

Item 1 – Cover Page

Part 2A of Form ADV: Firm Brochure

The Magnolia Group, LLC

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Date of Disclosure Brochure: March 24, 2023

This Brochure provides information about the qualifications and business practices of The Magnolia Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (402) 509-8456 or rwelner@the-magnolia-group.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about The Magnolia Group, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

The Magnolia Group, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

Item 2 – Material Changes

Below is a summary of the material changes that The Magnolia Group has made to this Form ADV Brochure since its last annual Form ADV filing on March 29, 2022.

Item 4 has been amended to reflect the current level of Assets Under Management.

Item 10 has been updated to list Mr. Peterson's investment decision responsibilities for Boston Omaha Corporation.

There were additional, non-material changes throughout.

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Item 4 – Advisory Business

Introduction

The Magnolia Group, LLC (“The Magnolia Group” or the “Firm”) is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”), with principal offices in Omaha, Nebraska. The Magnolia Group, LLC is privately held and is owned 100% by Adam K. Peterson, its founder and Managing Member. The Firm was established in November 2012 and became registered as an investment adviser in August of 2014.

The Magnolia Group provides investment advisory services to the Magnolia Capital Fund, LP and Magnolia BOC I, LP, collectively (“clients”).

Private Fund Asset Management

The Capital Fund

The Magnolia Group provides investment advisory services to a private investment fund, the Magnolia Capital Fund, LP, a Delaware limited partnership (the “Capital Fund” or the “Fund”). The Magnolia Group serves as the general partner (in such capacity, the “General Partner”) and investment adviser to the Capital Fund with sole authority to manage and control the business affairs of the Capital Fund as well as exclusive portfolio management responsibilities pursuant to the Capital Fund’s Limited Partnership Agreement (“Partnership Agreement”). The Magnolia Group manages the Capital Fund’s assets based on the investment objectives and restrictions of the Capital Fund as outlined in the Capital Fund’s Confidential Private Offering Memorandum (“Memorandum”), rather than on the individual needs and objectives of the limited partners in the Capital Fund.

While the Capital Fund’s assets will be primarily invested in publicly traded common stock, the Capital Fund is authorized to invest in any other securities, instruments, derivatives, and other investments deemed appropriate by The Magnolia Group, including, but not limited, preferred stock, options on stocks and indices, warrants, bonds, debentures, convertible securities and other debt obligations, exchange traded funds, swaps, forwards, futures, indices, structured and other synthetic securities and related derivative instruments (including those relating to equity securities, equity indices, interest rate products, fixed-income products, currencies and indices), securities of foreign issuers, private equity, and non-marketable investments.

Investments in the Capital Fund are suitable for “Accredited Investors” as defined in Rule 501(a) of the Securities Act of 1933 and “Qualified Clients” as defined under Rule 205-3 of the Investment Advisers Act of 1940 (“Advisers Act”). Investors interested in the Capital Fund should refer to the Partnership Agreement and the Memorandum for important information regarding investment objectives, risks, fees, and additional disclosures for a complete understanding of the terms and conditions for investing in the Capital Fund.

Fund of One

The Magnolia Group also provides investment advisory services to a fund of one, Magnolia BOC I, LP (“Fund of One”). The Fund of One is comprised of a single limited partner investor and is intended to hold only one asset.

Assets Under Management

As of December 31, 2022, The Magnolia Group manages approximately \$797,436,834 of assets on a discretionary basis.

Item 5 – Fees and Compensation

Compensation earned by The Magnolia Group for providing investment advisory services to the Capital Fund (“Fund”) is generally comprised of an asset-based management fee (the “Management Fee”), as well as, in certain circumstances, a performance-based fee. The Magnolia Group no longer receives advisory fees for services provided to the Fund of One.

The Capital Fund

The Capital Fund pays to The Magnolia Group on the first day of each fiscal quarter a Management Fee equal to 0.25% (1% annualized) of the beginning net asset value of each limited partner’s capital account. In the event of termination of the advisory arrangement, any adjustments for unearned fees will be determined by the offering documents. The Management Fee is non-negotiable, however, the Firm, in its sole discretion, may elect to reduce, waive or calculate differently the Management Fee with respect to any limited partner or reallocate any of its Management Fee to any limited partner; provided, however, that no such reduction, waiver, or calculation shall increase the amount thereof to be borne by any other limited partner. The Management Fee will be calculated by the third party administrator and deducted directly from the Capital Fund.

The Firm will also be compensated through an incentive allocation of 10% (subject to a high-water mark). For more details on the calculation of the performance fee, please refer to the amended Partnership Agreement. Expenses of the Capital Fund will be paid by the Capital Fund and allocated among all limited partners and the Capital Fund shall pay, or reimburse the Firm (or its affiliates), for all organizational expenses and operating expenses.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to the Capital Fund by the qualified custodian. The Magnolia Group does not receive any portion of such commissions or fees from the Capital Fund or the qualified custodian. All fees paid to The Magnolia Group for investment advisory services to the Capital Fund are separate and distinct from the fees and expenses charged by third parties (including broker/custodians). These separate fees and expenses include, but are not limited to, custodial fees, certain legal fees, administrator fees, or consultant fees, transaction fees, brokerage fees and commissions, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

For further information regarding brokerage arrangements, please refer to Item 12 – Brokerage Practices of this Brochure.

The Capital Fund’s specific fee structure is set forth in the Partnership Agreement.

Fund of One

The Magnolia Group does not earn a management fee or performance-based fee from the Fund of One. The Fund of One will incur additional costs related to the operation of the SPV including but not limited to accounting fees, legal fees, insurance and bonding costs, trading expenses (including brokerage commissions), and custodial fees. These “operating expenses” and other “extraordinary expenses” to be borne by the SPV are defined in the limited partnership agreement.

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

As described above in Item 5 – Fees and Compensation, The Magnolia Group charges the Capital Fund a performance fee, which is based upon a share of capital gains or capital appreciation of the assets of the Fund. The Capital Fund’s investment strategy is based on investment objectives and restrictions as outlined in its Offering Memorandum. Certain holdings in the Capital Fund make real estate and private equity investments which are partially directed by Mr. Peterson and directly pay Mr. Peterson a performance-based bonus.

The Magnolia Group does not charge a performance fee to the Fund of One.

There are conflicts associated with performance fees that are not as common under an asset based fee arrangement. The nature of performance fees can encourage unnecessary speculation with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset based fee account. On the other hand, riskier investments historically have a higher chance of losing value. Also, since in a performance fee arrangement an adviser is compensated based on capital gains or capital appreciation, these arrangements could give an investment adviser an incentive to time transactions in a client account on the basis of fee considerations rather than on what is in the best interest of the client.

The Firm evaluates investment opportunities that are in the best interests of investors without regard to fee arrangements.

Item 7 – Types of Clients

The Magnolia Group provides investment advice to the pooled investment vehicle and a fund of one.

The original capital contribution by a limited partner in the Capital Fund will be not less than \$2,000,000, except to the extent that the Firm, in its sole discretion, permits an original capital contribution in a lesser amount. Additional capital contributions shall be in a minimum amount of \$100,000, unless otherwise so agreed.

The Fund of One is a single investor entity with no minimum required capital contribution.

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

Methods of Analysis

The Magnolia Group is a value-oriented investment management firm whose primary objective is to achieve long-term capital appreciation. The Magnolia Group seeks to achieve this objective by investing the Capital Fund's assets and the Fund of One primarily in publicly traded common stocks. The Capital Fund may also invest in fixed income, distressed debt securities, real estate assets, illiquid securities, private equity either directly or through other investment vehicles owned by a fund, and other investments at prices that may provide for generous risk-adjusted returns over the long-term. The Magnolia Group attempts to limit the risk of capital loss, but all methods, strategies, and investments carry a risk of loss, including a total loss of principal.

The Magnolia Group employs its value-oriented strategy through bottom-up fundamental analysis to make investment decisions. The Magnolia Group operates with an opportunistic approach when selecting investments, seeking investments with a discount to intrinsic value. The Magnolia Group invests clients' capital when asset prices are below The Magnolia Group's estimate of their intrinsic value. When opportunities are not available for investment, The Magnolia Group generally holds cash balances for future investments, reinvestment, or distribution to investors. These cash balances will vary from time to time and may range from a substantial portion of the clients' accounts to no cash balance, depending on the opportunity set of investments.

To conduct analysis, The Magnolia Group gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, SEC and other regulatory filings, industry data providers, governmental statistics offices, company annual reports, and other sources. The Magnolia Group seeks to leverage the varied business experience and knowledge of the Firm's personnel to achieve this objective by marshalling contacts across industries, as well as thoroughly researching business opportunities within its areas of expertise. To estimate the intrinsic value of assets, companies, and securities where The Magnolia Group may invest, the research process may include visiting assets, companies, competitors, and suppliers, attending industry conferences and trade shows, and other resources.

The Magnolia Group generally concentrates investments within a limited number of positions, where a position may be comprised of several securities or other investments. In addition to its core investment strategy, The Magnolia Group may employ other investment strategies deemed appropriate and may invest in and trade a variety of securities, instruments, and other investments.

Material Risks of Investment Strategies

The Magnolia Group's investment strategies involve the risk of loss of capital, and investors must be prepared to bear the loss of their entire investment. There are significant risks related to The Magnolia Group's investment strategies and objectives. Material risks related to The Magnolia Group's strategies include, but are not limited to, the following:

General Investment Risk. An investment in the Fund or Fund of One involves a high degree of risk. There can be no assurance that the Fund or Fund of One will not incur losses, including permanent loss of an investor's entire capital. There are no guarantees or representations that the Fund or Fund of One will

achieve desired investment objectives or be successful. Investors in the Fund and Fund of One must be prepared to assume the risks inherent in speculative investments.

The nature of the securities, other forms of financial instruments, real estate, and other assets invested in by the Fund and Fund of One and the investment strategies employed may increase this risk. Many unforeseeable events, including actions by various government agencies, such as the Federal Reserve Board, domestic and international economic and political developments, terrorist attacks, or other events may cause sharp market fluctuations. Such events could adversely affect the Fund and Fund of One.

Concentration of Investments. A substantial portion of investments in client accounts may be concentrated in a limited number of securities, industries, countries, financial instruments, regional geographies, or asset classes. Accordingly, investments made within client accounts may involve an increased level of price volatility risk. In addition, after a price decline in a security, the Fund and Fund of One may be unable to liquidate a position quickly or at a relatively advantageous price, this risk would be increased in concentrated positions. Furthermore, investment strategies of the Fund and Fund of One anticipate investing primarily in a limited number of types of securities. Any such concentration can increase significantly both investment risk and portfolio volatility. An investment in any client account should not be regarded as a complete investment program and should be considered solely by investors prepared to experience possible short-term volatility and fluctuations in value.

Limitations as to Investment Approach. As the investments in client accounts will mainly be net-long equity market exposure at any time over a market cycle, returns earned will depend to an extent on the direction of the broad equity market. The success of the Fund and Fund of One's investment activities will depend on The Magnolia Group's ability to identify undervalued investment opportunities. Because such identification and exploitation involve uncertainty, no assurance can be given that The Magnolia Group will be able to correctly identify and capitalize on investment opportunities. The Fund and Fund of One may also be adversely affected by unforeseen events involving such matters as changes in market liquidity, interest rates, the credit status of an issuer, forced redemptions of securities, or acquisition proposals.

Dependence Upon Individual Judgment and Skill. The Fund and Fund of One will rely primarily upon The Magnolia Group's own analysis. As a result, selection of investments within client accounts may be expected to involve subjective factors and judgment on the part of the Managing Member and any other personnel. Accordingly, success in client accounts is dependent to a large extent on the investment skills and judgment of the Managing Member. There can be no assurance that The Magnolia Group will successfully identify investments that fulfill the investment objective of client accounts or that such investments will not cause client accounts to experience losses.

Accuracy of Public Information. The Magnolia Group selects investments for client accounts primarily on information and data filed by issuers with various government regulators. Although the Firm reviews this information, it is not in a position to confirm the completeness or accuracy of such information and data. Furthermore, in some cases, complete and accurate information is not available. Additionally, if the Firm receives erroneous information, or if companies report information that proves to be misleading or fraudulent, the basis for our analysis of individual companies may be based on such inaccurate information.

Illiquid Investments. For certain investments made on behalf of client accounts, there may be little or no public market, and such investments will be subject to legal or other transfer restrictions. Additionally,

client accounts may acquire securities that have limited liquidity due to trading volume or other factors. Accordingly, the Firm may not be able to sell the Fund or Fund of One's investments as desired.

Material Nonpublic Information. From time to time, The Magnolia Group may come into possession of material, nonpublic information that would limit its ability to buy and sell investments on behalf of client accounts. Investment flexibility in client accounts may be constrained as a consequence of the Firm's inability to take certain actions because of such information. Client accounts may experience losses if they are unable to sell an investment held as a result of obtaining nonpublic information about such an investment.

Leverage and Financing Risk. The Fund and the Fund of One may borrow funds, use lines of credit, and use other forms of leverage, such as swaps and repurchase agreements ("repos"). Leverage may have the effect of potentially increasing losses in client accounts. The cumulative effect of the use of leverage by the Fund and Fund of One in a market that moves adversely to the Fund and Fund of One's investments could result in a loss to the client accounts, which would be greater than if these Fund and Fund of One were not leveraged. In addition, to the extent that the Fund and Fund of One borrow funds, the interest cost at which the Fund and Fund of One can borrow will affect the operating results of the Fund and Fund of One. The use of leverage may result in certain investors in the Fund and Fund of One, such as tax-exempt organizations, employee benefit plans, and individual retirement accounts, recognizing "unrelated business taxable income" for federal income tax purposes.

Limitations on Hedging Strategies. The Magnolia Group may employ certain hedging techniques in connection with the Firm's overall investment strategy. However, there is no requirement that the Firm hedges positions in all or any of the client accounts it advises. Moreover, such strategies, if employed, will be intended to hedge against certain risks, often general market risk, such as a price decline in the overall equity markets, but will not hedge against other risks, such as opportunistic investment risk, issuer risk, industry risk, sector risk, or catastrophic risk, any of which could be significant. The costs of hedging may reduce the profitability of the position sought to be hedged. There is no assurance that the intended hedging strategies can necessarily be implemented or, if established, will necessarily succeed in eliminating the intended risk.

Lack of Liquidity for Units. Interests in the Fund and Fund of One will not be listed for trading on any exchange and there are substantial restrictions on transfer or withdrawal of interests in the Fund and Fund of One. The interests in the Fund and Fund of One are illiquid by nature and are only suitable for investors whose investment intent is long-term.

Material Risks of Securities Used in Investment Strategies

The Fund and Fund of One have broad investment mandates, and the risks related to securities, assets, or financial instruments used to implement this strategy listed below are not intended to be a complete description of the risks associated with The Magnolia Group's investment strategies.

Equity Securities. Client accounts may invest in equity and equity derivative securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, client accounts may suffer losses if they invest in equity securities of issuers whose performance diverges from The Magnolia Group's expectations or if equity markets generally move in a single direction and the client accounts have not hedged against such a general move. To the extent client accounts invest in equity derivatives and private placements activities, client accounts will be exposed to

risks that issuers will not fulfill their contractual obligations to the client accounts, such as delivering marketable common stocks upon conversions of convertible securities and registering restricted securities for public resale.

Private Company Risk. Companies in which client accounts invest, directly or indirectly through other funds, may be in the early stages of growth, and the performance of early stage companies may be more volatile due to their limited product lines, markets, financial reserves, or their susceptibility to competitors' actions, major economic setbacks or downturns. The portfolio companies may also depend on the management talents and efforts of a small group of people and as a result the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on the prospective business opportunities and the investments made. Additionally, some of the companies may require a significant investment of capital to support their operations, finance the development of their products or markets, and may be highly leveraged and subject to significant debt service obligations, which could have a material adverse impact on the Fund and Fund of One's investments.

Private Fund Risk. The Magnolia Group may recommend that the Fund and Fund of One invest in other privately placed investment vehicles, such as other private funds. These securities may not be registered under the Securities Act of 1933 and are likely to be subject to legal or other restrictions on transfer. It may be impossible for the Fund or Fund of One to redeem their interests in an investment when desired or to realize their fair value at the time of such redemption. Further, because private funds are not registered investment companies, they are not subject to the same regulatory reporting or oversight as registered entities.

Outside Management Risk. The Fund and Fund of One may invest in other privately placed investment vehicles and the management of investments within these funds will be highly dependent on the abilities of the underlying manager or managers who make investment decisions on behalf of those funds. The Fund and Fund of One will be dependent to a significant extent on the continued service and coordination of these managers and may be adversely affected by management who does not perform well.

Restricted Securities and Other Illiquid Investments. The Fund and Fund of One may invest in nonpublic and restricted securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Fund and Fund of One may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Fund and Fund of One may not readily be able to dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Disposition of such investments may be possible, if at all, only at substantial discounts from their purchase price or intrinsic value. The Capital Fund and Fund of One invest in a publicly traded holding company which invests in private equity, real estate, and other private fund securities (the risks of which are described in this Item 8). The investments in this holding company are directed by Mr. Peterson in his capacity as co-CEO of the holding company.

Debt Securities. The Fund and Fund of One expect to invest in debt securities and instruments. Certain debt instruments in which client accounts invest may be unrated, and whether or not rated, the debt instrument may have speculative characteristics. The issuers of such instruments may face significant

ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. In addition, an economic recession could severely disrupt the market for these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Distressed Debt Investments. The Fund and Fund of One may invest in debt of borrowers that have defaulted or are anticipated to default. Bankruptcy and other insolvency proceedings are expensive, highly complex, and may result in unpredictable outcomes. There can be no assurances that client accounts will obtain favorable results in such proceedings or that the results would be known in a reasonable timeframe.

Short Selling. The Magnolia Group may engage in short selling in client accounts. Short selling inherently involves certain additional risks. Selling securities short creates the risk of losing an amount greater than the initial investment in a relatively short period of time and the theoretically unlimited risk of an increase in the market price of the securities sold short. There is also the risk that the securities borrowed by client accounts in connection with a short sale will need to be returned to the securities' lender on short notice. If the request for return of securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Fund and Fund of One might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. In addition, short selling can involve significant borrowing and other costs, which can reduce the profit or create losses in particular positions.

Options. The Fund and Fund of One may utilize options in furtherance of their investment strategy for both speculative and hedging purposes. Options positions may include long positions, where client accounts are the holder of put or call options, as well as short positions, where client accounts are the seller or writer of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The buyer of a call option assumes the risk of losing the entire investment (the premium paid) in the call option. When an option is sold or written, uncovered, the writer could be liable for significant losses via margin with a risk of unlimited loss. Option premium costs, as well as the cost of covering options written by the Fund or Fund of One, can reduce or eliminate position profits or create losses as well. The Fund and Fund of One's ability to close out their positions as purchasers of an exchange-listed option is dependent upon the existence of a liquid secondary market on option exchanges. The Fund and Fund of One may also utilize options that may have limited liquidity. The seller ("writer") of a call option which is covered assumes the risk of a decline in the market price of the underlying security or other instrument below the purchase price of the underlying instrument, less the amount of premium received by the seller, and effectively forgoes the opportunity for gain on the underlying instrument above the exercise price of the option.

Real Estate Risks. Investments in real estate are subject to various known and unknown risks, including unforeseen changes in the local, national, and global economy, dynamic shifts in the geopolitical environment, the financial conditions of tenants, changes in the number of buyers for a specific asset type or geography, increases in the supply of product relative to demand, changes in availability and terms of third party financing, increases in interest rates, real estate tax rates, energy prices, and other operating expenses, changes in environmental laws and regulations, zoning laws, and other governmental rules and policies, volatility of real estate cash flows that can affect debt service and overall returns, commodity and labor prices impacting the cost of construction, as well as acts of God, terrorism, labor shortages, material

shortages, and uninsurable losses, and other factors that are beyond the control of The Magnolia Group. The acquisition, ownership, management, and disposition of property carries potential litigation risks, which could result in unexpected losses to client accounts.

Futures and Commodities Contracts. The Magnolia Group may utilize futures and/or commodity contracts in connection with their investment activities in client accounts. The low margin or premiums normally required in futures and commodities may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. Thus, like other leveraged investments, any purchase or sale of a futures or commodity contract may result in losses in excess of the amount invested. Trading in futures and commodity interests may involve substantial risks. Futures and commodity markets are highly volatile. There is no assurance that a liquid secondary market will exist for futures or commodity contracts, and client accounts may be required to maintain a position until exercise or expiration, which could result in losses.

Structured Finance Products. The Fund and Fund of One may invest a portion of their assets in structured finance products, including collateralized debt obligations and other products, in both funded (cash) and unfunded (derivative) form. Structured finance products are subject to credit, liquidity, default, recovery, correlation, market value, interest rate, currency, collateral, operational, structural, legal, tax, and certain other risks. Structured finance products are generally privately placed and offer less liquidity than other investment grade or noninvestment grade corporate debt. They are also generally issued in structured transactions with risks different from regular corporate debt. In addition, concentrations of structured finance products of a particular type, as well as concentrations of structured finance products issued or guaranteed by affiliated obligors, serviced by the same servicer, or backed by the same or similar underlying collateral, may subject client accounts to additional risk. A portion of the Fund and Fund of One may consist of structured finance products that are subordinate in right of payment and rank junior to other securities that are secured by, or represent an ownership interest in, the same pool of assets. In addition, certain transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates, and/or principal payment may be reduced or eliminated.

Forwards, Swaps, Repos and Other Derivatives. The Magnolia Group may utilize forwards, swap contracts, repos, and other over-the-counter derivative instruments in client accounts. Principal risks relating to the use of derivatives include, in the case of hedging strategies, the possible imperfect correlation between the derivative and the market value of the securities, currencies, or other commodity position intended to be hedged (i.e., tracking risk), losses magnified by the degree of leverage (exposure) represented by the derivative, lack of a liquid secondary market for closing out the position, losses resulting from interest rate or currency movements not anticipated by The Magnolia Group, and reduced returns as a result of collateral posting to counterparties.

A position in a derivative instrument entails risks that are separate and distinct from those of the underlying interest. For example, the leverage (market risk per trading unit) and volatility represented by a derivative instrument is often significantly greater than that of the underlying interest. When traded in markets, derivative trading is often more volatile and less regulated than trading in established debt or equity issues. Trading in various over-the-counter derivatives, moreover, involves certain risks as to the counterparty (i.e., its ability to fulfill its contractual obligations under the derivative instrument). The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as

costly to close out open positions in order to either realize gains or to limit losses. Additionally, many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price that the same dealers would actually be willing to pay for such derivative should the Fund or Fund of One be required to sell such position may be materially different. Such differences can result in an overstatement of the Fund or Fund of One's net asset values.

The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical patterns, resulting in unanticipated losses. In addition, there may be an imperfect correlation between the derivative and the market value of the securities, currencies, or other commodity position intended to be hedged.

The stability and liquidity of certain forwards, swaps, repos, and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to a transaction, the Fund or Fund of One may have contractual remedies pursuant to the agreements related to the transaction; however, exercising such contractual rights may involve delays or costs or may not be successful, which could adversely affect client accounts. It is possible that in the event of a counterparty credit default, client accounts may not be able to recover all or a portion of their investment in such derivative instrument and may be exposed to additional liability (i.e., the obligations associated with what has become an unhedged position).

Municipal Securities. The Magnolia Group may invest client accounts in municipal bonds issued by one or more cities or other local governments and agencies, including, but not limited to, counties, redevelopment agencies, special-purpose districts, school districts, publicly owned airports and seaports, and any other governmental entities below the state level, in order to take advantage of fixed and/or variable interest rates and possible exemptions granted to holders of municipal bonds on interest received with respect to federal income tax and income tax of the state in which the municipal bonds originate. Investments in municipal bonds are subject to different degrees of risk resulting from the varying ranges of creditworthiness amongst issuers of municipal bonds, interest rate risk, project finance risk, tax rate risk, and a lack of direct oversight disclosures that are required of issuers of corporate debt, particularly in the secondary trading market.

Stock Index Options. The Fund and Fund of One may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging their portfolios. A stock index fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the client accounts correlate with price movements of the stock indices selected. Because the value of an index option generally depends upon movements in the level of the index rather than the price of a particular stock, whether client accounts realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks.

Currency. Client accounts may invest a portion of their assets in principal instruments denominated in currencies other than the U.S. dollar, the price of which is denominated in the local currency of the investment. The Fund and Fund of One will value their securities and other assets in U.S. dollars. The value of the Fund and Fund of One's assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Fund and Fund of One's investments in the various local markets and currencies.

Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce the effect of increases in the assets denominated in the other currencies and conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Fund and Fund of One's non-U.S. dollar securities.

Emerging Market and Global Investments. The Magnolia Group may invest a substantial portion of client account assets in the securities and instruments of issuers located outside the United States, including emerging markets. In addition to business uncertainties, such investments may be affected by political, social, currency, and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States and, as a result, liquidity may be reduced, and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect to such companies. Client accounts may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits, and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received in client accounts from sources within some countries may be reduced by withholdings and other taxes imposed by such countries. Any such taxes paid by client accounts will reduce the net income or return from such investments. While The Magnolia Group will take these factors into consideration when making investment decisions for client accounts, no assurance can be given that client accounts will fully be able to avoid these risks.

Item 9 – Disciplinary Information

Neither The Magnolia Group nor any of its employees have any disciplinary matters to disclose regarding its advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Mr. Peterson serves as Co-CEO, Co-Chair Person of the Board, Co-President, and Class B Director of the Board to Boston Omaha Corporation ("Boston Omaha"), a holding company in which certain Magnolia clients have ownership. Mr. Peterson receives compensation for his position as Co-CEO and in order to mitigate this conflict, the advisory fee the Capital Fund pays to the Firm is reduced by a portion of the amount of Mr. Peterson's compensation.

Mr. Peterson is also partially responsible for making investment decisions for Boston Omaha. Investment decisions made on behalf of Boston Omaha are executed by Boston Omaha's investment committee, of which Mr. Peterson is a member. These responsibilities include managing equity and real estate portfolios. Investment decisions made on behalf of Boston Omaha have the potential to conflict with the investment objectives of the Capital Fund and the Fund of One.

The Fund of One is solely invested in the common stock of Boston Omaha. The Fund's investors are also investors in the Capital Fund and currently own additional pro-rata shares of Boston Omaha through their limited partnership interest in that account. Unlike the Capital Fund, the investment objective of the Fund of One is to hold only the common stock of Boston Omaha. The Magnolia Group does not intend to actively

trade shares of Boston Omaha for these accounts, but to hold the securities for a significant period of time.

In order to mitigate any conflicts that may arise, Mr. Peterson will act in good faith and conduct sufficient due diligence to ensure that investment decisions made on behalf of Boston Omaha are not in conflict with the best interests of the Capital Fund or the Fund of One. In instances where it is appropriate for clients of The Magnolia Group and Boston Omaha to participate in the same investment opportunity, Mr. Peterson will act in good faith to ensure that allocations are in the best interest of clients of The Magnolia Group. New investment opportunities (exclusive of those related to the common stock of Boston Omaha) will not be allocated to the Fund of One, consistent with its investment objectives.

Certain employees of Boston Omaha will share office space with The Magnolia Group. Such employees will be considered Access Persons of The Magnolia Group and subject to the Firm's Code of Ethics, requiring reporting of their personal security transactions to the Firm on an initial, quarterly, and annual basis. The Magnolia Group will ensure that employees of Boston Omaha do not have access to the Firm's confidential information. In order to do so, The Magnolia Group will maintain locked filing cabinets (where necessary to protect confidential information) and limit access to the Firm's shared network.

Certain employees of Boston Omaha provide services to The Magnolia Group. The Magnolia Group and Boston Omaha have in place a shared services agreement for an employee whereby Boston Omaha is reimbursed a percentage of the employee's payroll and benefits based on the amount of time the employee spends on The Magnolia Group matters. Boston Omaha makes a good faith estimate to determine the reimbursement amount. The Magnolia Group and Boston Omaha maintain a shared services agreement for certain services in which The Magnolia Group or Boston Omaha is reimbursed the other's portion of the expense. The Magnolia Group and Boston Omaha make a good faith estimate to determine the reimbursement amounts.

Adam Peterson serves on the Board of Directors for United Casualty & Insurance Company. United Casualty & Insurance Company is owned by Boston Omaha Corporation. Adam Peterson serves on the Board of Directors for CB&T Holding Corporation. Boston Omaha Corporation is a partial owner of CB&T Holding Corporation.

In order to address conflicts of interest that may arise from the affiliations described above, the Firm has created a Limited Partner Advisory Committee (the "LPAC") established through the Capital Fund's offering documents. The LPAC will review potential conflicts in order to ensure that investment decisions made by the Firm are not in conflict with the best interests of the Funds.

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

The Firm has adopted a Code of Ethics and Insider Trading Statement ("Code") that describes the standards of conduct required from employees, including the protection of material, non-public information related to publicly traded companies. The Code requires that all of the Firm's supervised persons, as defined in the Code of Ethics, comply with applicable securities laws. The Code also includes provisions that require any supervised person to report any violations of the Code promptly to the Chief Compliance Officer ("CCO"), and to other persons designated from time to time. Each supervised person receives a copy of the Code, including any amendments, and acknowledges such receipt in writing.

The Code requires the Firm's supervised persons to report personal securities transactions in reportable accounts at least quarterly. Supervised persons are required to submit initial holdings reports that disclose all their securities holdings at time of employment and submit annual holdings reports and quarterly transactions reports thereafter. The Firm permits supervised persons to invest in the same securities as those held in client accounts. This may create a conflict of interest, since employees have the ability to trade ahead of clients and potentially receive a more favorable price. The Firm mitigates this conflict through its policy of placing the clients' interests first, ensuring that clients have priority over the Firm's employees in the purchase or sale of securities. As a result, supervised persons of the Firm are generally prohibited from trading in reportable securities on the same day clients are trading in those securities. The CCO may in his sole discretion approve same day trading as a result of material impact within the market or the Funds. Supervised persons of the Firm are also required to pre-clear personal transactions in certain reportable securities with the Firm's CCO or Managing Member. A copy of the Firm's Code is available upon request.

Potential Conflicts of Interest

Mr. Peterson currently serves on the board of directors of three publicly traded companies and may be asked to serve on the board of others. The Firm's Code requires supervised persons to gain approval to serve on the board of directors of a publicly traded company. The Firm has restricted supervised persons' personal trading in any company for which Mr. Peterson serves on the board. Mr. Peterson is also subject to each companies' restricted trading and/or blackout period and this may, at times, adversely affect trading for clients of The Magnolia Group.

Also stated above in Item 10, the Firm invests assets of the Capital Fund and Fund of One in Boston Omaha Corporation, a holding company for which Mr. Peterson is Co-CEO, Co-Chair Person of the Board, Class B Director of the Board, and Co-President. Mr. Peterson is entitled to receive compensation and income in the form of salary and bonuses from Boston Omaha. In order to mitigate this conflict, the Firm reduces the advisory fee paid by the Capital Fund by a portion of Mr. Peterson's compensation in an amount that equals or exceeds the Capital Fund's proportionate ownership of Boston Omaha, to be determined monthly in advance. As noted above in Item 10, each of the Fund of One investors are also investors in the Capital Fund and own additional pro-rata shares of Boston Omaha through their limited partnership interest in that account.

Mr. Peterson is partially responsible for making investment decisions for Boston Omaha. Investment decisions made on behalf of Boston Omaha are executed by Boston Omaha's investment committee, of which Mr. Peterson is a member. Investment decisions made on behalf of Boston Omaha may have the potential to conflict with the investment objectives of client accounts. In order to mitigate any conflicts that may arise, Mr. Peterson will act in good faith and conduct sufficient due diligence to ensure that investment decisions made on behalf of Boston Omaha are not in conflict with the best interests of client accounts. In instances where it is appropriate for both client accounts and Boston Omaha to participate in the same investment opportunity, Mr. Peterson will act in good faith to ensure that allocation between the two entities aligns with the best interests of client accounts.

The Magnolia Group may permit certain investors to invest in the Capital Fund on different terms and conditions than other investors. Such different terms and conditions may include fee structure, investment minimum, and providing portfolio transparency information. Such arrangements are solely at the General Partner's discretion and may, among other things, be based on the size of the investor's contribution to the Capital Fund or other similar commitment by the investor. Currently, the Capital Fund

has entered into arrangements primarily providing terms relating to legal, regulatory, or other similar status applicable to such investor. The Magnolia Group maintains an investor relationship with an economic interest in the Capital Fund. The investor receives a portion of the incentive allocation earned by and paid to The Magnolia Group following the procedures stated in the operating documents. Any such arrangements are subject to the Firm's fiduciary duties to clients.

Item 12 – Brokerage Practices

Magnolia Group's objective in selecting broker-dealers and effecting portfolio transactions is to seek the best combination of price and execution for investments made in client accounts. Investments in client accounts will be purchased and sold through select broker-dealers as well as the custodians.

The Firm seeks to negotiate competitive pricing for the Capital Fund and the Fund of One based on its own knowledge of commission rates and spreads currently available, however, the transaction fees charged by the broker-dealer/custodian may be higher or lower than those charged by other custodians and broker-dealers for the same services. The Firm will select broker-dealers/custodians based on all relevant factors, including execution capability, transaction costs, value of research, responsiveness, and financial strength and reputation of the broker dealers/custodians. The Firm has determined in good faith that the broker-dealers/custodians that the Firm has selected to execute securities transactions on behalf of client accounts is consistent with its duty to seek "best execution". The Firm periodically reviews its policies regarding broker selection in light of its duty to obtain best execution.

Research and Other Soft Dollar Benefits

The Firm does not accept soft dollars from broker-dealers/custodians.

Brokerage for Client Referrals

The Firm does not receive referrals from broker-dealers/custodians.

Directed Brokerage

The Magnolia Group's only clients are the Fund and Fund of One and therefore it is unlikely that the Firm would receive a request for directed brokerage.

The Firm only advises the Fund and the Fund of One, only one of which is actively buying and selling securities traded through a broker-deal, The Capital Fund. The conditions do not exist where aggregation of trade orders would be required.

The Magnolia Group determines how investment and trading opportunities are allocated among client accounts it manages based on the specific and distinct investment objectives of each client.

Item 13 – Review of Accounts

At least quarterly, the Firm periodically performs a comprehensive review of the performance and positions in the Fund and Fund of One. Such review is performed by the Firm's Managing Member or a designated person, and they document and remediate any material exceptions. In addition, for clients

that trade public equities, the Capital Fund and Fund of One, have retained the services of an independent third party administrator (“TPA”) who performs reviews and reconciles positions on a monthly basis. The TPA also prepares monthly NAV statements for all investors in the Capital Fund and the Fund of One after it has completed its reviews.

The Firm and its TPA, as applicable, will review performance during unusual market conditions.

Each investor in the Capital Fund and Fund of One has the option to receive unaudited reports of performance from the TPA on a monthly basis via email. In addition, each investor in the Capital Fund and Fund of One receives audited year-end financial statements.

Item 14 – Client Referrals and Other Compensation

The Magnolia Group does not directly or indirectly compensate any person for client referrals. The only compensation the Firm receives for advisory services is the fees charged directly to clients for providing investment advisory services as described in Item 5 – Fees and Compensation of this Brochure.

Item 15 – Custody

The Magnolia Group is deemed to have custody of the Capital Fund and the Fund of One, since it also serves as general partner to each. The Firm supervises the completion of an audit of the Capital Fund and the Fund of One by an independent public accountant as well as the distribution of audited financial statements to limited partners of the Capital Fund and the Fund of One within 120 days of the fiscal year end. The independent public accountant that conducts the audit is registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board (“PCAOB”).

Item 16 – Investment Discretion

The Firm buys and sells securities and other instruments for the Capital Fund and Fund of One on a discretionary basis in a manner consistent with the investment objectives, guidelines, and restrictions as set forth in the Memorandum or Limited Partnership Agreement.

The Firm is authorized to make investment decisions in accordance with the objectives, guidelines, and restrictions without obtaining prior consent from the Capital Fund or Fund of One or investors regarding: (i) which securities or other investment instruments to buy or sell; (ii) the total amount of securities or other investment instruments to buy or sell; (iii) selection of the executing broker for any transaction; and (iv) commission rates or commission equivalents charged for transactions.

Item 17 – Voting Client Securities

The Firm retains responsibility for voting proxies and will not accept direction from investors in the Funds. Under Section 206(4)-6 of the Advisers Act, the Firm has implemented written policies and procedures governing its proxy voting activities. The Firm’s written policy requires it to vote client proxies in the best interest of clients. However, the policy permits the Firm to abstain from proxy votes when: (i) in the reasonable opinion of the Firm, the outcome of the vote most likely will not be determined by how the Firm may vote and thus the cost of voting appears to exceed the potential benefit to clients; or (ii) the

subject of the vote does not appear likely to have a material impact on the value of the investment held by clients.

The Firm recognizes that there may be a conflict of interest or potential conflict of interest between itself and clients with respect to the voting of proxies of certain companies and has developed a mechanism for identifying and addressing such conflicts. As mentioned in Item 10 – Other Financial Industry Activities and Affiliations, Mr. Peterson serves as Co-CEO, Co-Chair Person of the Board, Class B Director of the Board, and Co-President of Boston Omaha, a holding company in which the Capital Fund and Fund of One have ownership. In addition, Mr. Peterson holds Board positions in other portfolio companies of the Capital Fund. Voting in the best interest of clients and as Director of a portfolio company may align in many instances, however, certain proposals, if adopted, may not be in the best interest of the Fund or Fund of One as shareholders in the portfolio company. If the Firm's CCO determines that a material conflict exists between the company's interest and a Fund or Fund of One's interests, it will maintain documentation evidencing the resolution, which will include review and recommendation from the LPAC.

The Firm's CCO may be reached directly at (402) 403-3864 for a copy of the proxy policy and information with respect to how the Firm voted a proxy.

Item 18 – Financial Information

The Firm does not require or solicit prepayment of more than \$1,200.00 in fees per client, six (6) months or more in advance. Therefore, the Firm is not required to include a balance sheet for its most recent fiscal year.

The Firm does not have any financial conditions to disclose that are likely to impair its ability to meet contractual commitments to the Funds.

The Firm has never been the subject of a bankruptcy petition.