may be available from other brokerage service providers.

### ***Item 17 - Voting Client Securities***

The following information briefly summarizes Morgan Dempsey's policy and procedures regarding how Morgan Dempsey votes proxies when providing advisory services to its clients. The Firm uses the proxy voting recordkeeping services of Broadridge Proxy Edge.

Guiding Principles: Morgan Dempsey's policy and procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of the clients. The policies and procedures do not apply to those situations where the Client has retained voting discretion. In such cases, proxy information can be obtained directly from the broker. Furthermore, Morgan Dempsey will cooperate with the Client to ensure proxies are voted as directed by the Client.

Primary Objective: In general, proxies are voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, Morgan Dempsey will take into consideration, among other things: the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal and the existing governance documents of the affected company, as well as its management and operations. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change, and to determine the benefits to the company and its shareholders. However, Morgan Dempsey's primary objective is always to protect and enhance the economic interests of its clients.

Generally, it is Morgan Dempsey's policy to vote in accordance with management's recommendations.

Exceptions: When Morgan Dempsey believes management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when Morgan Dempsey believes that management is acting in a manner that is adverse to the rights of the company's shareholders. Morgan

Dempsey will take steps to represent the interests of its clients and, as a result may elect to vote against management's recommendations.

In situations where Morgan Dempsey is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction.

Other Factors Morgan Dempsey Considers: Morgan Dempsey recognizes that the activity or inactivity of a company with respect to matters of social, political or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, Morgan Dempsey does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political or environmental concern, except where it believes that a different position would be in the economic interests of company shareholders.

Conflicts In evaluating a proxy proposal, the Chief Compliance Officer is ultimately responsible for considering whether there are any circumstances that may give rise to a conflict of interest in connection with voting client proxies either because of a business relationship between Morgan Dempsey and the company or otherwise.

Voting Procedures: All proxy proposals are voted on an individual basis. In general, when a conflict exists, the Chief Compliance Officer determines whether the proxy may be voted by Morgan Dempsey or whether it should be referred to the Client (or another fiduciary of the Client) for voting purposes. Alternatively, Morgan Dempsey may consult directly with a client to obtain the Client's consent before voting the proxies. Morgan Dempsey will not refrain from voting proxies just because a conflict exists because Morgan Dempsey has a fiduciary duty to take action on all proxies.

How to Obtain More Information: For additional information regarding the Firm's proxy voting policies and procedures, or to obtain a proxy voting report detailing how a proxy was voted, clients should contact us by writing to 111 Heritage Reserve, Suite 200 Menomonee Falls WI 53051.

### ***Item 18 – Financial Information***

Morgan Dempsey does not receive fees of more than \$1,200 six months or more in advance, thus, no financial statement for Morgan Dempsey is attached. Morgan Dempsey does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.