

**THOMPSON IM FUNDS, INC.**

**LARGECAP FUND  
MIDCAP FUND  
BOND FUND**

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**Supplement Dated January 24, 2019 to  
Statement of Additional Information Dated March 31, 2018**

Change in Expense Reimbursement for the LargeCap Fund

Thompson Investment Management, Inc., investment advisor to the Funds, has contractually agreed to increase the amount of expenses it will reimburse the LargeCap Fund. Effective December 1, 2018, the Advisor has contractually agreed to waive management fees and/or reimburse expenses incurred by the LargeCap Fund through March 31, 2020, so that the annual operating expenses of the LargeCap Fund do not exceed 1.03% of its average daily net assets. The previous expense limitation for the LargeCap Fund was 1.05%.

As a result of this change, the percentage set for the maximum annual operating expenses of the LargeCap Fund of 1.05% referred to on page 36 of the Statement of Additional Information is hereby deleted and replaced with 1.03%.

**THOMPSON IM FUNDS, INC.**

**LARGECAP FUND  
MIDCAP FUND  
BOND FUND**

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**Supplement Dated July 6, 2018 to Statement of Additional Information Dated March 31, 2018**

Director Retirement; Changes to Board Committees and Roles

Effective June 30, 2018, John Feldt retired from his position as a Director on the Board of Directors (the “Board”) of Thompson IM Funds, Inc. (the “Funds”). Mr. Feldt served as Chairman of the Board and was one of the four Independent Directors of the Funds, meaning he was not an “interested person” (as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended) of the Funds. Mr. Feldt also served as a member of the Funds’ nominating committee and audit committee, and as the “audit committee financial expert” of the audit committee.

The Board has selected Patricia Lipton to succeed Mr. Feldt as Chairman of the Board. The audit committee has selected George Austin to succeed Mr. Feldt as Chairman of the audit committee and has designated Mr. Austin as its “audit committee financial expert.” The nominating committee has selected Cornelia Boyle to serve as Chairman of the nominating committee, succeeding Ms. Lipton.



**STATEMENT OF ADDITIONAL INFORMATION**  
**March 31, 2018**

**THOMPSON IM FUNDS, INC.**

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**Madison, Wisconsin 53717**  
**Telephone: 1-800-999-0887**

**THOMPSON LARGE CAP FUND®**  
**(THPGX)**

**THOMPSON MIDCAP FUND®**  
**(THPMX)**

**THOMPSON BOND FUND®**  
**(THOPX)**



This Statement of Additional Information (“SAI”) contains detailed information about the Thompson LargeCap Fund (the “LargeCap Fund”), Thompson MidCap Fund (the “MidCap Fund”) and Thompson Bond Fund (the “Bond Fund”). Collectively, the LargeCap Fund, MidCap Fund and Bond Fund are referred to herein as the “Funds” and individually as a “Fund.” This SAI is not a prospectus and should be read in conjunction with the Thompson IM Funds, Inc. Prospectus (the “Prospectus”) dated March 31, 2018. The audited financial statements of the Funds as of, and for the year ended, November 30, 2017 and the report of the independent registered public accounting firm thereon, are incorporated by reference into this SAI from the Thompson IM Funds Annual Report to Shareholders. The Prospectus and Annual Report are available, without charge, upon request by contacting Thompson IM Funds, Inc. at the address or telephone number listed above, or on the Funds’ website at [www.thompsonim.com](http://www.thompsonim.com).

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## FUND HISTORY

Thompson IM Funds, Inc. (the “Investment Company”) is a Wisconsin corporation incorporated in 1986 and registered as an open-end, diversified management investment company under the Investment Company Act of 1940 (the “1940 Act”). The LargeCap Fund, MidCap Fund and Bond Fund are separate series of the Investment Company. The LargeCap Fund and Bond Fund each commenced operations on February 10, 1992. The MidCap Fund commenced operations on March 31, 2008. The investment advisor and administrator of the Funds is Thompson Investment Management, Inc. (“TIM” or the “Advisor”). The principal underwriter and distributor of shares of the Funds is Quasar Distributors, LLC (the “Distributor”).

## DESCRIPTION OF CERTAIN INVESTMENT STRATEGIES AND RISKS

The following investment strategies and policies supplement each Fund’s investment strategies and policies set forth in the Prospectus. Some of the investment strategies and policies described in this Statement of Additional Information and in the Prospectus set forth percentage limitations on a Fund’s investment in, or holdings of, certain securities or other assets. Except where otherwise required by law, compliance with these strategies and policies will be determined immediately after the acquisition of such securities or assets by the Fund, and any subsequent changes in values, net assets, or other circumstances will not be considered when determining whether the investment complies with the Fund’s investment strategies and policies.

### Lending Portfolio Securities

Each Fund may lend its portfolio securities to broker-dealers and financial institutions such as banks and trust companies, up to a maximum of one-third of its net assets, as a means of enhancing its return. The Advisor will monitor the creditworthiness of firms to which the Fund lends its securities. Any such loan must be continuously secured by collateral in cash or cash equivalents maintained on a current basis in an amount at least equal to the market value of the securities loaned by the Fund. The Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned, and would also receive an additional return on the collateral. The Fund would have the right to call the loan and obtain the securities loaned at any time. The Fund would not have the right to vote the securities during the existence of the loan, but would call the loan to permit voting of securities during the existence of the loan if, in the Advisor’s judgment, a material event requiring a shareholder vote would otherwise occur before the loan was repaid. In the event of bankruptcy or other default of the borrower, the Fund could experience both delays in liquidating the loan collateral or recovering the loaned securities and losses including (a) possible decline in the value of the collateral or in the value of the securities loaned during the period while the Fund seeks to enforce its rights thereto, (b) possible subnormal levels of income and lack of access to income during this period and (c) expenses associated with enforcing its rights.

### Repurchase Agreements

Each Fund may from time to time enter into repurchase agreements. Repurchase agreements involve the sale of securities to a Fund with the concurrent agreement of the seller (a bank or securities dealer) to repurchase the securities at the same price plus an amount equal to an agreed-upon interest rate within a specified time, usually less than one week, but on occasion for a longer period. The Funds may enter into repurchase agreements with broker-dealers who are

recognized by the Federal Reserve Bank of New York as primary dealers in U.S. Government securities, and with banks. When a Fund enters into a repurchase agreement, the value of the underlying security, including accrued interest, will be equal to or will exceed the value of the repurchase agreement and, in the case of repurchase agreements exceeding one day, the seller will agree that the value of the underlying security, including accrued interest, will at all times be equal to or will exceed the value of the repurchase agreement. If the seller of the repurchase agreement enters a bankruptcy or insolvency proceeding, or if the seller fails to repurchase the underlying security as agreed, a Fund could experience losses that include (a) possible decline in the value of the underlying security during the period that the Fund seeks to enforce its rights with respect thereto, and possible delay in the enforcement of such rights, (b) possible loss of all or a part of the income or proceeds of the repurchase, (c) additional expenses to the Fund in connection with enforcing those rights, and (d) possible delay in the disposition of the underlying security pending court action or possible loss of rights in such securities. The Advisor intends to cause the Funds to invest in repurchase agreements only when the Advisor determines that the Funds should invest in short-term money market instruments and that the rates available on repurchase agreements are favorable as compared to the rates available on other short-term money market instruments or money market mutual funds, circumstances that the Advisor does not anticipate will occur in the near future. The Advisor does not currently intend to invest the assets of any Fund in repurchase agreements if, after doing so, more than 5% of the Fund's net assets would be invested in repurchase agreements.

### **Variable and Floating-Rate Securities**

Each Fund may invest in variable and floating-rate securities. Variable-rate securities provide for a periodic adjustment to the interest rate paid on the obligations. These interest-rate adjustments are based upon an adjustment index that is provided for in the respective obligations. Adjustment intervals may occur at regularly scheduled intervals, ranging from daily to annually, or may be based upon the occurrence of events such as a change in the prime rate.

The interest rate on a floating-rate security is a variable rate that is tied to another interest rate, such as a money-market index or U.S. Treasury bill rate. The interest rate on a floating-rate security resets periodically, typically every six months. Its floating or variable rate may be determined by reference to a known lending rate, such as a bank's prime rate or to the London InterBank Offered Rate (LIBOR).

Variable and floating-rate securities held by the Bond Fund generally are less sensitive to changes in interest rates, but changes in the interest rates of these securities may lag changes in market rates. Variable and floating-rate securities may also decline in value if their interest rates do not rise to the same degree or as fast as interest rates in general. The interest rate on an inverse floating-rate debt security resets in the opposite direction from the market rate of interest to which the security is indexed. An inverse floating-rate security may exhibit greater price volatility than a fixed-rate obligation of similar credit quality.

### **When-Issued and Delayed-Delivery Transactions**

Each Fund may purchase or sell portfolio securities in when-issued and delayed-delivery transactions. In such transactions, instruments are bought or sold with payment and delivery taking place in the future in order to secure what is considered to be an advantageous yield or price to the Fund at the time of entering into the transactions. In such transactions, the payment

obligations and the interest rate are fixed at the time the buyer enters into the commitment, although no interest accrues to the buyer prior to settlement of the transaction.

Consistent with the requirements of the 1940 Act, securities purchased on a when-issued and delayed-delivery basis are recorded as an asset (with the purchase price being recorded as a liability) and are subject to changes in value based upon changes in the general level of interest rates.

At the time of delivery of the security, the value may be more or less than the transaction price. To the extent a Fund remains substantially fully invested at the same time that it has entered into such transactions, which the Fund would normally expect to do, there will be greater fluctuations in the market value of the Fund's assets than if the Fund set aside cash to satisfy the purchase commitment. However, each Fund will maintain designated liquid assets with a market value, determined daily, that are at least equal to the amount of commitments for when-issued and delayed-delivery securities, and such assets will be earmarked specifically for the settlement of such commitments.

Each Fund will only make commitments to purchase portfolio securities on a when-issued or delayed-delivery basis with the intention of actually acquiring the securities, and not for the purpose of investment leverage, but the Funds reserve the right to sell the securities before the settlement date if doing so is deemed advisable. The Funds do not currently intend to purchase securities in when-issued or delayed-delivery transactions if, after such purchase, more than 20% of their respective net assets would consist of when-issued and delayed-delivery securities.

### **Illiquid Securities**

No Fund will invest more than 15% of the value of its net assets in securities which are illiquid, including some types of restricted securities, securities for which there are no readily available market quotations and repurchase agreements providing for settlement later than seven days after notice. For the purposes of this restriction, the Funds do not consider variable rate demand notes to be restricted securities. See "Variable-Rate Demand Notes" below.

While these holdings may offer more potential for growth, they may also present a higher degree of business and financial risk, which can result in substantial losses. The Funds may have difficulty valuing these holdings and may be unable to sell these holdings at the time or price desired. Rule 144A securities and securities issued under Regulation S, which are restricted securities that are generally eligible for resale solely to qualified institutional buyers under the Securities Act of 1933, as amended, are not treated as illiquid securities solely based on their status as restricted securities. See "Rule 144A and Regulation S Securities" below.

### **Rule 144A and Regulation S Securities**

The Funds may invest in Rule 144A and Regulation S securities. Rule 144A securities are restricted securities eligible for resale under certain circumstances to certain institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Regulation S securities are securities sold outside the United States that are not registered for sale in the United States but that may be purchased by qualified institutional buyers such as the Funds in the United States upon meeting certain conditions. Rule 144A and Regulation S securities frequently trade in an active secondary market and are generally treated as liquid under procedures approved by the



Board of Directors. However, because of the resale restrictions on Rule 144A and Regulation S securities, there is a greater risk that they will become illiquid than securities registered with the SEC.

### **Variable-Rate Demand Notes**

Each Fund may purchase variable-rate demand notes, which are unsecured instruments that permit the indebtedness thereunder to vary and provide for periodic adjustments in the interest rate. Although the notes are not normally traded and there may be no secondary market in the notes, the notes allow the Funds to demand payment of principal and accrued interest at any time. The investment policy of each Fund is to purchase variable-rate demand notes only if, at the time of purchase, the issuer has unsecured debt securities outstanding that are rated within the two highest rating categories by Standard & Poor's or another nationally recognized rating agency.

### **Mortgage-Related Securities**

Each Fund may invest in mortgage-related securities, which include securities that represent interests in pools of mortgage loans made by lenders such as savings and loan institutions, mortgage bankers, commercial banks and others, as well as dollar roll transactions.

Pools of mortgage loans are combined for sale to investors (such as the Funds) by various governmental and government-related entities, as well as by commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other private issuers. These pools generally provide for a "pass-through" of monthly payments made by individual borrowers on their residential mortgage loans, net of any fees paid to the issuer or guarantor of the securities.

The Government National Mortgage Association ("GNMA") is the principal government guarantor of mortgage-related securities. GNMA is authorized to guarantee, with the full faith and credit of the U.S. Government, timely payment of principal and interest on securities it approves that are backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. GNMA securities are described as "modified pass-through" in that they provide a monthly payment of interest and principal payments owed on the mortgage pool, net of certain fees, regardless of whether the mortgagor actually makes the payment. Other government-related guarantors of mortgage-related securities include the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC"). FNMA and FHLMC securities are guaranteed as to payment of principal and interest by those agencies, instrumentalities, or government-sponsored enterprises, but are not backed by the full faith and credit of the U.S. Government. With respect to private mortgage-related securities, timely payment of principal and interest of these pools is supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance. There can be no assurance that private insurers or guarantors can meet their obligations under such policies.

Certain mortgage-related securities purchased by the Funds provide for a prepayment privilege and for amortized payments of both interest and principal over the term of the security. The yield on the original investment in such securities applies only to the unpaid principal balance, as the Fund must reinvest the periodic payments of principal at prevailing market interest rates

which may be higher or lower than the rate on the original security. In addition, the prepayment privilege may require the Fund to reinvest at lower yields than were received from the original investment. If these instruments are purchased at a premium in the market, and if prepayment occurs, such prepayments will be at par or stated value, which will result in reduced return on such transactions.

During periods of declining interest rates, prepayment of mortgages from underlying mortgage-related securities can be expected to accelerate. Accordingly, the Funds' ability to maintain positions in high-yielding mortgage-related securities will be affected by reductions in the principal amount of such securities resulting from such prepayments, and its ability to reinvest the returns of principal at comparable yields will depend on prevailing interest rates at that time. The rate of prepayments is likely to affect the price and volatility of a mortgage-related security. Government actions, including legislative changes, could affect the manner in which the mortgage-related securities market functions, which could increase the likelihood that a Fund would realize losses on its investment in mortgage-related securities.

The mortgages underlying privately issued mortgage-related securities are not subject to the same underwriting standards as mortgage-related securities comprised of a pool of mortgages underwritten with a guaranty of a government or government-sponsored entity; they therefore often carry greater credit risk and weaker underwriting standards and have less favorable collateral than mortgage-related securities backed with such a government or government-sponsored entity guaranty. This creates a higher risk of defaults.

Collateralized mortgage obligations are debt obligations collateralized by mortgages and divided into classes, or "tranches," that each bear different stated maturities and are entitled to different schedules for payments of principal and interest, including prepayments. Collateralized mortgage obligations may be less liquid and may experience greater price volatility than other kinds of mortgage-related securities.

In a mortgage dollar roll transaction, the Bond Fund sells mortgage securities and simultaneously agrees to repurchase substantially similar securities—securities that, among other characteristics, are collateralized by the same types of underlying mortgages, have identical net coupon rates and have similar original stated maturities—at a later date and at an agreed-upon price. The Bond Fund may enter into dollar roll transactions with respect to securities issued or to be issued by GNMA, FNMA and FHLMC. During the period between the sale and repurchase, the Fund forgoes principal and interest paid on the mortgage securities sold. The Fund is compensated by the interest earned on the cash proceeds of the initial sale and from negotiated fees paid by brokers offered as an inducement to the Fund to "roll over" its purchase commitments.

Dollar roll transactions may result in higher transaction costs or higher taxes for the Bond Fund. Dollar rolls will not be used for the purpose of leveraging the Bond Fund's assets or with the intention of changing its risk profile.

### **Stripped Mortgage Securities**

Each Fund may invest in stripped mortgage securities. Stripped mortgage securities are derivative multi-class mortgage securities. They may be issued by agencies or instrumentalities of the U.S. government or private issuers, including savings and loan associations, mortgage banks, commercial banks, investment banks, and special purpose subsidiaries of any of these

types of entities. Stripped mortgage securities typically exhibit greater volatility than other types of mortgage securities in which the Funds may invest. Although stripped mortgage securities are purchased and sold by institutional investors through several investment banking firms acting as brokers or dealers, the market for such securities has not yet been fully developed and the securities may therefore have limited liquidity.

Stripped mortgage securities are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of stripped mortgage security entitles one class to some of the interest and most of the principal from the mortgage assets while the other class receives most of the interest and the remainder of the principal. In certain cases, one class will receive all of the interest (commonly referred to as the interest-only or “IO” class), while the other class receives all of the principal (commonly referred to as the principal-only or “PO” class). The yield to maturity on an IO class is extremely sensitive to changes in prevailing interest rates and in the rate of principal payments (including prepayments) on the related underlying mortgage assets. A rapid rate of principal payments may have a material adverse effect on a Fund’s yield to maturity. If the underlying mortgage assets experience greater-than-anticipated prepayments of principal, the investor may fail to fully recoup its initial investment in these securities, even if the securities are rated highly. In contrast with other types of fixed-income securities, as interest rates rise and fall, the value of IOs tend to move in the same direction as interest rates.

Under the Internal Revenue Code of 1986, as amended, POs may generate taxable income from the current accrual of original issue discount, without a corresponding distribution of cash to a Fund.

### **Asset-Related Securities**

Each Fund may invest in asset-related securities. Asset-related securities have structural characteristics similar to mortgage-related securities but have underlying assets that are not mortgage loans or interests in mortgage loans. These securities represent fractional interests in, or are secured by and payable from, pools of assets such as motor vehicle installment sales contracts, installment loan contracts, equipment leases (including rolling stock and aircraft), leases of various types of real and personal property, and receivables from revolving credit (for example, credit card) agreements. Assets are securitized through the use of trusts and special purpose corporations that issue securities that are often backed by a pool of assets representing the obligations of a number of different parties. Repayments relating to the assets underlying the asset-related securities largely depend on the cash flows generated by such assets. The credit quality of most asset-related securities depends primarily on the credit quality of the assets underlying such securities, how well the entity issuing the security is insulated from the credit risk of the originator or any other affiliated entities, and the amount and quality of any credit enhancements associated with the securities. Payments or distributions of principal and interest on asset-related securities may be supported by credit enhancements including letters of credit, an insurance guarantee, reserve funds and overcollateralization. Asset-related securities have structures and characteristics similar to those of mortgage-related securities; as a result, they are subject to many of the same risks as mortgage-related securities, though often, to a greater extent.

The asset-related securities in which each Fund may invest include collateralized bond obligations (“CBOs”), collateralized loan obligations (“CLOs”), other collateralized debt

obligations (“CDOs”), and other similarly structured securities. These securities are trusts backed by assets that represent the obligations of various parties. CBOs are often backed by a pool of high-risk below-investment-grade fixed-income securities, including high-yield (junk) debt and residential and commercial privately issued mortgage-related securities. CLOs are typically collateralized by a pool of loans, which may be secured or unsecured and which may include loans that are rated below investment grade or that are of equivalent quality but are unrated. CBOs, CLOs, and other CDOs are divided into multiple portions, or “tranches,” of seniority that vary in their risk and yield profiles. The “equity” tranche protects the other more senior tranches from default in most circumstances by bearing the bulk of defaults from the bonds or loans in the trust. More senior tranches typically carry higher ratings and lower yields than their underlying securities, and are sometimes rated investment grade. However, even the more senior tranches can experience substantial losses.

The degree of risk of an investment in a CBO, CLO or other CDO is largely driven by the class of the instrument in which a Fund invests as well as the type of the collateral securities. CBOs, CLOs, and other CDOs are typically restricted securities under the securities laws, though they may be Rule 144A securities and thus not considered illiquid. In addition to risks normally associated with fixed-income securities, they carry additional risks, including but not limited to deteriorating collateral quality and the possibility that distributions from collateral securities will be inadequate to make interest or other payments.

### **Zero-Coupon Bonds**

Each Fund may invest in debt securities such as zero-coupon bonds that do not make regular cash interest payments, but that are instead issued at a discount to their principal or maturity value. While these securities do not pay current cash income, federal income tax law requires the holders of zero-coupon securities to include the portion of the original issue discount and other non-cash income on such securities accrued during that year in income each year. The Funds intend to pass along such interest as a component of the Funds’ distributions of net investment income.

### **High-Yield Debt Securities**

The LargeCap Fund and MidCap Fund may invest up to 5% of their net assets in debt securities (including convertible securities) that are rated below investment grade, i.e., not rated in one of the four highest rating categories by S&P or any other nationally recognized rating agency, and the Bond Fund may invest up to 10% of its net assets in debt securities rated below investment grade. Such securities are commonly referred to as “junk bonds” or “high-yield/high-risk” securities. Non-investment-grade securities are considered to be speculative with regard to the issuer’s capacity to pay interest and repay principal. Such securities involve a significantly higher risk of issuer default or bankruptcy and are more sensitive to economic conditions than higher-rated securities.

The price of lower-rated debt securities may be more volatile than higher-rated securities. This volatility may increase during periods of economic uncertainty or change. The price of lower-rated debt securities may be affected more than higher-rated debt securities by the market’s perception of their credit quality, especially during times of adverse publicity. In the past, both economic downturns and increases in interest rates have, at times, caused higher rates of defaults by issuers of lower-rated debt securities and may do so again in the future. Economic downturns

and increases in interest rates typically have an even greater effect on issuers of these securities when the issuers are highly leveraged.

In addition, the secondary market for such securities may not be as liquid as the market for higher-rated securities. From time to time, each Fund's assets represented by debt securities below investment grade may exceed the limits noted above due to changes in the value of those securities and/or the Fund as a whole and downgrades that occur after such securities were acquired. No Fund will acquire any debt securities rated below investment grade while its net assets that are represented by such securities exceed these limits.

### **Distressed and Defaulted Debt Obligations**

Each Fund may hold debt obligations from time to time that are distressed or in full or partial default. Distressed and defaulted debt obligations are considered speculative and are subject to greater risk of loss of income and principal than higher-rated securities. These investments are subject to greater credit and liquidity risks than other types of debt obligations. Their repayment is subject to significant uncertainties and may require the Fund to incur additional expenditures when seeking repayment, even where no repayment is ultimately received. A bankruptcy or liquidation proceeding or other court proceeding could delay or limit the ability of a Fund to collect some or all of the principal and interest payments on these debt obligations or adversely affect its rights in collateral relating to a loan. Distressed and defaulted debt obligations may be significantly more challenging to value than securities that are not in distress or default.

### **Inflation-Linked Bonds**

Each Fund may invest in fixed-income securities whose returns are intended to track the rate of inflation, as that rate is reflected by the Consumer Price Index ("CPI"). The Funds may invest in U.S. Treasury Inflation-Protected Securities ("TIPS"), as well as in other inflation-indexed bonds that are issued or guaranteed by the U.S. Government or its agencies or instrumentalities or that are issued by corporations. The periodic adjustment of TIPS bonds is tied to the CPI, an index that is calculated monthly by the U.S. Bureau of Labor Statistics and that measures changes in the cost of living based on components such as food, housing, transportation, and energy.

Like conventional bonds, inflation-indexed bonds generally pay interest at fixed intervals and return the principal at maturity; however, unlike conventional bonds, the principal or interest on an inflation-indexed bond is adjusted periodically to reflect changes in a specified inflation index. Inflation-indexed bonds are designed to preserve purchasing power over the life of the bond while paying a return over and above the rate of inflation. These bonds typically are issued at a fixed interest rate that is lower than that of conventional bonds of comparable maturity and quality, but the bonds generally retain their value against inflation over time. Interest on a TIPS bond is paid twice a year. While the interest rate is fixed, the amount of each interest payment varies because the principal is adjusted for inflation.

The current market value of inflation-indexed securities is not guaranteed and will fluctuate. If the CPI falls, the principal value of inflation-indexed securities (including TIPS bonds) will be adjusted downward, and because of this downward adjustment, the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. However, with respect to TIPS instruments, the U.S. Treasury guarantees repayment of the original bond principal upon maturity (as adjusted for inflation), even during a period of deflation.

Inflation-indexed securities are subject to interest-rate risk. As a result, the total return on these securities may not actually track the return on the inflation indices to which the inflation-indexed bonds held by the Fund are linked during every year. Market values of inflation-indexed bonds can be affected by changes in the market's expectations with respect to inflation and by changes in real rates of interest. Furthermore, the CPI may not accurately reflect the true rate of inflation. If the market believes that the inflation indices to which the inflation-indexed bonds are linked do not accurately reflect the actual rate of inflation, the market value of those bonds could be adversely affected.

Inflation-indexed securities other than TIPS instruments may or may not provide a similar principal-protection guarantee that TIPS instruments do. If a guarantee of repayment of principal is not provided, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

While inflation-indexed securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in value. If interest rates rise due to reasons other than inflation—for example, due to changes in currency exchange rates—investors in these securities may not be protected to the extent that the bond's measure of inflation does not reflect these increases.

## **Hybrid Instruments**

A hybrid instrument, or hybrid, is an interest in an issuer that combines the characteristics of an equity security and a debt security. A hybrid may have characteristics that in many respects resemble a bond, stock, or other traditional investment, while also having prominent features that are normally associated with a different type of investment. In addition, hybrid instruments may be treated as a particular type of investment for one purpose, such as taxation, and as a different type of investment for a different purpose, such as securities regulation, and determining that a hybrid should be classified as being more like a type of debt instrument rather than preferred stock entails significant judgment.

Hybrids can be used as an efficient means of pursuing a variety of investment goals, including increased total return, duration management, and currency hedging. Because hybrids combine features of two or more traditional investments, and may involve the use of innovative structures, hybrids present risks that may be similar to but greater than those associated with traditional investments having similar characteristics.

Examples of hybrid instruments include, without limitation, convertible securities; perpetual bonds, which are structured like fixed-income securities, have no maturity date, and may be characterized as debt or equity for certain regulatory purposes; contingent capital securities, which are fixed-income securities that are converted into stock if the issuer's capital ratio falls below a predetermined level; and trust-preferred securities.

Some hybrid securities have interest rates that are initially fixed but that at some point prior to maturity change to a floating interest rate. (See "Variable and Floating-Rate Securities"). Because many of these securities are issued with a call feature that allows the issuer to redeem the securities prior to maturity, the transition to the floating rate may make these securities particularly susceptible to being called. Such a redemption would require a Fund to identify

alternative investment opportunities that may only be available on less desirable terms than the securities being called. Hybrid securities also may carry customized features in order to meet the particular needs of an issuer, and therefore be less liquid than more traditional securities without these customized features.

### **Convertible Securities**

The LargeCap Fund and MidCap Fund may invest in convertible securities, including any bonds, debentures, notes, preferred stocks or other securities which may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. The only convertible securities in which the Bond Fund may invest are convertible debt securities, although the Bond Fund may hold other convertible securities due to the Fund obtaining such securities through a conversion, reorganization or other actions that do not involve the direct investment of the Fund in those securities. Convertible securities are hybrid securities that have characteristics of both bonds and stocks. Like bonds, convertible securities typically pay interest. Convertible securities also offer an investor the right to benefit from the capital appreciation potential of the underlying common stock upon exercise of the conversion feature.

The value of a convertible security is a function of its “investment value,” which is determined by its yield in comparison with the yields of other securities of comparable quality and maturity that do not have the conversion privilege, and its “conversion value,” which is the security’s worth if converted into the underlying common stock. Investment value is typically influenced by interest rates and the credit standing of the issuer. If interest rates go up, the investment value of the convertible security will generally go down, and vice versa. Conversion value is determined by the market price of the underlying common stock and generally decreases as the convertible security approaches maturity. As the market price of the underlying common stock goes down, the conversion value will tend to go down as well since the convertible security presents less opportunity for capital appreciation upon conversion.

Convertible securities are generally more secure than common stock but less secure than non-convertible debt securities such as bonds. Convertible securities are usually subordinate to bonds in terms of payment priority.

The LargeCap Fund and the MidCap Fund will only invest in preferred stock that is investment grade (that is, rated in one of the four highest rating categories by S&P or another nationally recognized rating agency).

### **Trust-Preferred Securities**

Each Fund may invest in trust preferred securities. Trust preferred securities are hybrid securities that have characteristics of both subordinated debt and preferred stock. Generally, trust preferred securities are issued by a trust that is wholly owned by a financial institution or other corporate entity, typically a bank holding company. The financial institution creates the trust and owns all of the trust’s common securities. The trust uses the sale proceeds of its common and preferred securities to purchase subordinated debt issued by the financial institution. The financial institution uses the proceeds from the subordinated debt sale to increase its capital while the trust receives periodic interest payments from the financial institution for holding the subordinated debt. The trust uses the funds received to make dividend payments to the holders

of the trust preferred securities. The primary advantage of this structure to the financial institution is that the trust preferred securities are treated by the financial institution as debt securities for tax purposes and as equity for the calculation of capital requirements.

Trust preferred securities typically bear interest at rates that are comparable to interest rates available on debt of a similarly rated issuer. Typical characteristics include long-term maturities, possible early redemption by the issuer, periodic fixed or variable interest payments, and maturities at face value. Holders of trust preferred securities have limited voting rights to control the activities of the trust and no voting rights with respect to the financial institution. The market value of trust preferred securities may be more volatile than those of conventional debt securities. Trust preferred securities may constitute restricted securities under the Securities Act of 1933 and therefore be less liquid because they may only be resold under Rule 144A or another exemption from registration. There can be no assurance as to the liquidity of trust preferred securities and the ability of holders, such as a Fund, to sell their holdings. In identifying the risks of the trust preferred securities, we will look to the condition of the financial institution as the trust typically has no business operations other than to issue the trust preferred securities. If the financial institution defaults on interest payments to the trust, the trust will not be able to make dividend payments to holders of its securities, such as a Fund.

### **Foreign Securities, including Sovereign Debt Obligations**

Each Fund may invest in U.S. dollar-denominated debt obligations of foreign corporations and governments. Such securities may be subject to greater fluctuations in price than securities of domestic corporations. In addition, there may be less publicly available information about a foreign company than about a domestic company. Foreign companies generally are not subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to domestic companies. With respect to certain foreign countries, particularly in emerging markets, there is a possibility of expropriation or confiscatory taxation, onerous government regulation, internal or external conflicts, diplomatic developments, or the imposition of sanctions, any of which could negatively affect investment in those countries.

Sovereign debt obligations are issued or guaranteed by foreign governments or their agencies. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations. Investing in sovereign debt presents a risk of default, and the level of risk, including the risk of default, is particularly high with respect to the sovereign debt of developing countries. Governments rely on taxes and other revenue sources to pay interest and principal on their debt obligations. Governmental entities responsible for repayment of the debt may be unable or unwilling to repay principal and pay interest when due and may require renegotiation or rescheduling of debt payments. The payment of principal and interest on these obligations may be adversely affected by a variety of factors, including economic results, changes in interest and exchange rates, changes in debt ratings, a limited tax base or limited revenue sources, natural disasters, or other economic or credit problems. In addition, prospects for repayment and payment of interest may depend on political as well as economic factors. Defaults in sovereign debt obligations, or the perceived risk of default, also may impair the market for other securities and debt instruments, including securities issued by banks and other entities holding such sovereign debt.



## **Municipal Securities**

Each Fund may invest in municipal securities, including taxable municipal securities. Municipal securities are issued by the states, territories and possessions of the United States, their political subdivisions (such as cities, counties and towns) and various authorities (such as public housing or redevelopment authorities), instrumentalities, public corporations and special districts (such as water, sewer or sanitary districts) of the states, territories, and possessions of the United States or their political subdivisions. In addition, municipal securities include securities issued by or on behalf of public authorities to finance various privately operated facilities, such as industrial development bonds, that are backed only by the assets and revenues of the non-governmental user (such as hospitals and airports).

Municipal securities are issued to obtain funds for a variety of public purposes, including general financing for state and local governments, or financing for specific projects or public facilities. Municipal securities are classified as general obligation or revenue bonds or notes. General obligation securities are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. Revenue securities are payable from revenue derived from a particular facility, class of facilities, or the proceeds of a special excise tax or other specific revenue source, but not from the issuer's general taxing power. Private activity bonds and industrial revenue bonds do not carry the pledge of the credit of the issuing municipality, but generally are guaranteed by the corporate entity on whose behalf they are issued.

Municipal leases are entered into by state and local governments and authorities to acquire equipment and facilities such as fire and sanitation vehicles, telecommunications equipment, and other assets. Municipal leases (which normally provide for title to the leased assets to pass eventually to the government issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt-issuance limitations of many state constitutions and statutes are deemed to be inapplicable because of the inclusion in many leases or contracts of "non-appropriation" clauses that provide that the governmental issuer has no obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis.

Each Fund may invest in Build America Bonds, which are taxable municipal bonds for which an issuer receives federal subsidies for a portion of the issuer's borrowing costs. Build America Bonds were issued through the Build America Bond program, which was created as part of the American Recovery and Reinvestment Act of 2009. Unlike most other municipal bonds, interest received on Build America Bonds is subject to federal income tax and may be subject to state tax—interest the Fund receives from its investments in Build America Bonds will be included in a Fund's taxable income and distributed to shareholders as taxable ordinary income.

Although most municipal securities have high credit ratings, they still are subject to many of the risks of other fixed-income securities, including a risk of default. In addition, many municipal securities carry call provisions that allow the issuer to redeem the bond prior to its stated maturity, and such a redemption would require a Fund to identify alternative investment opportunities that may only be available on less desirable terms than the securities being called. Like all fixed-income securities, municipal securities are susceptible to fluctuations in interest rates.

The municipal securities of issuers in territories and possessions of the United States (including issuers in Puerto Rico, many of which have faced significant recent financial difficulties) may be subject to constitutional limits on tax increases and significant uncertainty regarding their ability to restructure debts in an organized manner, such as through the federal bankruptcy process.

### **Short Sales**

Each Fund may effect short sales of securities. To effect a short sale, a Fund sells a security it does not own and simultaneously borrows the security, usually from a brokerage firm, to make delivery to the buyer. The Fund then is obligated to replace the borrowed security by purchasing it at the market price at some future date. Until the security is replaced, the Fund is required to pay the lender any accrued interest or dividends and may be required to pay a premium. Each Fund may also make short sales “against the box”, i.e., short sales made when the Fund owns securities identical to those sold short.

A Fund will realize a gain if the security declines in price between the date of the short sale and the date on which the Fund replaces the borrowed security. A Fund will incur a loss if the price of the security increases between those dates. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium or interest the Fund may be required to pay in connection with a short sale. A short position may be adversely affected by imperfect correlation between movements in the price of the security sold short and the securities being hedged.

No Fund will effect a short sale if, as a result, the aggregate value of all of the Fund’s open short positions will exceed 5% of the value of the Fund’s net assets. To secure a Fund’s obligation to replace any borrowed security, the Fund either will place in a segregated account, or U.S. Bank, N.A., the custodian for the Funds (the “Custodian”), will segregate on its books and records, an amount of cash or liquid securities at such a level that (i) the amount so segregated plus the amount deposited with the broker as collateral will equal the current value of the security sold short, and (ii) the amount so segregated plus the amount deposited with the broker as collateral will not be less than the market value of the security at the time it was sold short; or otherwise cover its short position in accordance with positions taken by the SEC.

Each Fund may only engage in short-sale transactions in securities listed on one or more national securities exchange (including the Nasdaq Stock Market).

A Fund will use short sales to limit its exposure to possible declines in the market value of its portfolio securities and to attempt to realize a gain.

### **Options and Futures**

Each Fund may engage in transactions in options and futures contracts, which are types of derivative securities. Some options and futures strategies, including selling futures, buying put options and writing (selling) call options, tend to hedge a Fund’s investments against price fluctuations. Other strategies, including buying futures, writing (selling) puts and buying calls, tend to increase market exposure. Each Fund is limited to 5% of its liquidation value for initial margin and premium amounts, or to an aggregate net notional value of commodity interests that does not exceed 100% of the liquidation value of its portfolio, in each case after taking into

account unrealized profits and losses on futures, options, or swap positions considered non-bona fide hedging under regulations of the Commodities Futures Trading Commission.

The LargeCap Fund and MidCap Fund may purchase or write (sell) listed call options on stocks and stock indices. A call option on a stock gives the purchaser of the option the right to buy, and the writer of the option the obligation to sell, the underlying stock at a stated price if the option is exercised before a specific date. The premium paid to the writer is the consideration for undertaking the obligations under the option contract. A call option written (sold) by a Fund exposes the Fund during the term of the option to possible loss of an opportunity to realize appreciation in the market price of the underlying stock, or to possible continued holding of a stock which might otherwise have been sold to protect against depreciation in the market price of the stock.

The LargeCap Fund and MidCap Fund may purchase or write (sell) listed put options on stocks and stock indices. A put option on a stock gives the purchaser of the option the right to sell, and the writer of the option the obligation to buy, the underlying stock at a stated price if the option is exercised before a specific date.

An option on an index functions in the same way as a stock option, except that the option is only settled in cash.

Whenever a Fund does not own securities underlying an open option position in an amount sufficient to cover the position, or whenever a Fund has written (sold) a put, the Fund will maintain cash or cash equivalents in a segregated account with its Custodian sufficient to cover the exercise price or, with respect to index options, the market value, of the open position. The Fund may ultimately sell the option in a closing sale transaction, exercise it or permit it to expire.

Each Fund may purchase and sell exchange-traded futures contracts on stock indices. A futures contract on an index is an agreement by which one party agrees to accept delivery of, and the other party agrees to make delivery of, an amount of cash equal to the difference between the value of the underlying index at the close of the last trading day of the futures contract and the price at which the contract originally was written. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of those securities is made.

When a purchase or sale of a futures contract is made by a Fund, the Fund is required to deposit with its Custodian (or broker, if legally permitted) a specified amount of cash or U.S. Government securities (an "initial margin"). The margin required for a futures contract is set by the exchange on which the contract is traded and may be modified during the term of the contract. The initial margin is akin to a performance bond or good-faith deposit on the futures contract and is returned to the Fund upon termination of the contract, assuming all contractual obligations have been satisfied. Each Fund expects to earn interest income on its initial margin deposits. A futures contract held by a Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day a Fund pays or receives cash, called "variation margin," equal to the daily change in value of the futures contract. This process is known as "marking to market." Variation margin does not represent a borrowing or loan by a Fund, but is instead a settlement between the Fund and the broker of the amount one of the parties would owe the other if the futures contract had expired. In computing daily net asset value, each of the Funds will mark to market all of its open futures positions.

While a Fund maintains an open futures position, the Fund must maintain with its Custodian, in a segregated account, assets with a market value sufficient to cover the Fund's exposure on the position (less the amount of the margin deposit associated with the position). A Fund's exposure on a futures contract is equal to the amount paid for the contract by the Fund.

Index futures contracts in which a Fund may invest are closed out prior to delivery by offsetting purchases or sales of matching futures contracts (contracts that are made on the same exchange and that have the same underlying index and delivery month), or in cash. If an offsetting purchase price is less than the original sale price, the Fund would realize a capital gain, or if it is greater, a Fund would realize a capital loss. Conversely, if an offsetting sale price is greater than the original purchase price, the Fund would realize a capital gain, or if it is less, the Fund would realize a capital loss. The transaction costs must also be included in these calculations in order to determine whether the Fund would realize such a capital gain or loss.

Options and futures contracts can be highly volatile investments. Successful options and futures strategies require the ability to predict future movements in securities prices, interest rates and other economic factors. There may be an imperfect correlation between movements in prices of options and futures contracts and movements in the value of the stock or index that the investment is designed to simulate. Options and futures contracts also involve a high degree of leverage, and a relatively small price movement in an option or futures contract can result in immediate and substantial gain or loss to a Fund. There can be no assurance that a liquid securities market will exist for an option or futures contract at any particular time. On volatile trading days where a price fluctuation limit is reached or a trading halt or suspension is imposed, it may be very difficult for a Fund to close out positions or enter into new positions and to value the option or futures contract. If the secondary market is not liquid, it could prevent prompt liquidation of unfavorable positions and potentially require a Fund to continue to hold the position until delivery or expiration.

### **Investments in Exchange-Traded Funds and Exchange-Traded Limited Partnerships**

The LargeCap Fund and MidCap Fund may invest in securities of exchange-traded funds ("ETFs") and exchange-traded limited partnerships ("ETLPs"). ETFs and ETLPs are similar to traditional mutual funds and limited partnerships, respectively, except that their securities trade throughout the trading day in the secondary brokerage market, much like stocks of public companies.

ETFs and ETLPs have their own operating expenses that are deducted from their assets and thus are borne by their shareholders. Accordingly, a Fund will bear its share of the operating expenses of any ETFs and ETLPs in which it invests. As a result, shareholders of the Fund will bear two layers of operating expenses to the extent the Fund invests in these securities. An investment in an ETF generally presents the same primary risks as an investment in a traditional mutual fund, and an investment in an ETLP generally presents the same primary risks as an investment in a limited partnership, such as the risk that the prices of the securities owned by that entity will decline.

In addition to the risks described above, an investment in an ETF or ETLP is also subject to the following risks that do not apply to an investment in a traditional mutual fund or limited partnership: (1) the market price of securities may trade at a discount to their net asset value; (2)

an active trading market for an ETF's or ETLP's securities may not develop or be maintained; and (3) trading of an ETF's or ETLP's securities may be halted if the listing exchange's officials deem such action appropriate, the shares or interests are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halt trading in general.

Each Fund's investments in an ETF or ETLP are subject to the investment restrictions of the Fund. In particular, because most ETFs are investment companies, the Fund's purchase of ETF shares are subject to the limitations on the Fund's investment in other investment companies. See "Investment Restrictions" in this Statement of Additional Information.

### **Investments in Exchange-Traded Notes**

The LargeCap Fund and MidCap Fund may invest in securities of Exchange-Traded Notes ("ETNs"). ETNs are senior, unsecured, unsubordinated debt securities that are typically issued by an underwriting financial institution. ETNs are linked to the return of a benchmark index and are designed to provide investors with a way to access the returns of market benchmarks or strategies. Like ETFs and ETLPs, ETNs are listed on an exchange and traded in the secondary market. However, an ETN also can be redeemed at any time or can be held until maturity.

Whereas ETF shares represent an interest in a portfolio of securities, ETNs are structured products that are an obligation of the issuing financial institution, whereby the financial institution agrees to pay a return based on the target index less any fees. Unlike fixed-income bonds, ETNs do not make periodic interest payments, and the principal investment is not protected.

ETNs are subject to credit risk, including the risk that the issuer of the ETN may default on its obligations. The value of an ETN may vary and may be influenced by, among other things, the time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in the applicable interest rates, changes in the issuer's credit rating, and economic, legal, political, or geographic events that affect the particular index. The value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying index remaining unchanged.

### **Investments in Other Investment Companies**

An investment by a Fund in another investment company may cause the Fund to incur higher administration and distribution expenses. See "Investment Restrictions" in this Statement of Additional Information.

### **Cybersecurity Risk**

With the increased use of the internet and other technology to conduct business, the Investment Company is susceptible to operational, information-security, and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks 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, or causing operational disruption. Cyber attacks may also be 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 the Investment Company or its service providers have the ability to cause disruptions and affect business operations, potentially resulting in financial losses, interference with the Investment Company's ability to calculate each Fund's net asset value, impediments to trading, the inability of fund shareholders to transact business, 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 the Funds are invested, counterparties with which the Investment Company engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for fund shareholders) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Investment Company's service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Investment Company cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Funds or their shareholders.

### **Temporary Defensive Positions**

Each Fund may invest, without limitation, in short-term investments for temporary defensive purposes in response to adverse market, economic, political or other conditions. Short-term investments include U.S. Treasury bills, certificates of deposit, money market funds, commercial paper, variable-rate demand notes and repurchase agreements.

### **Portfolio Turnover**

The portfolio turnover rates for the fiscal years ended November 30, 2017 and 2016 were as follows:

<b>Fund</b>	<b>2017</b>	<b>2016</b>
LargeCap Fund	89%	32%
MidCap Fund	29%	34%
Bond Fund	43%	20%

The relative increase in the turnover rate of the LargeCap Fund was primarily attributable to the utilization of a capital loss carryover that was otherwise subject to expiration on November 30, 2017.

## INVESTMENT RESTRICTIONS

Each Fund has adopted the following investment restrictions, none of which (except as otherwise noted) may be changed without the approval of the holders of a majority of the outstanding shares (as defined in the 1940 Act) of the Fund. A Fund may not:

(1) Purchase the securities of issuers conducting their principal business activity in the same industry if immediately after such purchase the value of the Fund's investments in such industry would exceed 25% of the value of its total assets, provided that there is no limitation with respect to or arising out of investments in obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

(2) Purchase a security if, as a result, with respect to 75% of the value of the Fund's total assets, more than 5% of its total assets would be invested in the securities of any one issuer, other than obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities.

(3) Make loans, except through the purchase of debt obligations in accordance with the Fund's investment objective and policies and through repurchase agreements with banks, brokers, dealers and other financial institutions, and except for securities lending activity as permitted by the 1940 Act.

(4) Issue senior securities in violation of the 1940 Act or borrow money, except (a) as a temporary measure, and then only in amounts not exceeding 5% of the value of the Fund's total assets or (b) from banks, provided that immediately after any such borrowing all borrowings of the Fund do not exceed one-third of the Fund's net assets. The exceptions to this restriction are not for investment leverage purposes but are solely for extraordinary or emergency purposes and to facilitate management of each Fund's portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio instruments is deemed to be disadvantageous or not possible. While a Fund has borrowings in excess of 5% of the value of the Fund's total assets outstanding, it will not make any purchases of portfolio instruments. If due to market fluctuations or other reasons the net assets of a Fund fall below 300% of its borrowings, the Fund will promptly reduce its borrowings in accordance with the 1940 Act. To do this, the Fund may have to sell a portion of its investments at a time when it may be disadvantageous to do so.

(5) Mortgage or pledge any assets except to secure permitted borrowings, and then only in an amount up to 15% of the value of the Fund's net assets, taken at cost at the time of such borrowings.

(6) Purchase or sell real estate or commodities, except that a Fund may purchase and sell (a) securities issued by real estate investment trusts or other companies which invest in or own real estate, and (b) securities secured by interests in real estate, provided in each case that such securities are marketable.

(7) Purchase securities of other investment companies, except to the extent permitted by the 1940 Act. Subject to certain exceptions, the 1940 Act currently prohibits a Fund from investing more than 5% of its total assets in securities of another investment company, investing more than 10% of its total assets in securities of such investment company and all other

investment companies, or purchasing more than 3% of the total outstanding voting stock of another investment company.

(8) Purchase more than 10% of the outstanding voting securities of any one issuer or invest in companies for the purpose of exercising control or management.

(9) Act as an underwriter of securities issued by others, except in instances where the Fund has acquired portfolio securities which it may not be free to sell publicly without registration under the Securities Act of 1933 (if the Fund sells such securities, it may technically be deemed an “underwriter” for purposes of such Act).

In addition to the foregoing restrictions, the Investment Company’s Board of Directors has adopted the following restrictions, which may be changed without shareholder approval. A Fund may not:

(a) Purchase securities on margin, but a Fund may obtain such short-term credits as may be necessary for the clearance of purchase and sales of securities.

(b) Participate on a joint or joint-and-several basis in any securities trading account.

(c) Invest more than 15% of its net assets in illiquid securities.

(d) Effect any short sale of securities that the Fund does not own if, as a result thereof, the aggregate value of all of the Fund’s open short positions would exceed 5% of the Fund’s net assets.

(e) Purchase an option or futures contract if, as a result, the aggregate initial margin and premiums required to establish such positions would exceed 5% of its liquidation value for initial margin and premium amounts, or to an aggregate net notional value of commodity interests that would exceed 100% of the liquidation value of its portfolio, in each case after taking into account unrealized profits and losses on futures, options, or swap positions considered non-bona fide hedging under regulations of the Commodities Futures Trading Commission.

The restrictions described above that involve a maximum percentage generally apply when an investment is made and will not be violated as a result of subsequent changes in the values of securities held by the Fund.



## **DETERMINATION OF NET ASSET VALUE AND PRICING CONSIDERATIONS**

Fund shares are offered and sold without a sales charge at the net asset value per share next determined after the purchase order has been received by U.S. Bancorp Fund Services, LLC, the Fund's transfer agent (the "Transfer Agent"). The net asset value per share of each Fund is calculated as of the close of trading on the New York Stock Exchange (generally 4:00 P.M. Eastern Time). Net asset value per share is calculated by adding the total fair market value of all securities and other assets of the particular Fund, subtracting the liabilities of the Fund, and dividing the remainder by the number of outstanding shares of the Fund.

Each Fund's net asset value is determined only on the days on which the New York Stock Exchange is open for trading. The Exchange is regularly closed on Saturdays and Sundays and on New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. If one of those holidays falls on a Saturday or Sunday, the Exchange will typically be closed on the preceding Friday or the following Monday, respectively.

The Funds' Board of Directors (the "Funds' Board") has adopted methods for valuing securities set forth in the Funds' Pricing Policies and Procedures, including circumstances in which market quotes are not readily available or deemed to be unreliable, and has delegated authority to the Advisor to apply those methods in making fair value determinations, subject to oversight by the Funds' Board. The Advisor has established a valuation committee that, along with other Advisor employees, administers, implements, and oversees the fair valuation process and makes fair value decisions. The valuation committee regularly reviews its own fair value decisions, as well as valuations, valuation techniques and services furnished by pricing services; considers circumstances in the markets which may require it to make or adjust valuation determinations; and reviews previous valuation determinations. The valuation committee reports on its activities and any changes to the fair valuation guidelines to the Funds' Board.

Each Fund's equity securities, including common stocks, ADRs and REITs, are valued at their market prices (generally the last reported sales price on the exchange where the securities are primarily traded or, for Nasdaq-listed securities, at their Nasdaq Official Closing Prices). Exchange traded options are valued at the last reported sale price on an exchange on which the option is traded. If no sales are reported on a particular day, the mean between the highest bid and lowest asked quotations at the close of the exchanges will generally be used. Investments in money market mutual funds are generally priced at the ending net asset value provided by the service agent of the funds.

Fixed-income securities such as corporate bonds, asset-related securities, mortgage-related securities, U.S. government and agency securities, and municipal bonds are typically valued based on valuations published by an independent pricing service, which uses various valuation methodologies such as matrix pricing and other analytical pricing models as well as market transactions and dealer quotations. Factors considered by pricing services include market characteristics such as benchmark yield curves, option-adjusted spreads, credit spreads and fundamental analytical data relating to the issuer. Short-term investments in fixed-income securities (those with remaining maturities of 60 days or less) are generally valued on an amortized cost basis.

Where market quotations are not readily available or are unreliable, a value is determined in good faith pursuant to procedures established by the Funds' Board. When determining the value of a security, consideration is given to the facts and circumstances relevant to the particular situation, which includes factors such as fundamental analytical data relating to the investment, which may include consideration of yields or prices of securities of comparable quality, coupon rate, maturity and type of issue, nature and duration of any restrictions on disposition of the security and an evaluation of forces that influence the market in which the securities are purchased or sold. Fair value pricing is an inherently subjective process, and no single standard exists for determining fair value. Different funds could reasonably arrive at different values for the same security.

The Funds intend to pay all redemptions in cash. Redemption proceeds ordinarily will be sent within seven days after receipt of the redemption request and all necessary documents. Each Fund reserves the right to suspend or postpone redemptions during any period when: (a) trading on the New York Stock Exchange is restricted, as determined by the Securities and Exchange Commission, or the Exchange is closed for other than customary weekend and holiday closing; (b) the Securities and Exchange Commission has by order permitted such suspension; or (c) an emergency, as determined by the Securities and Exchange Commission, exists, making disposal of portfolio securities or valuation of net assets of the Funds not reasonably practicable.

## **MANAGEMENT**

Under applicable law, all corporate powers are exercised by or under the authority of, and the business and affairs of all of the Investment Company are managed under the direction of, the Board of Directors of the Investment Company. The Advisor is delegated responsibility for the Funds' investment management, and the officers of the Investment Company are delegated responsibility for the Funds' operations. The Board of Directors meets regularly to review the Funds' performance and expenses and other operational matters. The Board elects the officers of the Investment Company and hires the Funds' service providers. The Board annually reviews and considers approval of the continuation of the investment advisory agreement with the Advisor and the distribution agreement with the Distributor. The Board also establishes and reviews numerous policies and procedures governing the conduct of the Investment Company's business. The policy of the Investment Company is that at least a majority of the directors, or such higher percentage as required by the 1940 Act, must not be "interested persons" of the Investment Company (within the meaning of the 1940 Act).

Information pertaining to the directors and officers of the Investment Company is set forth below. The address of each officer and director is 918 Deming Way, Madison, WI 53717.

<b>Name and Age</b>	<b>Position(s) Held with Thompson IM Funds, Inc. <sup>(1)</sup></b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Thompson IM Funds Overseen by Director</b>	<b>Other Directorships Held by Director</b>
<b>Independent Directors:</b>				
John W. Feldt Birth date: 5/2/42	Chairman since 2012 Director since 1987	<ul style="list-style-type: none"> <li>• Currently retired</li> <li>• Senior Vice President of Finance of the University of Wisconsin Foundation from 1984 to 2006</li> <li>• Former Vice President of Finance for the University of Wisconsin Foundation</li> </ul>	3	Baird Funds, Inc. (14 funds)
George E. Austin Birth date: 9/15/52	Director since 2011	<ul style="list-style-type: none"> <li>• President of AVA Civic Enterprises Inc. (consulting firm), since 2011</li> <li>• Director of W. Jerome Frautschi Foundation Inc. (private foundation), since 2012; President from 1998 to 2012</li> <li>• Director of the Home Savings Bank since 1998</li> <li>• Director of Overture Development Corporation (support organization for Overture Center Foundation), since 2001; President from 2001 to 2009</li> </ul>	3	None
Cornelia Boyle Birth date: 9/23/53	Director since 2015	<ul style="list-style-type: none"> <li>• Currently retired</li> <li>• Director of North Track Funds, Inc. (investment company) from 2003 to 2009</li> <li>• Trustee of Ziegler Exchange Traded Trust (investment company) from 2005 to 2009</li> <li>• Executive Vice President and Chief Operations Officer, AIG Sun America Retirement Markets, Inc. (distribution and marketing company for variable annuity and retirement products) from 2000 to 2003</li> <li>• Executive Vice President, Fidelity Investments from 1996 to 2000</li> </ul>	3	None
Patricia Lipton Birth date: 12/9/42	Director since 2007	<ul style="list-style-type: none"> <li>• Currently retired</li> <li>• Executive Director, State of Wisconsin Investment Board (“SWIB”) from 1989 to 2004</li> <li>• Assistant Executive Director, SWIB from 1982 to 1989</li> <li>• Former Director, State Tax Policy Bureau of the Wisconsin Department of Revenue</li> </ul>	3	None
<b>Interested Directors and Officers:</b>				
Jason L. Stephens <sup>(2)</sup> Birth date: 10/15/74	Director since 2011 Chief Executive Officer since 2015 Vice President from 2009 to 2015	<ul style="list-style-type: none"> <li>• Chief Executive Officer of Thompson Investment Management, Inc. (“TIM”) since 2015</li> <li>• Chief Operating Officer of TIM from 2009 to 2015</li> <li>• Corporate Secretary of TIM since 2004</li> <li>• Portfolio Manager of TIM since 2007</li> <li>• A Chartered Financial Analyst</li> </ul>	3	None

<b>Name and Age</b>	<b>Position(s) Held with Thompson IM Funds, Inc. <sup>(1)</sup></b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Thompson IM Funds Overseen by Director</b>	<b>Other Directorships Held by Director</b>
John W. Thompson <sup>(2)</sup> Birth date: 7/26/43	Director since 1987 President since 2009 Chief Executive Officer from 2005 to 2015	<ul style="list-style-type: none"> <li>• Chairman of TIM since 2015</li> <li>• President of TIM since 2004</li> <li>• President of Thompson Plumb &amp; Associates, Inc. (“TPA”) (investment advisor) from 1984 to 2003</li> <li>• A Chartered Financial Analyst</li> </ul>	3	None
James T. Evans Birth date: 6/6/75	Vice President since 2009	<ul style="list-style-type: none"> <li>• Chief Investment Officer of TIM since 2009</li> <li>• Portfolio Manager of TIM since 2008</li> <li>• Managing Director of Nakoma Capital Management from 2000 to 2005</li> <li>• A Chartered Financial Analyst</li> </ul>	N/A	N/A
Penny M. Hubbard Birth date: 6/2/61	Chief Financial Officer and Treasurer since 2005	<ul style="list-style-type: none"> <li>• Vice President of TIM since 2004</li> <li>• Assistant Vice President - Client Services of TPA and various other capacities 1984-2004</li> </ul>	N/A	N/A
Nedra S. Pierce Birth date: 10/2/61	Chief Compliance Officer since 2006	<ul style="list-style-type: none"> <li>• Chief Compliance Officer of TIM since 2006</li> <li>• Director of Business Development of TIM from 2004 to 2006 and since 2010</li> <li>• Director of Business Development of TPA from 1998 to 2003</li> </ul>	N/A	N/A
Lesley T. Bailey Birth date: 9/30/78	Secretary since 2010	<ul style="list-style-type: none"> <li>• Fund Accounting and Administration at TIM since 2004</li> <li>• Fund Accounting and Administration at TPA from 2001 to 2004</li> </ul>	N/A	N/A
Sarah M. Baumgartner Birth date: 2/21/84	Assistant Secretary since 2012	<ul style="list-style-type: none"> <li>• Fund Accounting and Administration at TIM since 2007</li> </ul>	N/A	N/A

<sup>(1)</sup> Officers of the Investment Company serve one-year terms, subject to annual reappointment by the Board of Directors. Directors of the Investment Company serve a term of indefinite length until their resignation or removal, and stand for reelection by shareholders as and when required under the 1940 Act.

<sup>(2)</sup> Jason L. Stephens and John W. Thompson each is an “interested person” of the Investment Company by virtue of his position with the Investment Company and TIM.

## Board Leadership and Risk Oversight

John W. Feldt, who is not an “interested person” of the Investment Company, serves as Chairman of the Board of the Investment Company. The Board of Directors of the Investment Company oversees the management of the Investment Company regarding the administration and operation of the Investment Company and the Funds, including various risks relating to its administration and operation. The Board performs this risk-management oversight both directly and through the audit committee of the Investment Company. Actual day-to-day management of the risks relating to the administration and operation of the Investment Company and the Funds is the responsibility of the Investment Company’s officers, including its Chief Compliance Officer. While the Board, in conjunction with the officers of the Investment Company, attempts to identify all material risks of the Investment Company and of each Fund and to adopt and oversee the implementation of policies and controls to minimize the impact of these risks, it recognizes that it is not possible to identify all of the risks that may affect the Investment

Company or a Fund or to develop policies or controls that eliminate all of the Investment Company's or a Fund's exposure to risks.

The Board receives reports, presentations and other information from the Advisor in connection with the Board's consideration of the renewal of each of the Fund's investment advisory agreements with the Advisor.

The Board has adopted, and it periodically reviews, policies and procedures designed to address risks to the Investment Company and the Funds. In addition, under the general oversight of the Board, the Advisor and service providers to the Funds have adopted a variety of policies, procedures and controls designed to address particular risks to the Funds.

The Board of Directors and audit committee regularly receive reports, presentations and other information from officers of the Investment Company, including the Chief Compliance Officer, as well as from the Funds' portfolio managers and other investment personnel and from various service providers to the Investment Company, regarding a variety of risk-oversight-related matters. For the Board of Directors, these matters include valuation and other operational matters, internal accounting, investments, securities trading and other portfolio-management aspects of the Funds, the voting of proxies with respect to companies whose securities are held in the Funds' portfolio, and a report from the Investment Company's Chief Compliance Officer regarding the effectiveness of the Investment Company's compliance program. For the audit committee, these matters include information regarding internal controls and accounting, financial reporting policies and practices, and compliance matters. The audit committee also receives regular reports from the Investment Company's independent registered public accounting firm regarding internal control and financial reporting matters.

### **Board Committees**

The Board of Directors of the Investment Company has an audit committee and a nominating committee. The audit committee selects and consults with the independent auditors for the Investment Company on matters pertaining to their audits of the Investment Company's annual financial statements, and approves all audit and non-audit services to be provided by the independent auditors. The audit committee has adopted a written charter, which is available upon request and on the Investment Company's website at [www.thompsonim.com](http://www.thompsonim.com). The audit committee consists of John W. Feldt (chair), George E. Austin, Cornelia Boyle, and Patricia Lipton, none of whom is an "interested person" of the Investment Company. Mr. Feldt has been determined by the Board to be an "audit committee financial expert." The audit committee met four times during the fiscal year ended November 30, 2017.

The nominating committee considers and recommends nominees for directors to the Board to fill vacancies and for election and re-election as and when required. All nominations of directors who are not "interested persons" of the Investment Company must be made and approved by the nominating committee. The nominating committee has not established any specific minimum qualifications or standards for director nominees. The nominating committee will consider nominees recommended by shareholders so long as they are nominated within one year prior to the appointment or election of a director. Shareholders can recommend potential nominees by providing their names and background information to the Secretary of the Funds c/o Thompson IM Funds, Inc., 918 Deming Way, Madison, WI 53717. The nominating committee has adopted a written charter, which is available upon request and on the Investment Company's website at

www.thompsonim.com. The nominating committee consists of Patricia Lipton (chair), George E. Austin, Cornelia Boyle, and John W. Feldt. The nominating committee met four times during the fiscal year ended November 30, 2017.

## **Director Qualifications and Relevant Experience**

A brief summary of each director's specific experience, qualifications, attributes, and skills that led the nominating committee to conclude that such person should serve as a director for the Funds is set forth below.

*George E. Austin* has significant experience leading and advising complex organizations. From 1998 to 2012, he served as President of the W. Jerome Frautschi Foundation Inc., a private support organization of the Overture Center for the Arts based in Madison, Wisconsin. In that role, he led all aspects of the business planning, design, financing and construction of the \$210 million Overture Center for the Arts project. Mr. Austin remains a Director of the Foundation. Other major public-private civic projects which he has led include the \$67.1 million Monona Terrace Community and Convention Center (1990-1997), as well as development of the \$210 million Wisconsin Institutes for Discovery, a public-private biomedical research institute, from 2005-2011. Mr. Austin served as Director of the City of Madison Department of Planning and Development, and as Executive Director of the Community Development Authority of the City of Madison, from 1983 until 1998. In those roles, he was responsible for management of both entities, including administration of Federal grants, overseeing the response to independent financial and management audits, and developing a tax-exempt housing and redevelopment bonding program designed to revitalize neighborhoods and provide affordable housing units. Mr. Austin gained other financial experience serving on the board of Home Savings Bank, a mutual savings institution, since 1998. He chairs that bank's audit committee and is a member of its loan committee. Additionally, he served on the Advisory Committee for the Johnson Bank Community Development Corporation from 2003 to 2014. In addition to his years of management and financial experience, Mr. Austin holds a Bachelor of Business Administration degree, majoring in finance, from the University of Wisconsin-Madison, as well as a Master of Science degree in Business and Master of Arts degree in Public Policy and Administration from the University of Wisconsin-Madison.

*Cornelia Boyle* has extensive experience in the mutual fund industry, both as an executive at several global financial services firms and as a member of multiple fund boards. As the former Executive Vice President and Chief Operations Officer of AIG SunAmerica Retirement Markets, she directed the firm's marketing, product management, sub-advisory selection, finance, and operations. At Fidelity Investments, Ms. Boyle served as Executive Vice President, Strategic Marketing, in which role she spearheaded the launch of several new series of mutual funds and oversaw various pricing and branding initiatives. As a member of the board of directors of North Track Funds from 2003 to 2009 and of the board of trustees of Ziegler Exchange-Traded Trust from 2005 to 2009, Ms. Boyle chaired those organizations' pricing and valuation committees and served on their audit and contract committees.

*John W. Feldt*, as Senior Vice President of Finance of the University of Wisconsin Foundation, was responsible for all areas of investing and accounting for the Foundation, including investment of the Foundation's endowment, life income, and restricted funds totaling \$2.5 billion. He was also responsible for the auditing and accounting functions as well as personnel responsibilities in those areas for the Foundation. In addition to his experience with

the University of Wisconsin Foundation, he has served on multiple mutual fund and private family fund boards of directors, including Nakoma Mutual Funds (until 2011) and Baird Funds, Inc., in which capacity he has often served on the audit committee.

*Patricia Lipton*, the former Executive Director of the State of Wisconsin Investment Board (“SWIB”) from 1989 to 2004, led an investment organization with assets of over \$70 billion investing in areas including domestic and international equities, public bonds, private placements, real estate, leveraged buyout and venture capital funds and cash. In that role, she developed significant risk management experience, establishing and chairing SWIB’s Risk and Investment Committee to ensure that investments were within risk/return parameters and in compliance with all policy guidelines and state regulations. Also in that role, she managed an operating budget of \$140 million and managed 105 employees. She currently serves on the board of the Wisconsin Alumni Research Foundation (“WARF”), and is Chair of its Investment Committee. She has served in that capacity since 2004. WARF provides financial support for research at the University of Wisconsin-Madison from its over \$2.7 billion endowment fund. In addition to WARF, she has served on the boards of the Council of Institutional Investors and the Pension Managers Advisory of the New York Stock Exchange Board of Directors and the University of Wisconsin Medical Foundation, Inc. She currently also serves on the boards of directors of the Morgrige Institute for Research and the William F. Vilas Trust.

*Jason L. Stephens* has been with Thompson Investment Management, Inc. in various capacities for more than 15 years. He has extensive experience conducting financial analysis of companies through examination of their various financial and legal disclosure statements, and he is intimately familiar with the Investment Company’s methodologies and processes, having grown with the Investment Company through its reorganization in December 2003 and eventually being appointed to the positions of Chief Executive Officer of both the Investment Company and TIM and portfolio manager to each of the Funds. He has also gained extensive compliance and risk management experience while with the Investment Company, having served at times as the Investment Company’s Chief Compliance Officer and having participated as part of the team that developed compliance policies and procedures for the Investment Company in response to the promulgation of SEC Rule 38a-1. Prior to joining the Investment Company, Mr. Stephens obtained broad leadership and administrative experience as company manager and director of administration at two notable Madison-based opera companies, Opera for the Young and the Madison Opera. Mr. Stephens also currently serves on the board of VSA Wisconsin. Mr. Stephens holds a Master of Science degree in Finance from the University of Wisconsin-Madison, as well as a Master’s degree in Arts Administration and a Bachelor of Science degree in English and Communication Arts.

*John W. Thompson* has more than 46 years of business experience in the investment industry, and has served in various senior executive capacities for Thompson IM Funds since 1987. He also has experience as a director of a public company, having served as a member of Emageon, Inc.’s Board of Directors from 2003 to 2009 and as a member of its audit committee. He has extensive experience analyzing financial statements, including those of his own company and as an outside Director, and in making analyses for investment purposes. He has been the owner or co-owner of an investment management firm since 1984, and holds a M.B.A. from The Wharton School of Business of the University of Pennsylvania.

## Director Compensation

Directors and officers of the Investment Company who are officers, directors, employees or shareholders of the Advisor do not receive any remuneration from the Funds for serving as directors or officers. During the fiscal year ended November 30, 2017, those directors who are not so affiliated with the Advisor received the compensation as set forth in the table below.

Director	Fund	Aggregate Compensation	Pension or Retirement Benefits	Estimated Annual Benefits Upon Retirement	Total Compensation From Investment Company Complex
George E. Austin	LargeCap Fund	\$6,256	None	None	\$42,436
	MidCap Fund	\$5,417			
	Bond Fund	\$30,763			
Cornelia Boyle	LargeCap Fund	\$6,256	None	None	\$42,436
	MidCap Fund	\$5,417			
	Bond Fund	\$30,763			
John W. Feldt	LargeCap Fund	\$9,669	None	None	\$65,654
	MidCap Fund	\$8,371			
	Bond Fund	\$47,614			
Patricia Lipton	LargeCap Fund	\$6,542	None	None	\$44,436
	MidCap Fund	\$5,662			
	Bond Fund	\$32,232			

## Director Ownership of Fund Shares

The table below states the dollar range of shares of the Investment Company beneficially owned by each director of the Investment Company as of December 31, 2017:

Director	Fund	Dollar Range of Equity Securities	Aggregate Dollar Range of Equity Securities in all Funds Overseen by Director in Family of Investment Companies
George E. Austin	LargeCap Fund	None	Over \$100,000
	MidCap Fund	Over \$100,000	
	Bond Fund	\$10,001-\$50,000	
Cornelia Boyle	LargeCap Fund	\$10,001-\$50,000	Over \$100,000
	MidCap Fund	\$10,001-\$50,000	
	Bond Fund	\$50,001-\$100,000	
John W. Feldt	LargeCap Fund	None	Over \$100,000
	MidCap Fund	Over \$100,000	
	Bond Fund	Over \$100,000	
Patricia Lipton	LargeCap Fund	\$10,001-\$50,000	Over \$100,000
	MidCap Fund	\$10,001-\$50,000	
	Bond Fund	Over \$100,000	
Jason L. Stephens	LargeCap Fund	Over \$100,000	Over \$100,000
	MidCap Fund	Over \$100,000	
	Bond Fund	\$50,001-\$100,000	
John W. Thompson	LargeCap Fund	Over \$100,000	Over \$100,000
	MidCap Fund	Over \$100,000	
	Bond Fund	Over \$100,000	



## **Material Transactions with Independent Directors**

No director who is not an interested person of the Investment Company, or his or her immediate family members, owned beneficially or of record, as of December 31, 2017, any securities of the Advisor, the Distributor or any person directly or indirectly controlling, controlled by, or under common control with the Advisor or the Distributor.

No director who is not an interested person of the Investment Company, or an immediate family member of such director, has had, during the two most recently completed calendar years, a direct or indirect interest in the Advisor or the Distributor or in any person directly or indirectly controlling, controlled by or under common control with the Advisor or the Distributor, which exceeds \$120,000. In addition, no director who is not an interested person of the Investment Company, or any immediate family member of such director, has had, during the two most recently completed calendar years, a direct or indirect material interest in any transaction or series of similar transactions in which the amount involved exceeds \$120,000 and to which one of the parties was the Investment Company; an officer of the Investment Company; an investment company (or an entity that would be an investment company but for the exclusions provided by Section 3(c)(1) or 3(c)(7) of the 1940 Act) having the same investment advisor or principal underwriter as the Investment Company or having an investment advisor or principal underwriter that directly or indirectly controls, is controlled by, or is under common control with the Advisor or the Distributor; an officer of an investment company (or an entity that would be an investment company but for the exclusions provided by Section 3(c)(1) or 3(c)(7) of the 1940 Act) having the same investment advisor or principal underwriter as the Investment Company or having an investment advisor or principal underwriter that directly or indirectly controls, is controlled by, or is under common control with the Advisor or the Distributor; the Advisor or the Distributor; an officer of the Advisor or the Distributor; or a person directly or indirectly controlling, controlled by or under common control with the Advisor or the Distributor or an officer of any such “control” person. No director who is not an interested person of the Investment Company, or immediate family member of such a director, has had, in the two most recently completed calendar years, a direct or indirect relationship, in which the amount involved exceeds \$120,000, with any of the persons described above in this paragraph and which include payments for property or services to or from any of those persons; provision of legal services to any person specified above in this paragraph; provision of investment banking services to any person specified above in this paragraph, other than as a participating underwriter in a syndicate; or any consulting or other relationship that is substantially similar in nature and scope to the relationships detailed herein.

## **Code of Ethics for Personal Trading**

The Investment Company and the Advisor have adopted a code of ethics under Rule 17j-1 of the 1940 Act designed to ensure, among other things, that the interests of Fund shareholders take precedence over personal interests of their respective directors, officers and employees. Under the code of ethics, personal investment activities are subject to limitations designed to avoid both actual and perceived conflicts of interest with the investment activities of the Funds. The code permits personnel of the Investment Company and the Advisor to invest in securities, including securities that may be purchased or held by the Funds, subject to certain exceptions and pre-clearance procedures.

The Investment Company's principal underwriter and distributor, Quasar Distributors, LLC, has also adopted a similar code of ethics under Rule 17j-1 of the 1940 Act.

### **Code of Ethics for Principal Executive, Financial and Accounting Officers**

The Investment Company has established a separate code of ethics that applies to its principal executive, financial and accounting officers. This written code sets forth standards that are reasonably designed to deter wrongdoing and to promote honest and ethical conduct, including the ethical handling of conflicts of interest; full, fair, accurate, timely and understandable disclosure in reports and documents the Investment Company files with the SEC and in other shareholder communications; compliance with applicable governmental laws, rules or registrations; the prompt internal reporting of violations of the code to an appropriate person; and accountability for adherence to the code.

### **Proxy Voting Policies**

Proxy voting policies adopted by the Investment Company are attached to this Statement of Additional Information as Exhibit A. These proxy voting policies describe the procedures used by the Investment Company to determine how to vote proxies. Information regarding how the Investment Company voted proxies relating to portfolio securities held by the Funds during the most recent 12-month period ended June 30 are made available annually within sixty (60) days of June 30 (1) without charge, upon request, by calling 1-800-999-0887, and on the Investment Company's website at [www.thompsonim.com](http://www.thompsonim.com), and (2) on the SEC's website at [www.sec.gov](http://www.sec.gov).

### **Policy Regarding Disclosure of Fund Holdings**

The Investment Company believes that portfolio holdings information constitutes material, non-public information. Accordingly, the Investment Company has adopted a policy limiting disclosure of its portfolio holdings. A complete list of each Fund's portfolio holdings as of the end of each calendar quarter will be posted on the Investment Company's website within thirty (30) days of the end of such quarter. Lists of each Fund's portfolio holdings are also disclosed to the extent required by law or to ratings agencies such as Morningstar or Lipper. Information about a Fund's portfolio holdings may also be disclosed, without lag and when necessary, to the Investment Company's Advisor, Distributor, Transfer Agent, Custodian, Independent Registered Public Accounting Firm, as defined below, legal counsel, and other service providers (including but not limited to those providing independent pricing services, proxy voting services, portfolio analytics, and financial printing, and subject in each case to the service provider's duty to maintain the confidentiality of such information) to the extent necessary to enable such providers to carry out their responsibilities to the Investment Company. Portfolio holdings information may be provided to broker-dealers in connection with the purchase or sale of securities or with requests for price quotations or bids on one or more securities. Portfolio holdings information may be disclosed in other instances if the recipient of such information is bound by a duty of confidentiality and the Board of Directors of the Investment Company (including a majority of the independent directors) determines that such disclosure is appropriate and is in the best interests of a Fund's shareholders. This policy does not prohibit disclosure to the media and others of particular stocks, industries or market segments that a Fund owns, likes or dislikes, so long as details that would constitute material, non-public information are not selectively disclosed. The Board of Directors receives quarterly reports on compliance with this policy. A

copy of the Investment Company’s policy regarding selective disclosure of portfolio holdings is attached hereto as Exhibit B.

The Investment Company files with the SEC a complete schedule of each Fund’s portfolio holdings for the first and third quarters of each fiscal year on Form N-Q and for the second and fourth quarters of each fiscal year on Form N-CSR. These forms are generally filed within 60 days following the end of the fiscal quarter. These forms are available without charge, upon request, by calling 1-800-999-0887, or on the Investment Company’s website at www.thompsonim.com. These forms are also available on the SEC’s website at www.sec.gov or may be reviewed and copied at the SEC’s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-732-0330.

In accordance with the Investment Company’s selective disclosure of portfolio holdings policy described above, the Investment Company has entered into ongoing arrangements to make public information about each Fund’s portfolio holdings directly available to certain third-party entities. The Investment Company currently may disclose portfolio holdings information based on ongoing arrangements to the following pre-authorized parties:

<b>Name</b>	<b>Information Disclosed</b>	<b>Frequency*</b>	<b>Lag Time</b>
Bloomberg	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Capital-Bridge	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
FactSet	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Lipper Analytics	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Morningstar	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Standard & Poors	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Thomson Financial	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end
Vickers	Full portfolio holdings	Quarterly basis	Approximately 5 days after calendar quarter end

\* Dissemination of portfolio holdings information to the entities listed may occur less frequently than indicated (or not at all). In all cases, such information is disclosed only after the information is posted on the Investment Company’s website.

The Advisor provides investment advice to clients other than the Funds, and these clients may have investment objectives that are substantially similar to those of one or more of the Funds. These clients also may have portfolios consisting of holdings substantially similar to those of one or more of the Funds and generally have access to current portfolio holdings information for their accounts. These clients do not owe the Advisor or the Funds a duty of confidentiality with respect to disclosure of their portfolio holdings.

## ADVISORY, ADMINISTRATIVE AND OTHER SERVICES

### Investment Advisor

Thompson Investment Management, Inc. (“TIM”) acts as the investment advisor for the LargeCap Fund, MidCap Fund and Bond Fund pursuant to an Investment Advisory Agreement. John W. Thompson controls TIM by virtue of owning a majority of its outstanding voting securities. Subject to the general supervision of the Board of Directors of the Investment Company, TIM manages the investment operations of each of the Funds and the composition of their respective assets. In this regard, TIM provides supervision of the assets of each of the Funds, furnishes a continuous investment program for such Funds, and determines from time to time what investments or securities will be purchased, retained or sold by such Funds and what portion of the assets will be invested or held uninvested in cash.

The Investment Advisory Agreement pursuant to which TIM is retained by the LargeCap Fund, MidCap Fund and Bond Fund provides for compensation to TIM (computed daily and paid monthly) at the following annual rates: for the LargeCap Fund and MidCap Fund - 1.00% of the first \$50 million of average daily net assets, and 0.90% of average daily net assets in excess of \$50 million; and for the Bond Fund - 0.65% of the first \$50 million of average daily net assets, and 0.60% of average daily net assets in excess of \$50 million.

The following table sets forth the aggregate fees paid to TIM under the Investment Advisory Agreement for the past three fiscal years:

Fund	For the years ended November 30,		
	2017	2016	2015
LargeCap Fund	\$1,155,208	\$1,015,534	\$1,140,402
MidCap Fund	\$472,948	\$382,067	\$402,176
Bond Fund	\$14,730,296	\$12,577,845	\$19,300,375

The current Investment Advisory Agreement provides that the Advisor may render similar services to others so long as its services under the Agreement are not impaired thereby. The Investment Advisory Agreement with the Funds may enable the Advisor to receive research and related services and equipment from certain broker-dealers in exchange for allocating the Funds’ securities transactions to them. The Investment Advisory Agreement also provides that a Fund will indemnify the Advisor against certain liabilities, including liabilities under the federal securities laws, or, in lieu thereof, contribute to resulting losses. The Investment Advisory Agreement further provides that, subject to Section 36 of the 1940 Act, the Advisor will not be liable for any error of judgment or mistake of law or for any loss suffered by a Fund in connection with the matters to which the Agreement relates, except liability to a Fund or its shareholders to which the Advisor would otherwise be subject by reason of willful misfeasance, bad faith, or gross negligence, in the performance of its duties, or by reason of its reckless disregard of its obligations and duties under the Agreement.

## Information About Portfolio Managers

James T. Evans and Jason L. Stephens are co-portfolio managers for the LargeCap, MidCap, and Bond Funds.

As of November 30, 2017, James T. Evans and Jason L. Stephens each received a fixed salary for managing the Funds, and also owned equity interests in the Advisor and received distributions from the Advisor from time to time.

The following table sets forth the portfolio managers' ownership of Fund shares as of November 30, 2017:

<b>Fund</b>	<b>Portfolio Manager</b>	<b>Dollar Range of Equity Securities</b>
LargeCap Fund	James T. Evans	\$100,001-\$500,000
	Jason L. Stephens	\$100,001-\$500,000
MidCap Fund	James T. Evans	\$500,001-\$1,000,000
	Jason L. Stephens	\$500,001-\$1,000,000
Bond Fund	James T. Evans	\$50,001-\$100,000
	Jason L. Stephens	\$50,001-\$100,000

James T. Evans and Jason L. Stephens each also manage other accounts for individuals and institutional clients. They each receive a fixed salary for managing each of these accounts.

As of November 30, 2017, James T. Evans managed a total of 296 other accounts (none of which was a registered investment company or other pooled investment vehicle), in addition to the LargeCap Fund, MidCap Fund and Bond Fund, having total aggregate assets of \$396 million. None of these accounts was charged a fee based on performance.

As of November 30, 2017, Jason L. Stephens managed a total of 332 other accounts (none of which was a registered investment company or other pooled investment vehicle), in addition to the LargeCap Fund, MidCap Fund and Bond Fund, having total aggregate assets of \$405 million. None of these accounts was charged a fee based on performance.

Many, but not all, of the accounts managed by James T. Evans and Jason L. Stephens have investment strategies similar to those employed for the Funds. Possible material conflicts of interest arising from these portfolio managers' management of the investments of the Funds, on the one hand, and the investments of other accounts, on the other hand, include the portfolio managers' allocation of sufficient time, energy and resources to managing the investments of the Funds in light of their responsibilities with respect to numerous other accounts, particularly accounts that have different strategies from those of the Funds; the fact that the fees payable to TIM for managing a Fund may be less than the fees payable to TIM for managing other accounts, potentially motivating the portfolio managers to spend more time on managing the other accounts; the proper allocation of investment opportunities that are suitable for the Funds and other accounts; and the proper allocation of aggregated purchase and sale orders for the Funds and other accounts.

## Administrator

Under an Administrative and Accounting Services Agreement with the Funds, TIM also provides administrative and accounting services to the Funds. The administrative obligations include: (a) providing supervision of all aspects of each Fund's non-investment operations, such as custody of the Fund's assets, shareholder servicing and legal and audit services (the parties giving due recognition to the fact that certain of such operations are performed by others pursuant to the Funds' agreements with their Custodian and shareholder servicing agent), (b) providing each Fund, to the extent not provided pursuant to such agreements or the agreement with the Funds' accounting services agent, with personnel to perform such executive, administrative and clerical services as are reasonably necessary to provide effective administration of the Fund, (c) arranging, to the extent not provided pursuant to such agreements, for the preparation of each Fund's tax returns, reports to existing shareholders, periodic updating of the Prospectus and this Statement of Additional Information, and reports filed with the SEC and other regulatory authorities, all at the expense of the Fund, (d) providing each Fund, to the extent not provided pursuant to such agreements, with adequate office space and certain related office equipment and services, and (e) maintaining all of the records of each Fund other than those maintained pursuant to such agreements. The accounting service obligations include maintaining and keeping current certain accounts and financial records of each Fund, preparing the financial statements of each Fund as required by the 1940 Act and calculating the net asset value per share of each Fund in the manner described in the Prospectus and this Statement of Information.

The annual fees to be paid by each of the Funds to TIM under the Administrative and Accounting Services Agreement are calculated as follows: 0.15% of the first \$30 million of the Fund's average daily net assets; 0.10% of the next \$70 million of average daily net assets; and 0.025% of average daily net assets in excess of \$100 million. The annual fee is subject to a \$30,000 minimum per Fund.

The following table sets forth the aggregate fees paid to TIM for the past three fiscal years for administrative and accounting services provided to the Funds:

<b>Fund</b>	<b>For the years ended November 30,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
LargeCap Fund	\$120,700	\$116,422	\$120,289
MidCap Fund	\$62,295	\$53,207	\$55,217
Bond Fund	\$702,721	\$613,035	\$893,140

## Expenses

The Funds are responsible for the payment of their own expenses. Such expenses include, without limitation: the fees payable to the Advisor and Administrator; the fees and expenses of the Funds' Custodian and Transfer and Dividend Disbursing Agent; association membership dues; any portfolio losses; filing fees for the registration or qualification of Fund shares under federal or state securities laws; expenses of the organization of the Funds; taxes and tax preparation; expenses relating to the pricing of securities in a Fund's portfolio; interest; costs of liability insurance, fidelity bonds, indemnification or contribution; any costs, expenses or losses arising out of any liability of, or claim for damages or other relief asserted against, the Funds for violation of any law; legal and auditing fees and expenses; expenses of preparing and setting in

type prospectuses, statements of additional information, proxy materials, reports and notices and the printing and distributing of the same to the Funds' existing shareholders and regulatory authorities; compensation and expenses of the Funds' Directors; and extraordinary expenses incurred by the Funds. The Advisor will bear the expense of printing and distributing prospectuses to prospective shareholders.

TIM has contractually agreed to waive management fees and/or reimburse expenses incurred by each Fund through March 31, 2019, so that the annual operating expenses of each Fund do not exceed a set percentage (1.05% for the LargeCap Fund, 1.15% for the MidCap Fund, and 0.80% for the Bond Fund) of such Fund's average daily net assets.

The following table sets forth the total expenses TIM reimbursed with respect to the Funds for the past three fiscal years:

<b>Reimbursed Expenses</b>			
<b>For the years ended November 30,</b>			
<b>Fund</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
LargeCap Fund	\$144,419	\$132,415	\$85,942
MidCap Fund	\$112,365	\$95,711	\$77,706
Bond Fund	\$0	\$0	\$0

### **Transfer and Dividend Disbursing Agent**

U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, Milwaukee, Wisconsin 53202, is the transfer and dividend disbursing agent for the Funds.

### **Custodian**

U.S. Bank, N.A., 1555 North RiverCenter Drive, Milwaukee, Wisconsin 53212, is the custodian of the Funds' portfolio securities and cash.

### **Counsel and Independent Registered Public Accounting Firm**

Quarles & Brady LLP, 411 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, serves as general counsel to the Funds.

Cohen & Company, Ltd., 1350 Euclid Avenue, Suite 800, Cleveland, Ohio 44115, provides audit and tax services for the Funds.

## DISTRIBUTION

The Distributor, Quasar Distributors, LLC, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202, is principal underwriter and distributor of shares of the Funds. Shares of the Funds are offered to the public on a continuous basis. The Distributor sells the shares on a best efforts basis pursuant to a Distribution Agreement among the Investment Company, the Advisor and the Distributor. The Distribution Agreement was approved by the Board of Directors of the Investment Company, including a majority of directors who are not “interested persons” (as defined in the 1940 Act) of the Investment Company, the Advisor or the Distributor.

Under the Distribution Agreement, the Distributor is available to receive orders, make the Funds’ shares available for sale and redemption through the NSCC’s Fund/SERV system and to cooperate with the Investment Company on the development of advertisements and sales literature relating to the Funds. The Distributor, at its sole discretion, may repurchase shares offered for sale by Fund shareholders and enter into agreements with qualified broker-dealers who are interested in selling shares of the Funds. The Investment Company has agreed to indemnify the Distributor for claims, liabilities, losses, damages and expenses arising out of or based upon an untrue statement of a material fact contained in the Funds’ registration statement, prospectus (including the statement of additional information), annual or interim report, advertisement or sales literature or an omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of or based upon the Investment Company’s failure to comply with the Distribution Agreement or applicable law. The Distributor has agreed to indemnify the Investment Company for claims, liabilities, losses, damages and expenses arising out of or based upon the Distributor’s failure to comply with the terms of the Distribution Agreement or applicable law or the Distributor’s willful or negligent acts or omissions.

Because the Investment Company has not adopted a distribution plan for the Funds, it cannot compensate the Distributor for the services it provides under the Distribution Agreement. Instead, the Advisor is responsible for paying the Distributor’s fees under the Distribution Agreement. Such fees are payable monthly at an annual rate equal to 0.015% of the net asset value of the Funds from \$250 million to \$500 million, 0.0065% of the net asset value of the Funds on the next \$500 million and 0.0025% on the balance, subject to a minimum annual fee of \$35,000, as well as certain other fixed fees for compliance review services.

The Distribution Agreement continues for a period of two years from its effective date and thereafter will continue for successive one-year periods so long as such continuance is approved at least annually by the Investment Company Board of Directors, including a majority of directors who are not “interested persons” of the Investment Company, the Advisor or the Distributor. The Distribution Agreement may be terminated, upon at least 60 days written notice, by either the Investment Company or the Distributor, and will automatically terminate in the event of its assignment.

The Advisor pays, out of its own resources, amounts to broker-dealers and other intermediaries for various shareholder, account maintenance, networking and other services they provide to the Funds. Such services usually include maintaining aggregated or omnibus accounts through which the clients, plan participants and beneficial holders of such broker-dealers and intermediaries invest in the Funds; expedited processing of purchase, redemption or exchange transactions for clients, plan participants and beneficial holders of such broker-dealers and



intermediaries; forwarding copies of Fund prospectuses, reports, proxy materials and other communications to their clients, plan participants and other beneficial holders; and/or responding to questions about Fund purchases, redemptions, exchanges and the like. The payments made by the Advisor under the shareholder servicing arrangements are generally expressed as a percentage of the aggregate net assets of the accounts in the Funds for which such broker-dealers and intermediaries are responsible, and payments made by the Advisor under the networking arrangements are generally expressed in a per account, per period fee for accounts in the Funds for which such broker-dealer and intermediaries are responsible. The Funds reimburse the Advisor for a portion of the amounts paid by the Advisor under these arrangements. The amount reimbursed by the Funds is equal to (1) for those accounts maintained through a shareholder servicing arrangement, an annual rate of no more than 0.10% of the average daily net assets of the omnibus accounts in the Funds for which all broker-dealers and other intermediaries, in the aggregate, are responsible, and (2) for those accounts maintained through a networking arrangement, no more than \$6 per year per account in the Funds for which the broker-dealers and other intermediaries are responsible; provided however, in all cases only one of these fees shall be applicable to the assets in an account. This amount has been determined by the Funds' Board to approximate (or not to exceed) the transfer agency fees that would otherwise have been payable by the Funds if such broker-dealers and intermediaries did not maintain these accounts. For the fiscal year ended November 30, 2017, the amounts reimbursed by the Funds to the Advisor were \$19,729, \$3,313, and \$706,104 for the LargeCap Fund, MidCap Fund and Bond Fund, respectively.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

The Advisor is responsible for decisions to buy and sell securities for the Funds, the selection of brokers and dealers to effect the transactions and the negotiation of brokerage commissions, where applicable. Purchases and sales of securities on a national securities exchange are effected through brokers who charge a negotiated commission for their services. In the over-the-counter market, securities are generally traded on a "net" basis with dealers acting as principal for their own accounts without a stated commission, although the price of the security usually includes a profit to the dealer. In underwritten offerings, securities are purchased at a fixed price which includes an amount of compensation to the underwriter, generally referred to as the underwriter's concession or discount. On occasion, certain money market instruments may be purchased directly from an issuer, in which case no commissions or discounts are paid.

In placing purchase and sale orders for portfolio securities for the Funds, it is the policy of the Advisor to seek the best net price and the most favorable execution in light of the overall quality of brokerage and research services provided. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in best net price and the most favorable execution involves a number of largely judgmental considerations. Among these are the Advisor's evaluation of the broker's efficiency in executing and clearing transactions and the broker's financial strength and stability. The best net price takes into account the brokerage commission or dealer spread involved in purchasing the securities. Transactions in the securities of small companies may involve specialized services on the part of the broker and thereby entail higher commissions or spreads than would be paid in transactions involving more widely traded securities.

In selecting brokers to effect portfolio transactions for the Funds, the Advisor also takes into consideration the research, analytical, statistical and other information and services provided by the broker, such as general economic reports and information, reports or analyses of particular companies or industry groups, market timing and technical information, access to computerized databases and the software for analyzing such databases in order to obtain information regarding performance of securities and the advisability of investing, and the availability of the brokerage firm's analysts for consultation. Where computer software serves functions other than assisting the Advisor in the investment decision-making process (e.g., recordkeeping), the Advisor makes a reasonable allocation of the cost of the software to such other functions and bears all costs related to such other functions itself. While the Advisor believes such information and services have substantial value, the Advisor considers them supplemental to its own efforts in the performance of its duties under the Investment Advisory Agreement. Other clients of the Advisor may benefit from the availability of these services to the Advisor, and the Funds may benefit from services available to the Advisor as a result of transactions for other clients. The Investment Advisory Agreement provides that the Advisor, in placing orders for portfolio securities, is entitled to rely upon Section 28(e) of the Securities Exchange Act of 1934. This Section generally permits the Advisor to cause the Funds to pay a broker or dealer who provides brokerage and research services to the Advisor an amount of commission for effecting a securities transaction that is in excess of the amount another broker or dealer would have charged for effecting the transaction, provided that in order to rely upon Section 28(e), the Advisor must determine in good faith that such amount of commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker or dealer viewed in terms of either the particular transaction or the Advisor's overall responsibilities with respect to the Funds and the other accounts as to which the Advisor exercises investment discretion.

The Advisor does not compensate broker-dealers for, or otherwise take into consideration, the efforts of a broker-dealer in marketing, offering or selling Fund shares in allocating brokerage, although pursuant to procedures adopted by the Funds, the Advisor may effect portfolio transactions through such broker-dealers.

On occasions when the Advisor deems the purchase or sale of a security to be in the best interest of a Fund as well as the Advisor's other customers (including any other fund or other investment company or advisory account for which the Advisor acts as investment advisor), the Investment Advisory Agreement provides that the Advisor, to the extent permitted by applicable laws and regulations, may aggregate the securities to be sold or purchased for the Fund with those to be sold or purchased for such other customers in order to obtain the best net price and most favorable execution. In such event, allocation of the securities so purchased or sold, as well as the expenses incurred in the transaction, will be made by the Advisor in the manner it considers to be most equitable and consistent with its fiduciary obligations to the Fund and such other customers. In some instances, this procedure may adversely affect the size of the position obtainable for a Fund.

The following table sets forth the aggregate brokerage commissions paid by each Fund for the past three fiscal years:

Fund	Brokerage Commissions Paid by the Funds		
	For the years ended November 30,		
	2017	2016	2015
LargeCap Fund	\$81,549	\$79,142	\$67,735
MidCap Fund	\$79,271	\$61,045	\$41,145
Bond Fund	\$5,000	\$7,948	\$39,683

The Funds did not pay any brokerage commissions to any affiliated person of the Funds, the Advisor or the Distributor, or to any affiliates of such affiliated persons during the past three fiscal years.

The following table sets forth, for the fiscal year ended November 30, 2017, the aggregate dollar amount of portfolio securities transactions executed for the Funds by broker-dealers who provided research services to the Funds or with which the Funds had directed brokerage arrangements, and the commissions paid to such broker-dealers.

Fund	Aggregate Directed Portfolio Transactions	Brokerage Commissions
LargeCap Fund	\$45,861,677	\$50,667
MidCap Fund	\$26,889,644	\$79,271
Bond Fund	\$2,085,000	\$5,000

As of November 30, 2017, no Fund owned any securities of its “regular broker-dealer” (as defined in Rule 10b-1 under the 1940 Act) or of their parents, except as set forth in the table below.

Fund	Issuer (Regular Broker-Dealer)	Security	Value at November 30, 2017
LargeCap Fund	None	None	None
MidCap Fund	None	None	None
Bond Fund	Bank of New York Mellon	Bonds	\$160,000
	Barclays Capital	Bonds	\$21,306,097
	Goldman Sachs Group	Bonds	\$53,727,528
	Morgan Stanley	Bonds	\$29,630,471

## TAXES

Each Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), and to take all other action required so that no federal income tax will be payable by such Fund itself. In order to qualify as a regulated investment company, each Fund must satisfy a number of requirements. If a Fund were to fail to qualify as a regulated investment company under the Code, it would be treated as a regular corporation whose net taxable income (including taxable dividends and net capital gains) would be subject to income tax at the corporate level, and distributions to shareholders would be subject to a second tax at the shareholder level.

The dividends received deduction available to a corporate shareholder with respect to certain ordinary income distributions from a Fund may be reduced below 50% if the shareholder has incurred any indebtedness directly attributable to its investment in Fund shares.

Any ordinary income or capital gain distribution will reduce the net asset value of Fund shares by the amount of the distribution. Although such a distribution thus resembles a return of capital if received shortly after the purchase of shares, it generally will be taxable to shareholders.

All or part of any loss that a shareholder realizes on a redemption of shares will be disallowed if the shareholder purchases other shares of the same Fund (including by the automatic reinvestment of Fund distributions in additional Fund shares) within 30 days before or after the redemption.

Each Fund will be subject to a nondeductible 4% excise tax if it fails to meet certain requirements with respect to distributions of ordinary income and capital gain net income. It is anticipated that this provision will not materially affect the Funds or their shareholders. Dividends declared in October, November or December to shareholders on a date in any such month and paid during January of the following year will be treated as received by the shareholders on December 31 of the year declared.

Dividends and other distributions paid to individuals and other non-exempt persons are subject to a 24% backup federal withholding tax if the Transfer Agent is not provided with the shareholder's correct taxpayer identification number or certification that the shareholder is not subject to such backup withholding or if a Fund is notified that the shareholder has underreported income in the past. In addition, such backup withholding tax will apply to the proceeds of redemption or repurchase of shares from a shareholder account for which the correct taxpayer identification number has not been furnished. For most individual taxpayers, the taxpayer identification number is the taxpayer's social security number. A shareholder may furnish the Transfer Agent with such number and the required certifications by completing and sending the Transfer Agent either the account application form accompanying the Prospectus or an IRS Form W-9.

As of November 30, 2017, accumulated net realized capital loss carryovers, if any, were:

	<b>LargeCap Fund</b>	<b>MidCap Fund</b>	<b>Bond Fund</b>
Net capital loss carryover			
Short-term	-	-	17,788,426
Long-term	<u>-</u>	<u>-</u>	<u>106,594,621</u>
Total capital loss carryover	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,383,047</u>

To the extent that a Fund realizes future capital gains, taxable distributions will be reduced by any unused capital loss carryover as permitted by the Code. If a Fund incurs net capital losses in future taxable years, those losses will be carried forward to one or more subsequent taxable years without expiration, and the losses will retain their character as either short-term or long-term.

The foregoing discussion of tax consequences is only a general summary of some of the federal income tax considerations generally affecting each Fund and its shareholders and is based on federal tax laws and regulations in effect on the date of this Statement of Additional Information,

which are subject to change by legislative or administrative action, with possible retroactive effect. Shareholders should consult their own tax advisors regarding the state and local tax consequences of an investment in a Fund and the particular tax consequences to them of an investment in a Fund.

### **Cost Basis Reporting**

The Funds are required to report to you and to the IRS the cost basis of your Fund shares acquired on or after January 1, 2012 (“covered shares”) when those shares are subsequently redeemed. Unless you elect a different permissible cost basis method in writing, the cost basis of covered shares will be determined using the average cost method, described below. These reporting requirements do not apply to shares held by you through a tax-deferred arrangement such as a 401(k) or an individual retirement account. Shares acquired prior to January 1, 2012 (“non-covered shares”) are treated as if they are held in an account separate from the covered shares for purposes of these reporting requirements. The Funds are not required to determine or report a shareholder’s cost basis of non-covered shares and are not responsible for the accuracy and reliability of any information provided for non-covered shares. However, as a courtesy, the Funds will continue to provide you with the cost basis of non-covered shares using the average cost method when available.

The cost basis of a share is generally its purchase price adjusted for distributions, returns of capital, and other corporate actions. Cost basis is used to determine whether the redemption of a share results in a gain or loss. If you redeem covered shares during any year, the Funds will report the gain or loss, cost basis, and holding period of such covered shares to you and to the IRS on your Consolidated Form 1099.

A cost basis method is used by the Funds to determine which specific shares are deemed to be sold when a shareholder sells less than his or her entire position in a Fund and has made multiple purchases of Fund shares on different dates at differing net asset values. If a shareholder does not affirmatively elect a particular cost basis method, the Funds will use the average cost method, which averages the cost basis of all Fund shares purchased on or after January 1, 2012, in an account regardless of holding period, and deems shares sold or transferred first to be those with the longest holding period. Each shareholder may elect in writing or via the internet for an alternate permissible cost basis method to be used to calculate the cost basis of its covered shares. The cost basis reporting method cannot be changed for previously redeemed covered shares.

If you hold Fund shares through a financial intermediary, please contact that financial intermediary to discuss the reporting of cost basis and available elections for your account.

You are encouraged to consult your tax advisor regarding the application of these cost basis reporting rules and, in particular, which cost basis calculation method you should elect. Representatives of the Funds are not licensed tax advisors and are unable to give tax advice.

## CAPITAL STOCK AND OTHER SECURITIES

### General

The authorized capital stock of the Investment Company consists of an indefinite number of shares of Common Stock, \$0.001 par value per share. The shares of Common Stock are presently divided into three series, each of which has an indefinite number of authorized shares: the LargeCap Fund, the MidCap Fund and the Bond Fund. The Board of Directors may authorize the issuance of additional series of Common Stock (funds). Each share of a series represents an equal proportionate interest in the assets and liabilities belonging to that series with each other share of that series, and is entitled to such dividends and distributions out of income belonging to the series as are declared by the Board of Directors.

Each share of Common Stock has one vote and, when issued and paid for in accordance with the terms of the Prospectus, will be fully paid and nonassessable. The Funds currently have no employees and do not intend to have employees in the future. Shares of Common Stock are redeemable at net asset value, at the option of the shareholder. Shares of Common Stock have no preemptive, subscription, conversion or cumulative voting rights and are freely transferable. Shares of Common Stock can be issued as full shares or fractions of shares.

Shareholders have the right to vote on the election of the directors of the Investment Company at each meeting of shareholders at which directors are to be elected, and on other matters as provided by law or by the Investment Company's Articles of Incorporation or Bylaws. Shareholders of each Fund vote together to elect a single Board of Directors of the Investment Company and on other matters affecting the entire Investment Company, with each share entitled to a single vote. On matters affecting only one Fund, only the shareholders of that Fund are entitled to vote. On matters relating to all Funds, but affecting individual Funds differently (such as a new investment advisory agreement), separate votes by shareholders of each Fund are required. The Investment Company's Articles of Incorporation do not require the holding of annual meetings of shareholders. However, special meetings of shareholders may be called (and, at the request of shareholders holding 10% or more of the Funds' outstanding shares, must be called) for purposes such as electing or removing directors, changing fundamental policies or approving investment advisory contracts.

### Control Persons and Principal Holders of Fund Shares

The following table sets forth the names, addresses and percentage ownership of each person who owns of record, or is known to management to own, beneficially 5% or more of a Fund's outstanding shares as of March 1, 2018. Any person owning more than 25% of a Fund's shares may be considered a "controlling person" of that Fund. A controlling person's vote could have a more significant effect on matters presented to shareholders for approval than the vote of other Fund shareholders. Other than those named below, no person controls any Fund.

NAME AND ADDRESS	TYPE OF OWNERSHIP	PERCENTAGE OWNERSHIP
<b>LARGECAP FUND:</b>		
Charles Schwab <sup>(1)</sup> 211 Main Street San Francisco, CA 94105-1905	Record	28.63%
National Financial Services LLC 499 Washington Blvd., 4 <sup>th</sup> Floor Jersey City, NJ 07310-1995	Record	10.23%
John W. Thompson <sup>(1)</sup> 918 Deming Way, 3 <sup>rd</sup> Floor Madison, WI 53717	Beneficial	8.24%
Strafe & Co <sup>(1)</sup> P.O. Box 6924 Newark, DE 19714-6924	Record	7.29%
All officers and directors of the Investment Company as a group (11 persons)		8.45%
<b>MIDCAP FUND:</b>		
Charles Schwab <sup>(1)(3)</sup> 211 Main Street San Francisco, CA 94105-1905	Record	55.50%
National Financial Services LLC <sup>(2)</sup> 499 Washington Blvd., 4 <sup>th</sup> Floor Jersey City, NJ 07310-1995	Record	14.31%
John W. Thompson <sup>(1)</sup> 918 Deming Way, 3 <sup>rd</sup> Floor Madison, WI 53717	Beneficial	13.36%
Strafe & Co <sup>(1)</sup> P.O. Box 6924 Newark, DE 19714-6924	Record	12.38%
James Delaney III Trust <sup>(2)</sup> c/o Northern Trust 50 South LaSalle Street Chicago, IL 60603	Beneficial	8.12%
Thompson Investment Management, Inc. 401(k) Profit Sharing Plan <sup>(3)</sup> 918 Deming Way, 3 <sup>rd</sup> Floor Madison, WI 53717	Beneficial	7.91%
Philip Newman Family Trust <sup>(3)</sup> c/o Charles Schwab 211 Main Street San Francisco, CA 94105-1905	Beneficial	7.20%
All officers and directors of the Investment Company as a group (11 persons)		20.18%

<b>NAME AND ADDRESS</b>	<b>TYPE OF OWNERSHIP</b>	<b>PERCENTAGE OWNERSHIP</b>
<b>BOND FUND:</b>		
National Financial Services LLC 499 Washington Blvd., 4 <sup>th</sup> Floor Jersey City, NJ 07310-1995	Record	51.15%
Charles Schwab 211 Main Street San Francisco, CA 94105-1905	Record	18.43%
Wells Fargo Clearing Services LLC 2801 Market Street Saint Louis, MO 63103-2523	Record	5.52%
TD Ameritrade, Inc. P.O. Box 2226 Omaha, NE 68103-2226	Record	5.01%
All officers and directors of the Investment Company as a group (11 persons)		0.14%

- (1) The percentage beneficial ownership of John W. Thompson shown in the table with respect to the LargeCap Fund and MidCap Fund is also included within the amount of the percentage record ownership shown for Charles Schwab and Strafe & Co.
- (2) The percentage beneficial ownership of the James Delaney III Trust shown in the table with respect to the MidCap Fund is also included within the amount of the percentage record ownership shown for National Financial Services LLC.
- (3) The percentage beneficial ownership of the Philip Newman Family Trust and the Thompson Investment Management, Inc. 401(k) Profit Sharing Plan shown in the table with respect to the MidCap Fund is also included within the amount of the percentage record ownership shown for Charles Schwab.

## **FINANCIAL STATEMENTS**

The financial statements and related report of Cohen & Company, Ltd., independent registered public accounting firm, contained in the Annual Report to Shareholders for the fiscal year ended November 30, 2017 are incorporated herein by reference. The Annual Report to Shareholders may be obtained without charge by writing to Thompson IM Funds, Inc., P.O. Box 701, Milwaukee, Wisconsin 53201 or by calling 1-800-999-0887.



**THOMPSON IM FUNDS, INC.  
PROXY VOTING POLICIES AND PROCEDURES**

**Introduction**

Thompson IM Funds, Inc. (the “Funds”) has adopted these Proxy Voting Policies and Procedures pursuant to Investment Company Act Release IC-25922 (“Disclosure of Proxy Voting Policies and Proxy Voting Records by Registered Management Investment Companies”). The Release, among other things, amended Items 13 and 22 of Form N-1A. New Item 13(f) requires each mutual fund to describe or include in its statement of additional information the policies and procedures that the fund uses to determine how to vote proxies relating to portfolio securities, including procedures that the fund uses when a vote presents a conflict between the interests of fund shareholders and those of the fund’s investment adviser, principal underwriter or an affiliated person of the adviser or underwriter.

**General Policies and Procedures**

The Funds are managed with one goal in mind: to maximize shareholder value consistent with the Funds’ investment objectives and policies. The Funds buy, hold and sell securities in pursuit of this goal. The Funds also exercise their rights as shareholders, including their voting rights, in the companies in which they invest in furtherance of this goal. The Funds take their voting rights seriously as they believe such rights are significant assets of the Funds. How the Funds vote on matters submitted to them in their capacity as shareholders of companies in their portfolio can have an impact on shareholder value.

The Funds typically invest in companies due, in part, to the strength, experience, quality and depth of their management. Management is entrusted with the day-to-day operations of a company, and a company’s board of directors is responsible for long-range and other strategic planning decisions and corporate oversight. The Funds do not and cannot micromanage the companies in which they invest. While the Funds remain confident in the capabilities and motivations of a company’s management (including its board of directors), the Funds will give considerable deference to the view of management with regard to matters submitted to a vote of shareholders. As a result, the Funds will frequently vote in a manner consistent with management’s recommendations.

The Funds believe sound corporate governance adds value to shareholders of companies. The Funds will generally support matters which promote the corporate governance objectives: accountability of a company’s management and board of directors to its shareholders; close alignment of the interests of management with those of shareholders; protection of shareholder rights, including voting rights; and accurate, understandable and timely disclosure of material information about a company’s operations and financial performance.

**Specific Matters**

Specific matters of concern to the Funds include election of directors, equity-based compensation, corporate structure and shareholder rights, takeover deterrents and defense mechanisms, and social policy issues and shareholder proposals. Although the Funds do not

have a policy of voting for or against any specific type of matter, the Funds will generally disfavor any matter that in its view is not in the best interests of a company's shareholders, particularly their interest in the creation of value for their shares. The Funds will also not generally approve any matter that weakens the accountability of a company's management to shareholders, potentially skews the alignment of the interests of management with those of shareholders, abridges shareholder rights, deters legitimate change of control transactions or has potential adverse economic effect on a company. The Funds will also vote against management's nominees for election as directors and other management recommendations if the Funds believe that management, including the board of directors, are failing to serve the best interests of their companies' stockholders.

Election of Directors. The Funds support a board of directors consisting of a majority of independent directors. The Funds also support the annual election of the entire board of directors. The Funds will generally resist efforts to create a staggered or classified board. The Funds will consider supporting attempts to de-classify existing boards. The Funds also generally favor cumulative voting in the election of directors because it increases the shareholders' rights to effect change in the management of a company. However, other protections, such as a nominating committee comprised entirely of independent directors and a board consisting of a majority of independent directors, may make cumulative voting less important. The Funds also support the ability of shareholders to remove directors with or without cause and to fill vacancies on the board. In voting to elect or withhold support for a nominee to a company's board, the Funds will consider the experience and likely contribution of the nominee to the board and any committees of the board and his or her knowledge of the company and its industry.

Ratification of Independent Accountants. In considering whether to ratify the selection of independent accountants, the Funds will take into account the reputation of the accounting firm and the services it has or can provide to the company, and any other relationships it may have with the company, the company's board or its audit committee.

Equity-Based Compensation. The Funds believe that properly designed equity-based compensation plans, including restricted stock, option and purchase plans, effectively align the interests of shareholders with those of management and key employees. The Funds believe that equity-based compensation should be specifically tailored to achieve identifiable performance objectives. The Funds prefer restricted stock versus stock options because restricted stock better aligns shareholder interests with employee interests. The Funds are generally opposed to plans that substantially dilute their ownership interest in companies, provide participants with excessive awards or have other objectionable features and terms (such as de minimis exercise prices, automatic re-pricing features or the absence of vesting or holding period requirements).

The Funds also believe that management, particularly a company's executive officers, should be fairly compensated and provided appropriate incentives to create value for shareholders. However, the Funds will generally not support, without a valid justification, compensation or severance pay which is considered to be excessive, or bonuses and other incentives that are not tied to the creation of shareholder value.

Corporate Structure and Shareholder Rights. The Funds believe that shareholders generally should have voting power equal to their equity interest in a company and should be able to approve or reject matters by a simple majority vote. The Funds will generally support proposals to eliminate supermajority vote requirements and will generally vote against proposals to impose supermajority vote requirements. The Funds will also generally not support proposals for the creation of a separate class of common stock with greater or lesser voting rights. The Funds

generally oppose proposals that eliminate or restrict the right of shareholders to call meetings or to take action by written consent in lieu of a meeting.

Takeover Deterrents. The Funds believe that the shareholders of a company should have the right to determine whether a change in control transaction is in their best interests. Although the Funds believe that in many change in control transactions a company's management plays an important role in increasing shareholder value, the Funds are skeptical of shareholder rights plans (i.e., poison pills) that would require management's involvement in the process. Some poison pills are subject to shareholder vote, mandatory periodic review by independent directors, short-term sunset provisions and qualified/permitted offer provisions, and may be acceptable to the Funds.

Proposals to increase the number of authorized shares of common stock or to create "blank check" preferred stock can also be used to deter takeover attempts that are not favored by management. However, additional authorized shares and blank check preferred stock are useful for legitimate financing needs. The Funds will therefore consider the likely uses and number of the additional authorized shares in determining how to vote on such proposals.

Shareholder Proposals regarding Social Policy Issues, Transparency. The Funds generally will not support shareholder proposals on social policy issues or that dictate a company's business practices, unless the Funds believe such proposals may have a beneficial effect on the company's stock price. Shareholder proposals typically relate to ordinary business matters which are more properly the responsibility of the company's management and its board of directors. However, the Funds generally will support shareholder proposals that are designed to increase the transparency of the business decision-making processes of a company (as opposed to dictating the outcome of those processes). Such proposals may include but are not limited to issues relating to executive compensation and political contributions. The Funds will not support any such transparency-enhancing proposals that are reasonably expected to result in a substantial risk of disclosure of a company's proprietary information, such as its trade secrets or non-public intellectual property.

### **Delegation of Proxy Voting; Conflicts of Interest**

The Funds delegate their proxy voting decisions to Thompson Investment Management, Inc., their investment adviser (the "Adviser"). The portfolio manager(s) of the Funds (who are employees of the Adviser) decide on how votes should be cast by the Funds, given their knowledge of the companies in which the Funds are invested and practices common in the companies' relevant industries. The Adviser and portfolio manager(s) are required to cast votes on behalf of the Funds strictly in accordance with these Proxy Voting Policies and Procedures.

Proxies of the Funds may be solicited by a company at times in which the Adviser or one of its affiliates has, or is seeking, a business relationships with such company or in which some other conflict of interest may be present. For example, the Adviser or an affiliate of the Adviser may manage the assets of an executive officer or a pension plan of the subject company, administer the subject company's employee benefit plan, or provide brokerage, investment, trust, consulting or other services to the subject company. Personal relationships may also exist between a representative of the Adviser and a representative of the company. By the same token a conflict of interest may be present between the Adviser or one of its affiliates and other persons, whether or not associated with the subject company, who may have a stake in the outcome of the vote. Under these circumstances the Adviser may be inclined to vote in a certain way to avoid possible

damage to the Adviser's (or affiliate's) relationship or potential relationship, which could be inconsistent with the Adviser's responsibility to the Funds and their shareholders.

The Adviser will maintain a list of companies that present a potential conflict of interest with regard to the voting of proxies for the Funds managed by the Adviser. The portfolio manager(s) of the Funds with authority to vote proxies for the Funds will refer to the list before voting proxies. If a proxy relates to a company on the list, the matter shall be forwarded to the Adviser's Proxy Review Committee for further consideration. When the Adviser's Proxy Review Committee believes that a particular vote to be cast by the Adviser on behalf of the Funds presents a material conflict of interest, the Adviser should inform legal counsel to the Funds and explain the conflict. The Adviser will also be required to inform the Funds' Board of Directors of the conflict and seek guidance from the Board as to how the vote should be cast. The guidance provided by the Board of Directors, including a majority of the directors who are not "interested persons" of the Adviser, will be binding on the Adviser. Notwithstanding the above, the Board of Directors may establish a proxy voting committee, a majority of the members of which may not be "interested persons" of the Adviser, that will be authorized and directed to provide guidance to the Adviser on how to cast votes on behalf of the Fund if a material conflict of interest is present.

The Adviser has formed an internal Proxy Review Committee to identify non-routine matters and proposals with potential to create conflicts of interest, and to otherwise implement these Proxy Voting Policies and Procedures. The Proxy Review Committee will consist of officers and/or employees of the Adviser and will always include its Chief Compliance Officer.

### **Miscellaneous**

These Proxy Voting Policies and Procedures are guidelines to be followed by the Adviser who is delegated the responsibility for voting proxies on behalf of the Funds. They are not hard and fast rules. Each matter on which the Funds are entitled to vote will be considered on a case-by-case basis and votes will be cast in a manner believed in good faith to be in the best interest of the Funds and its shareholders.

These Proxy Voting Policies and Procedures may be amended at any time by the Board of Directors of the Funds, including a majority of the directors who are not "interested persons" of the Adviser.

**THOMPSON IM FUNDS, INC.  
SELECTIVE DISCLOSURE OF PORTFOLIO HOLDINGS**

The Board of Directors of Thompson IM Funds, Inc. (the “Company”) has adopted this Policy regarding the disclosure of information related to the portfolio holdings of the various mutual fund series (the “Funds”) of the Company.

**General Policy**

Information about the portfolio holdings of the Funds is generally considered to be relevant and significant to persons in deciding to buy or sell shares of the Funds. Such information should be safeguarded as material, non-public information until publicly disclosed. This means, at a minimum, that information about the portfolio holdings of any Fund should not be selectively disclosed to investors or potential investors (or their advisers, consultants or intermediaries) or to any other persons unless there are legitimate Company business purposes for doing so and such persons are subject to a duty of confidentiality and trading restrictions.

**Specific Authorized Public Disclosures**

The Company shall post on its website a complete schedule of the securities and investments owned by each Fund (the “Holdings Schedule”) as of the end of each calendar quarter. This posting shall be made within thirty (30) days of the end of such quarter. The Holdings Schedule of each Fund shall at least identify each security or investment and its market value at the end of the quarter. In addition, the Company shall disclose the investments of the Funds as required by the Investment Company Act of 1940, as amended, and the rules and regulations adopted by the Securities and Exchange Commission thereunder (the “Investment Company Act”). Currently, the Investment Company Act requires the Funds to file with the SEC a complete schedule of their portfolio holdings for the first and third quarters of each fiscal year on Form N-Q and for the second and fourth quarters of each fiscal year with their annual and semi-annual reports to shareholders on Form N-CSR. These forms are required to be filed with the SEC approximately 60 days following the end of the relevant fiscal quarter. Portfolio holdings of the Funds shall also be disclosed to the extent required by applicable law, including without limitation the Securities Act of 1933 and the Securities Exchange Act of 1934 such as in filings on Schedule 13D or 13G or Form 13F.

The Company may refer persons who seek information on portfolio holdings to the Holdings Schedule posted on the website or the Company may deliver a copy of a Holdings Schedule to them but not until after the Holdings Schedule has been posted on the website.

## **Prohibition Against Selective Disclosure**

Other than the postings of Holdings Schedules as described above, as described under “Permissible Disclosure” below, or as required by law, no person associated with the Company or Thompson Investment Management, Inc. (the “Advisor”) or any other service provider to the Funds shall disclose to any person any information regarding the portfolio holdings of any Fund. This prohibition includes a partial or complete list of the securities and other investments of any Fund, as well as information about a particular security or investment purchased, sold or held (or proposed to be purchased or sold) by a Fund. The Company shall advise its service providers (including without limitation, its Advisor, distributor, Quasar Distributors, LLC (the “Distributor”), transfer agent, U.S. Bancorp Fund Services, LLC (the “Transfer Agent”) administrator and accounting agent, Thompson Investment Management, Inc. (the “Administrator and Accounting Agent); custodian, U.S. Bank, National Association (the “Custodian); counsel, Quarles & Brady LLP (the “Counsel”); and independent registered public accounting firm, Cohen & Company, Ltd. (the “Independent Registered Public Accounting Firm”) of this Policy and determine the ability of such service providers to comply with it.

## **Permissible Disclosure**

Notwithstanding the prohibitions above, the Investment Team of the Advisor, with approval from the Chief Compliance Officer, may disclose a Fund’s portfolio holdings (including a more current list of holdings than the quarterly Holdings Schedule) to a recognized rating agency such as Morningstar or Lipper for its use in developing a rating for the Fund or in evaluating the category in which the Fund should be placed. In addition, (i) the Investment Team of the Advisor (including the portfolio manager(s) of a Fund, after consultation with the Company’s Chief Compliance Officer) may disclose to a newspaper, magazine or television, cable or radio program that a Fund owns a particular security or securities within a particular industry, sector or market capitalization, and (ii) representatives of the Fund’s Advisor or Distributor may discuss with shareholders and prospective investors, the Company’s assessment and interest in a particular company whose securities are held in the Fund’s portfolio, provided said security has been identified as a holding of the Fund in its most recently published list of securities holdings and provided the Chief Compliance Officer has authorized and approved the disclosure. No disclosure permitted by either clause (i) or clause (ii) of the foregoing shall include disclosure of the number of shares or principal amount of the subject securities held by the relevant Fund or the percentage that any such position represents in the Fund or in the issuer of such securities and shall not include disclosure regarding whether the Fund is considering the purchase or sale of any of the subject securities.

Information about a Fund’s portfolio holdings may be disclosed, without lag and when necessary, to the Fund’s Advisor, Distributor, Administrator, and Accounting agent, Transfer Agent, Custodian, Counsel, Independent Registered Public Accounting Firm and other service providers only to the extent required by law or, subject to imposing appropriate conditions on the confidentiality and safekeeping of such information, only to the extent necessary to enable such service providers to carry out their specific duties, responsibilities and obligations to the Fund. The Fund’s Advisor, Distributor, Administrator and Accounting Agent, Transfer Agent, and Custodian generally have access to information about a Fund’s portfolio holdings on a daily basis. The Fund’s Counsel and Independent Registered Public Accounting Firm are generally

provided with information about a Fund's portfolio holdings on a quarterly basis and semi-annual basis, respectively.

Additionally, the Funds may disclose, for the purpose of facilitating efficient trading, one or more of their securities when purchasing and selling their securities through broker-dealers and requesting bids on securities. The Funds also may disclose such information when obtaining price quotations on securities. The Company communicates its expectation of confidentiality as a condition of doing business with the Funds in advance of any such disclosure and would not continue to conduct business with any company that the Company believed was misusing the disclosed information, but has not entered into formal nondisclosure agreements in connection with these situations.

Information about a Fund's portfolio holdings may also be disclosed if, in advance of such disclosure, it is established to the satisfaction of the Board of Directors, including a majority of Directors who are not "interested persons" of the Company, upon the advice of legal counsel, that such disclosure does not violate applicable securities laws and is in the best interests of shareholders of that Fund and that the recipient of such information has agreed to maintain the confidentiality of such information and will not trade on such information.

### **Reports to Board**

The Company shall report to the Board of Directors on a quarterly basis the parties' compliance with this Policy.

### **Oversight of Policy**

The Company's Chief Compliance Officer shall be responsible for overseeing this Policy and for ensuring that all appropriate parties acknowledge their understanding of this Policy. The Chief Compliance Officer shall periodically evaluate the effectiveness of this Policy and recommend to the Board of Directors modifications to this Policy.

### **Disclosure of Policy**

The Prospectus for the Funds shall state that a description of this Policy is set forth in the Funds' Statement of Additional Information ("SAI") and the SAI shall describe this Policy.