

TOWLE & CO.

DEEP VALUE INVESTING

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March 24, 2023

This brochure provides information about the qualification and business practices of Towle & Co. ("Towle"). If you have any questions about the contents of this brochure, please contact us at 303-731-2494 or compliance@towleco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

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

Although Towle is a registered investment adviser with the SEC, registration does not imply a certain level of skill or training.

Item 2 Material Changes

Material changes from our last annual amendment dated March 31, 2022 include:

- Item 4 was updated to provide information about rollover recommendations provided to our clients.
- Item 10 was enhanced to provide additional information about Towle's affiliations and activities of those affiliates.
- Item 12 was revised to provide information about Towle's use of soft dollars and to disclose the potential that Towle receives client referrals from a broker-dealer on a non-compensated basis.
- Item 14 has been updated to describe that Towle may compensate unaffiliated third parties for client referrals in a manner that is consistent with the Advisers Act Rule 206(4)-1, (the amended Marketing Rule).

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Item 4 Advisory Business

Formed in 1981, Towle is an independently owned asset manager registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Towle is organized as an S-Corporation and its principal owner is Christopher D. Towle, President, Chief Executive Officer and Portfolio Manager. Since inception, various members and affiliated entities of the Towle family have owned and continue to own 100% of the firm.

Towle manages public equity portfolios for families and institutions on a fully discretionary basis. The firm specializes in a deep-value investment discipline designed to uncover significant discrepancies between stock market prices and underlying company values. This search for value generally leads to segments of the market that are overlooked by many asset managers at the time of purchase. For investors with a long-term investment horizon seeking capital appreciation in excess of stock market returns, the Towle Deep Value strategy may appreciably diversify their scope of investment and complement core equity allocations.

In general, Towle manages a flagship strategy called Towle Deep Value whereby client portfolios are managed on a “pari-passu” basis to the strategy’s model portfolio, meaning that they are managed together and in the same style. However, Towle does work with clients to accommodate client-specific guidelines.

Investors can participate in the Towle Deep Value strategy via separately managed accounts, wrap fee programs, model delivery programs, pooled investment vehicles, investment companies registered under the Investment Company Act of 1940 (“Registered Mutual Funds”) and the Undertakings for Collective Investment in Transferable Securities directive (“UCITS Funds”). Towle manages the assets of the pooled investment vehicles, Registered Mutual Funds and UCITS Funds based on their specific investment objectives and restrictions, as outlined in their respective prospectuses and statements of additional information, rather than on the individual needs and objective of the individual shareholders.

The majority of Towle’s clients access our discretionary investment services through separately managed accounts. Certain clients receive our investment advisory services through “dual contract” and “single contract wrap fee” programs (the “Programs”) sponsored by unaffiliated broker-dealers or registered investment advisers (“Program Sponsors”). Towle contracts directly with each Program Sponsor’s client in “dual contract” programs. Towle contracts only with the Program Sponsor in “single contract” programs, under which an all-inclusive (or “wrap”) fee is paid by the client to the Program Sponsor. The Program Sponsor then remits a portion of the fee collected to Towle for providing investment advisory services. In these Programs in which Towle participates, the Program Sponsor typically:

- Provides custody, tax reporting, client reporting, trading commissions, performance monitoring and other services;
- Assists the client in defining the client's investment objectives based on information provided by the client and provides the client with the opportunity to impose reasonable restrictions on management of the account;
- Determines whether the fee arrangement is suitable for the client;
- Aids in the selection of an investment adviser to manage the account (or a portion of its assets);
- Periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the arrangement or the manner in which the client's assets are managed, whether the client wishes to impose reasonable restrictions (or additional reasonable restrictions) on the management of the account or reasonably modify existing restrictions;
- Ensures that personnel who are knowledgeable about the account are reasonably available to the client for consultation.

Towle serves as the investment manager of Towle Capital Partners, L.P. ("TCP") and Towle Evolution Fund, a master-feeder fund structure ("TEF", and together, the "Partnerships"). Towle also serves as general partner of TCP and as a sub-advisor to an unaffiliated private fund. *Any reference to the Partnerships within this Form ADV Part 2A shall not constitute an offer to sell or the solicitation of an offer to buy interests in the Partnerships.* A private placement of securities may only be made in conjunction with the respective offering documents of the Partnerships.

Towle serves as investment manager to the Towle Deep Value Fund, a Registered Mutual Fund, which is a series of the Investment Managers Series Trust.

Towle also provides a customized version of the Towle Deep Value strategy to an institutional investment manager. Through this relationship Towle serves as a sub-advisor to an unaffiliated, Registered Mutual Fund, a portfolio manager to foreign UCITS Funds, and provides non-discretionary advice in a model delivery program. In this model delivery program, Towle provides the Sponsor with a Model to assist them in the development of one or more portfolios that the Sponsor may determine to be suitable for its clients. Model-delivery program clients are clients of the Sponsor, not Towle. In providing a Model, Towle generally uses the same sources of information and investment/research personnel used to manage other client accounts. Please refer to Item 12 for more information regarding the communication and delivery of the Model to the Sponsor.

References to "client" throughout this ADV Part 2A include separately managed account clients, the Partnerships, Registered Mutual Funds, UCITS Funds, and wrap fee and model delivery programs.

IRA Rollover Recommendations. For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

As of December 31, 2022, Towle managed assets with a market value of \$773,407,222 on a discretionary basis and \$0 assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

Management fees for separately managed accounts are based upon the value of the assets in the account and are payable quarterly in arrears according to the following schedule. Towle reserves the right to negotiate fees when appropriate. At Towle's discretion, related client accounts may be consolidated to aggregate account values for fee calculations.

<u>Account Assets</u>	<u>Annual Rate</u>
First \$25 million	1.00%
Second \$25 million	0.90%
Over \$50 million	0.80%

Fees for separately managed accounts are calculated as a percentage of the account value on the last trading day of each calendar quarter and payable at the end of each quarter. For accounts that start or terminate mid-quarter, the management fee is pro-rated. Clients may terminate the advisory relationship upon fifteen (15) days written notice and within five (5) business days of signing the investment management agreement.

Fees will be invoiced directly or debited from the account in accordance with the client's written authorization. If Towle is permitted to deduct management fees electronically, we will also deliver an informational copy of the invoice to the client. Accounts managed by Towle are held in custody by a third-party custodian (such as a bank or broker-dealer) of a client's choosing. At least quarterly, custodians will deliver an account statement directly to clients. The statements will include all transactions that took place in the account during the period covered and reflect any fees deducted and paid to Towle. Clients are encouraged to review their custodial account statement for accuracy and compare them to the reports received from Towle. Should there be any discrepancies clients should rely on the information in their custodian's account statement.

Registered Mutual Funds and UCITS Funds Fees

Specific management fee and related expense information can be found in the prospectus and statement of additional information for each Registered Mutual Fund and UCITS Fund. The fees are based on the portion of assets managed by us, which are calculated by each Registered Mutual Fund and UCITS Fund.

Partnership Fees

In its capacity as investment manager, Towle receives a management fee based on the amount of assets under management in each Partnership and as disclosed in the offering documents. Management fees and performance-based fees (if any) are calculated by an independent, third party administrator, deducted from each investor's capital account, and verified annually by an independent auditor. Each Partnership's General Partner reserves the right to negotiate fees with investors in the Partnerships when appropriate, typically in the form of a side letter, which is permitted in accordance with the Partnerships' offering documents. More information regarding performance-based fees is located in Item 6.

Wrap Program Fees

Clients participating in a single contract wrap fee program pay a single fee for the advisory fee, brokerage and custodial services. Clients' portfolio transactions may be executed without commission charges. In evaluating such an arrangement, each client should also consider that, depending upon the wrap fee charged by the Program Sponsor, the amount of portfolio activity in the client's account and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. Clients participating in these programs should refer to the Program Sponsors' ADV and agreements for information regarding additional fees and expenses. Management fees for the single contract wrap fee program are calculated by the Program Sponsor. Towle does not invoice the wrap fee program client. It is the Program Sponsor's responsibility

to handle collection of client fees. Towle is compensated directly by the Program Sponsor based upon the assets managed within this relationship. The Program Sponsor bills fees in advance. In the event the client terminates its contract before the end of the billing period, the client is refunded any prepaid fees from the Program Sponsor.

Model Delivery Program Fees

Clients participating in a model delivery program will pay a single fee directly to the Sponsor. Towle receives a portion of that fee in exchange for providing the Sponsor with a Model, which may or may not be exercised by the Sponsor in their discretion. Towle's fees for providing a Model to the Sponsor are negotiated on a program-by-program basis and may vary depending on the amount of assets allocated to Towle in the program and other criteria.

Other Fees and Expenses

Clients should understand that the different fees discussed above are specific to what Towle charges and do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and other expenses. Client assets may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the investment management fees charged by Towle. Please refer to Item 12 of this brochure for additional important information about Towle's brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions. Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower management fees for comparable services may be available from other investment advisory firms.

Towle reserves the right to negotiate its fees with its clients. Fees on certain employee and employee-related separate accounts and Partnership investments have been waived. Such waiving is granted at the discretion of firm management.

Towle's only remuneration for managing client assets are the fees described above. Neither Towle nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

One Towle Partnership charges an incentive allocation, or performance-based fee, as disclosed in its offering documents and consistent with regulatory requirements. Towle manages this Partnership, while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we describe in the following paragraphs.

Performance-based fees create an incentive for Towle to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. To address this potential conflict of interest, Towle periodically reviews the Partnership to ensure that it is being managed according to its investment objectives as stated in its offering documents. Performance-based fees also create an incentive for Towle to overvalue investments which lack a market quotation. Although Towle primarily invests in securities that have market closing process, Towle has adopted policies and procedures that require our firm to "fairly value" any investments which do not have a readily ascertainable value.

Side-by-side management provides an incentive for Towle to favor accounts for which we receive a performance-based fee. For example, Towle has an incentive to allocate limited investment opportunities, such as initial public offerings, to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this conflict of interest, Towle has policies and procedures that require Towle to allocate investment opportunities in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

Item 7 Types of Clients

Towle manages investment portfolios on a discretionary basis for individuals, high net worth individuals, institutions that include pensions and profit-sharing plans, charitable organizations, government entities, trusts, and pooled investment vehicles that include Registered Mutual Funds, private investment funds and UCITS Funds. Towle manages certain clients' investment portfolios through sub-advisory agreements with registered investment advisers. Towle also provides non-discretionary, model-delivery services through an agreement with another registered investment adviser as described herein.

The advertised minimum to open a separately managed account is \$3,000,000, which Towle may waive or lower in its sole discretion. The Partnerships have established minimums for initial and subsequent investments, which are fully described in their offering documents. Registered Mutual Funds and UCITS Funds outline their minimum investment levels in their respective prospectuses.

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

Towle Deep Value Strategy

Towle's objective is to maximize long-term capital appreciation by executing a long-only, deep value equity strategy that emphasizes the purchase of companies believed to be substantially undervalued relative to their earnings power and private market worth. Our bottom-up, security selection process aims to capture positive volatility by identifying and investing in out-of-favor companies where we have identified what we believe is significant appreciation potential. Paramount to this endeavor is a contrarian and independent viewpoint. No attempt is made to manage against the composition of a benchmark, and the strategy is market cap agnostic.

A distinguishing characteristic of the strategy is its emphasis on identifying investment candidates that trade at very low multiples to revenue and earnings potential. This approach has been a keen focus since inception. In addition to these criteria, we look for potential catalysts for earnings improvement. Investments are generally made in industries such as manufacturing, distribution, consumer products, transportation, and energy, among others. Towle does not invest in tobacco, liquor, or gaming companies.

Towle also considers ongoing tax efficiency by harvesting tax losses in client accounts when appropriate. This is designed to help manage a client's account in a tax-sensitive manner by seeking to lower taxes by selling securities at a loss to offset potential capital gains. In order to preserve a "harvested" loss, Towle will temporarily restrict a security from repurchase for 30 days to avoid a violation of the wash-sale rules and may temporarily purchase an Exchange Traded Fund with the excess cash during this 30-day restriction. Towle does not provide tax advice. We suggest you consult with a tax-planning professional regarding your personal circumstances.

Towle Evolution Fund

Please refer to the offering documents for a complete description of the investment strategies employed by the Towle Evolution Fund and related risks.

Risks

General

Investing in common stocks involves risk in that prices of publicly traded equities fluctuate daily, sometimes dramatically. Furthermore, it is possible that the value of a stock could become worthless. Clients should be prepared to bear general equity price risk when investing with Towle.

Towle Deep Value Strategy

In addition to market risk described above, there are some investment risks that are specific to investing in the Towle Deep Value strategy. First, Towle's search for absolute value usually leads to equities with market capitalizations under \$5.0 billion. Stocks of small companies may be more thinly traded than those of larger, established companies and may be subject to greater price volatility than the overall stock market. Towle utilizes this heightened volatility to identify instances of severe mispricing to drive performance.

Second, the discipline with which Towle applies its investment process prevents the Company from expanding beyond its area of expertise. This unwillingness to compromise on our investment principles typically results in a relatively concentrated portfolio of generally between 25 and 50 positions. Concentration can result in greater variability in daily portfolio values when compared to indices or portfolios with a larger number of holdings. On the other hand, the Investment Team has a higher conviction with respect to each of the holdings, which we believe is a key when seeking superior performance.

Third, the contrarian nature of the Towle Deep Value strategy often leads Towle into sectors of the stock market that are currently out-of-favor with the investing public. Although the process is fundamental, bottom-up analysis, portfolios usually end up with stocks grouped into several themes. In most instances, these out-of-favor industries tend to be economically sensitive. As a result, Towle portfolio values tend to have more volatility than market averages over an economic cycle.

Lastly, the fourth risk is our judgment. After considerable investigation and analysis, Towle determines an intrinsic value for each company in which it invests. This process demands a certain degree of judgment about the attractiveness, value and potential appreciation of the stock. If our judgment proves to be incorrect, there is a risk that the stock price could fall below the purchase point, resulting in a capital loss for clients.

Other Portfolio Considerations

Within the Towle Deep Value investment process, Towle employs a three-year time horizon when considering the purchase of securities.

Furthermore, the Towle Deep Value long only investment philosophy is implemented *without* leverage or foreign currency exposure for United States Dollar-denominated clients and does not utilize options, futures, or any other derivative instrument.

Towle Evolution Fund

Please refer to the offering documents for a complete description of the investment strategies employed by the Towle Evolution Fund and related risks.

Cybersecurity Risk

With the increased use of technology to conduct business, information security and related risks have increased. In general, cyber incidents can result from deliberate attacks or unintentional events, arise from external or internal sources, and may, among other things, cause a client account to lose proprietary information, suffer data corruption and/or destruction or lose operational capacity, result in the unauthorized release or other misuse of confidential information, or otherwise disrupt normal business operations. Cyberattacks include, but are not limited to: gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software

coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyberattacks are also carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users).

Cyber incidents affecting Towle or third party service providers (including, but not limited to, custodians, transfer agents, and other financial intermediaries used by a fund or an account) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which a client account is invested, trading counterparties, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, and other financial institutions (including financial intermediaries and service providers), and other parties. Although Towle has established policies and procedures designed to reduce the risks associated with cybersecurity threats, there is no guarantee that such efforts will succeed, especially since Towle does not directly control the cybersecurity systems of issuers or third-party service providers. There is also a risk that cyber security breaches may not be detected.

Catastrophic Event Risk

The value of securities may decline as a result of various catastrophic events, such as pandemics, natural disasters, and terrorism. Losses resulting from these catastrophic events can be substantial and could have a material adverse effect on Towle's business and client accounts.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be pertinent to your evaluation of the investment firm or the integrity of its employees. Registered advisers are also required to report all disciplinary events regardless of materiality in Part 1A of Form ADV.

Towle does not have disciplinary events of any kind to report.

Item 10 Other Financial Industry Activities and Affiliations

Towle is not registered, nor does it have an application to register, as a broker-dealer. From time to time certain employees may be registered representative of a broker-dealer, IMST Distributors, LLC, to promote the sale of the Towle Deep Value Fund and Towle pays IMST Distributors for these registration services. Towle employees that are registered representatives for this purpose will not receive separate compensation in the form of commissions or 12b-1 fees from this fund, nor is a client ever obligated to purchase this fund.

Towle is registered as a commodity pool operator and certain of its employees are registered as associated persons with the National Futures Association ("NFA"). Towle is not registered, nor does it have an application to register as a futures commission merchant or a commodity trading advisor.

Towle is not registered with any foreign financial regulatory authority. Towle has been approved by the Central Bank of Ireland (the "Central Bank") to act as an investment manager to Irish authorized Undertakings for Collective Investment in Transferrable Securities. The Central Bank supervises Irish funds. Any investment manager appointed to advise Irish funds must meet certain criteria. However, Towle is not registered with the Central Bank and the Central Bank does not supervise Towle.

Periodically, Towle directs clients or prospects to unaffiliated investment advisors for financial advice which is beyond the scope of Towle's capabilities as an asset manager. Such referrals are typically made for asset allocation, estate planning or other financial planning guidance. In all circumstances, Towle has not and will not be compensated, either directly or indirectly, by those independent advisors for the referrals.

Towle Fund Management LLC serves as general partner for TEF, which is managed by Towle. The principals of Towle Fund Management LLC are employees of Towle. Towle also serves the general partner and investment manager for TCP. TEF and TCP (the "Partnerships") are private pooled investment vehicles in which you may be solicited to invest. The Partnerships are offered to certain sophisticated investors, who meet certain requirements under applicable state and/or federal securities laws. Investors to whom the Partnerships are offered will receive a private placement memorandum and other offering documents. Refer to the respective offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in each Partnership. Persons affiliated with Towle have made investments in the Partnerships.

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

Towle has adopted a Code of Ethics for all employees that describes the requirements for the ethical standards and professional conduct of our business. The Code includes provisions relating to, among other things, standards of business conduct, a prohibition on insider trading, , personal securities trading, anti-corruption practices and conflicts of interest. All employees must acknowledge compliance with the terms of the Code of Ethics (i) upon hire, (ii) on an annual basis, and (iii) upon amendment to the Code of Ethics.

Towle employees and related persons were previously allowed to trade in securities held in the Towle Deep Value strategy for their personal accounts. In an effort to further reduce the risk of conflicts of interest between our employees or related persons and our clients, Towle's Code of Ethics now prohibits employees or related persons from purchasing positions in their personal accounts which are held by a client invested in any Towle strategy. If an employee or related person purchased a security held by a client in the Towle Deep Value strategy prior to Towle's implementation of this policy, they will not be required to sell it, but will not be permitted to sell such security without pre-approval from the Chief Compliance Officer. Accounts managed by Towle with full discretion for the benefit of employees or related persons, as with other client accounts, are not subject to the personal trading restrictions. These accounts are considered client accounts and are managed consistently with that of other client accounts pursuant to the Towle Deep Value strategy and are therefore subject to the same aggregation and pro-rata allocation as all other clients as described below in Item 12 Brokerage Practices. Employee and related person accounts managed by Towle do not receive preferential treatment in the trade allocation process. However, these accounts may receive more favorable execution than clients with directed brokerage, described below in Item 12 Brokerage Practices. This is because Towle has no ability to negotiate the price or aggregate directed brokerage accounts with other client accounts.

Personal securities transactions are reported to the Chief Compliance Officer in accordance with the reporting requirements outlined in the Code of Ethics and personal trading is monitored in order to reasonably prevent conflicts of interest between Towle and its clients.

We will provide a copy of the Code of Ethics to clients and investors upon request. Please contact us at 303-731-2494 or compliance@towleco.com.

Item 12 Brokerage Practices

Under most arrangements, Towle has the freedom to decide which broker-dealer to be used and to negotiate the amount of commissions to be paid when directing security transactions. As part of its fiduciary responsibilities, Towle seeks best execution given the circumstances of each transaction. When Towle selects broker-dealers to execute transactions, it takes into consideration the range and quality of a broker's services, including but not limited to, execution capability, trading expertise, accuracy of execution, commission rates, research, reputation and integrity, fairness in resolving disputes, financial responsibility, and responsiveness. The determinative factor is not solely the lowest possible commission cost, but whether the transaction represents best overall qualitative execution under the circumstances. Under the guidance of the Chief Compliance Officer, Towle evaluates the trade performance and best execution of all approved broker-dealers.

Selecting Brokers & Use of Soft Dollars

When Towle selects broker-dealers to execute transactions, Towle also considers the receipt of research and brokerage services, consistent with its obligation to seek best execution for client transactions. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Towle may cause its clients to pay a broker that provides research and brokerage services an amount of commission in excess of the amount other brokers would have charged for the transaction if Towle determines that the greater commission is reasonable in relation to the value of services provided by the executing broker. The broker may directly provide brokerage and research services to Towle or may purchase them from a third party for Towle's benefit.

The term "brokerage and research services" includes advice as to the value of the securities; the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and effecting securities transactions and performing incidental functions such as clearance and settlement.

Towle has entered into third party soft dollar arrangements with broker-dealers that are involved from time to time in executing, clearing or settling securities transactions on behalf of clients which provide for these brokers to pay a portion of the commissions paid by Towle's clients to independent providers of research services. Because these research service providers may play no role in executing client securities transactions, any research prepared by the research provider may constitute third party research.

Towle uses brokerage commissions from client portfolio transactions to acquire brokerage and research services, subject to Towle's obligation to seek best execution for its client accounts. The products and services acquired by Towle include, but are not limited to, Bloomberg, IBIS World, Moxy Trade Order Management System ("Moxy"), S&P Global Market Intelligence, Sentieo, Strategas, FIS SWIFT network, Telemet Orion, and Value Line. These arrangements are intended to comply with Section 28(e) and the SEC's related interpretive guidance. Towle will not cause its clients to use trade commissions for purposes other than for eligible brokerage and research services. In determining whether a service or product qualifies as brokerage and research services under Section 28(e), Towle evaluates whether the service or product provides lawful and appropriate assistance in carrying out its investment decision making responsibilities for the benefit of all client accounts.

Towle acquires products and services which have a mixed use, including but not limited to the Bloomberg and Moxy. In the case of mixed-use items, Towle allocates a percentage ratio of soft and hard dollars to the product or service acquired. This allocation is based on a good faith determination of the portion of the product or service that it is considered to be used in the investment decision-making process versus the portion that is used by Towle for non-investment decision-making purposes. The portion that is considered to be used for investment decision-making is permitted to be paid for using soft dollars, while the non-investment decision-making portion is paid for with hard dollars. In such cases, Towle has an incentive to allocate a higher soft dollar portion of the allocation based on its interest in receiving such products or services; however, Towle has established policies and procedures to periodically review its allocation process and resulting allocations.

When Towle utilizes client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to pay for the research, products or services. As a result, Towle has an incentive to select or recommend a broker-dealer based on its interest in receiving these products or services rather than on its clients' interest in receiving most favorable execution. Towle will only choose such broker-dealers when the execution complies with the principles of best execution.

Additionally, Towle utilizes soft dollar benefits to service all accounts and does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Transactions for clients in Programs are executed directly with the Program Sponsors or through a broker-dealer selected by the Program Sponsor. The Program Sponsor will execute transactions for its client without additional transaction costs (i.e., commissions) as its client pays a bundled fee to the Program Sponsor that includes costs such as trading commissions and custodial fees as well as other fees. In this instance, the client does receive the benefit of products and services furnished through other clients' commissions as transactions for these accounts are generally executed by brokers that do not provide products and services to Towle.

Other than the brokerage and research services described above, Towle does not receive any other products or services from the broker-dealers with which it does business, with one exception. One broker-dealer acts as the primary custodian for client accounts. In addition to ongoing investment and economic research, this broker-dealer provides a platform of services at below published rates for the benefit of clients.

Selecting Brokers and Referral Arrangements

Towle may select a broker-dealer to execute client transactions who have referred or who may refer clients or investors to Towle. In such cases, Towle may have an incentive to select or recommend a broker-dealer based on its interest in receiving referrals, rather than on clients' interest in receiving more favorable execution. Notwithstanding, Towle will only choose such broker-dealers when the execution complies with the principles of best execution. Towle has no formal relationships or agreements with any broker-dealer or associated person which requires Towle to direct, or which compensates Towle for directing, any specified level of brokerage commissions to any broker-dealer.

Directed Brokerage

Towle does not recommend, request or require a client to direct Towle to execute transactions through a specified broker-dealer, but does permit clients to select their own broker-dealer. In these directed brokerage arrangements, clients instruct Towle to direct all or a portion of their brokerage transactions to a specific broker-dealer of their choice. In return, the broker-dealer provides services to the client rather than Towle. In these directed arrangements, Towle's ability to obtain best execution may be limited or eliminated as we will be unable to negotiate commissions or obtain volume discounts. Clients with directed brokerage forgo any benefits from aggregated block trades and, as a result, may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions than would otherwise be the case.

with block trades. In short, directing brokerage may cost clients more money. The decision to direct trades is solely the responsibility of the client.

Clients involved in Programs should understand that client transactions generally are expected to be executed only with the broker-dealer providing custodial and other services because the commission charge is included as part of the fee paid by the client. No assurance can be provided that transactions executed through the broker-dealer providing custodial and other services will result in the best execution available to the client. Transactions executed for these accounts may be less favorable in some respects than those accounts whose trades are not executed through the broker-dealer providing custodial services. This is because we have no ability to negotiate price or take advantage of combined orders or volume discounts.

Trade Aggregation

Towle has adopted trade allocation policies that are intended to ensure that all trades are undertaken and, where necessary, allocated to clients in a manner that fulfills Towle's fiduciary obligations to each client. The objective of Towle is to allocate trades in a manner believed to be fair and equitable for all accounts involved.

Towle & Co. typically aggregates brokerage orders for its clients rather than execute individual transactions for each account. When an investment decision is made for a security that is held in more than one Towle strategy on the same day, Towle will also typically, but is not required to, aggregate such brokerage orders. Reasons include: (1) obtaining lower commission rates; (2) avoiding the time and expense of simultaneously entering similar orders for multiple client accounts that are managed similarly; (3) ensuring that accounts managed in a particular strategy obtain the same execution, when possible, to minimize differences in performance; and (4) obtaining a better execution price even though the commission rate may be higher than the lowest rate otherwise available.

When a decision is made to aggregate brokerage orders, we segregate all clients into two trade groups. The first group consists of accounts where clients have not directed brokerage. The second group includes all client-directed accounts, including the Program accounts. An aggregated block trade will be placed and typically allocated on a pro-rata basis to accounts in the first group. Upon completion of the block trade, accounts in the second group are traded on a rotated basis so that over time no single account has been treated more favorably than any other account within the client-directed group. In the event an aggregated order is only partially filled, the order will, generally, be allocated among the participating accounts pro rata based on the number of shares received. However, it is Towle's policy that the allocation shall be made in the best interests of all clients in the order, taking into account all relevant factors, including, but not limited to, the size of each client's allocation, liquidity needs and previous allocations which may and sometimes does result in an account receiving an allocation smaller or larger than the pre-allocated percentages. Normally, Towle seeks to ensure that accounts will get a pro-rata allocation based on the initial allocation.

Model Communication and Delivery

As noted in Item 4, Towle provides non-discretionary advice to a model delivery program sponsored by an institutional investment adviser. Changes to the Model are made by the Investment Team and typically communicated and delivered to the Sponsor in the manner specified by the Sponsor and agreed to by Towle. In general, Model changes will not be communicated to the Sponsor until Towle completes aggregated trading for Towle's discretionary clients. Model changes are considered to be placed when the email is sent to the Sponsor or when the change is entered into the Sponsor's web portal. The Sponsor, not Towle, is responsible for executing portfolio transactions for its clients and, as a result, those clients may not achieve the same execution quality, price or timing as trades executed for Towle's discretionary clients. The Sponsor typically will not confirm to Towle the completion of trades placed by the Sponsor as a result of Model changes.

Item 13 Review of Accounts

The Investment and Operations Teams perform a periodic review of each client account, during which every position in each client account is compared to the weights in the investment strategy model. The operations staff under the supervision of the Head of Investment Operations reconciles client transactions with custodian feeds on a daily basis and client positions and cash balances to custodial statements on a monthly basis.

Beyond the regular review of client accounts described above, Towle will review an account if we are made aware of changes in the client's status or financial position. A review of the client portfolio will also be performed by the Investment Team when large cash flows in or out of a client account occurs.

Clients with separately managed accounts typically receive a quarterly investor letter accompanied by a Performance History Report and a Portfolio Appraisal Report. We urge clients to carefully review these reports and compare the statements they receive from their custodian to the reports we provide. The investor letter will regularly include a review of portfolio transactions and our outlook on the investment environment.

It is each client's responsibility to notify Towle of any change to their investment objectives and/or financial situation.

Registered Mutual Funds and UCITS Funds managed by Towle receive reports as requested by their boards or as required by relevant laws. Additionally, investors in the Partnerships receive an annual K-1 and a copy of the annual Partnership audit in addition to investor reports and letters from Towle.

Item 14 Client Referrals and Other Compensation

Neither Towle nor any of its employees are compensated by an independent third party in any way for providing investment advice or other advisory services to Towle clients. Towle and its employees are not party to any sales awards or other prize programs. Towle's only compensation for providing investment advisory services to its clients are the management and performance-based fees described in Item 5 Fees and Compensation above.

From time to time, Towle may compensate unaffiliated third-parties for client referrals (each a "referral arrangement"). Any referral arrangement entered into by Towle that constitutes a "testimonial" or "endorsement" will be in accordance with Rule 206(4)-1 under the Advisers Act (the SEC's amended "Marketing Rule"). Under such referral agreements, a "promoter" will typically receive compensation as a percentage of management fees received by Towle from a referred client. The details of the particular referral arrangement and a description of the compensation paid to the promoter will be disclosed to each referred client through a separate written disclosure. Clients referred to Towle by a promoter will not pay additional fees because of the referral agreement.

Item 15 Custody

Towle does not maintain physical possession of client cash and/or securities. However, pursuant to Rule 206(4)-2 of the Advisers Act, Towle is deemed to have custody of client funds because it has the authority and ability to debit its management fees directly from certain clients' accounts. To mitigate any potential conflicts of interests due to this arrangement, all client account assets are maintained with an independent, non-affiliated qualified custodian. Clients should receive at least quarterly statements from the qualified custodian that holds and maintains investment assets. We urge clients to carefully compare the account statements received from custodians with the reports we provide.

Towle has been deemed to have custody of the Partnerships' assets for which it (or an affiliated entity) serves as General Partner. Consistent with the requirements under the Advisers Act, the assets of the Partnerships are

held in accounts maintained with a qualified custodian within the meaning of the Advisers Act. The financial statements of the Partnerships are audited annually (in accordance with GAAP) by an independent public accounting firm that is registered with, and subject to regular inspection by, the PCAOB (the Public Company Accounting Oversight Board). For each Partnership, copies of the audited financial statements are independently distributed to each investor within 120 days of the Partnerships' fiscal year end. Each investor should carefully review these statements upon receipt.

Item 16 Investment Discretion

Towle performs its investment supervisory services on a discretionary basis, unless otherwise agreed upon at the inception of the client relationship and memorialized in the written agreement between Towle and the client. This discretionary authority provides Towle with the sole discretion to invest and reinvest the assets of its clients without prior consultation with the client. The client also agrees that Towle will manage, on a continuing basis, the client's account in what Towle perceives to be the client's best interest. This will include, among other things, the authority to select the broker-dealer to be used and the commission rates to be paid for all transactions. Any particular aspect of this authority may be restricted pursuant to a specific, written instruction from the client.

Item 17 Voting Client Securities

Towle typically retains the authority to vote proxies for our clients' accounts. When Towle votes proxies, our objective is to maximize the value of the securities held in clients' accounts. To do this, we have engaged Broadridge to manage the proxy process and adopted the Egan-Jones Proxy Services Conservative Investor Voting Principles and Guidelines. These guidelines cover several areas, including but not limited to Auditors, Board of Directors, Proxy Contests, Takeover Defenses, Business Combinations and Corporate Restructurings, State of Incorporation, Capital Structure, Compensation of Officers and Directors, and Shareholder Proposals on Social Issues. A description of the specific issues in these areas and how these issues will be voted can be found in the Egan-Jones Proxy Services Conservative Voting Principles and Guidelines on the Egan-Jones website at:

<https://ejproxy.com/methodologies/>

A limited number of Towle clients have requested Towle to submit proxy votes on the Clients behalf utilizing separate, client-directed proxy voting guidelines. In these cases, Towle will submit vote instructions based on the recommendations issued under the client-requested guidelines.

Though it is likely to be limited to issues relating to corporate restructurings or changes of control, Towle has retained the right to override any votes as it sees fit. Towle is not responsible for voting proxies not received in a timely manner or in circumstances where there is a lack of information provided in the proxy statement by the issuer or other resolution sponsor. In addition, should we feel that the costs of voting a particular proxy exceed the expected benefits to Clients, we may choose not to vote in that particular circumstance. However, it is generally our intent to vote all proxies.

A copy of Towle's proxy policies, procedures, and voting records is available upon request.

For those clients who have opted to retain the right to vote their own proxies, the clients receive their proxies directly from their custodian or transfer agent and not from Towle. Clients may request guidance from Towle concerning proxies, particularly with respect to corporate restructurings or changes of control.

Item 18 Financial Information

No aspect of Towle's financial condition impairs its ability to meet its contractual commitments to clients. Towle has never been the subject of a bankruptcy petition. Towle does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.