

### **Policy**

Palisade Asset Management, LLC uses various advertising and marketing materials to obtain new advisory clients and to maintain existing client relationships. Palisade's policy requires that any advertising and marketing materials must be truthful and accurate, consistent with applicable rules, and reviewed and approved by a designated person.

Palisade's policy prohibits any advertising or marketing materials that:

1. Include any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading.
2. Include a material statement of fact that we do not have a reasonable basis for believing we will be able to substantiate upon demand by the SEC.
3. Include information that would reasonably be likely to cause an untrue or misleading implication or inference to be drawn concerning a material fact relating to Palisade.
4. Discuss any potential benefits to clients or investors connected with, or resulting from, our services or methods of operation without providing fair and balanced treatment of any material risks or material limitations associated with the potential benefits.
5. Include a reference to specific investment advice provided by Palisade where such investment advice is not presented in a manner that is fair and balanced.
6. Include or exclude performance results, or present performance time periods, in a manner that is not fair and balanced.
7. Is otherwise are materially misleading.

### **Background**

In December 2020, the SEC announced it had finalized reforms to modernize rules that govern investment adviser advertisements and compensation to solicitors under the Investment Advisers Act of 1940. The amendments create a single rule that replaces the previous advertising and cash solicitation rules, Rule 206(4)-1 and Rule 206(4)-3, respectively, creating the new Marketing Rule.

### ***Advertisement***

For purposes of this section, Advertisement is defined as:

1. Any direct or indirect communication an investment adviser makes to more than one person, or to one or more persons if the communication includes hypothetical

performance, that offers the investment adviser's investment advisory services with regard to securities to prospective clients or investors in a private fund advised by the investment adviser, or offers new investment advisory services with regard to securities to current clients or investors in a private fund advised by the investment adviser, but does not include:

- a. Extemporaneous, live, oral communications.
  - b. Information contained in a statutory or regulatory notice, filing, or other required communication.
  - c. A communication that includes hypothetical performance that is provided.
2. Any endorsement or testimonial for which an investment adviser provides compensation, directly or indirectly.

### ***Performance Advertising***

An investment adviser may not include in any advertisement:

1. Any presentation of gross performance, unless the advertisement also presents net performance:
  - a. With at least equal prominence to, and in a format designed to facilitate comparison with, the gross performance.
  - b. Calculated over the same time period, and using the same type of return and methodology, as the gross performance.
2. Any performance results, of any portfolio or any composite aggregation of related portfolios, in each case other than any private fund, unless the advertisement includes performance results of the same portfolio or composite aggregation for one-, five-, and ten-year periods, each presented with equal prominence and ending on a date that is no less recent than the most recent calendar year-end; except that if the relevant portfolio did not exist for a particular prescribed period, then the life of the portfolio must be substituted for that period.
3. Any statement, express or implied, that the calculation or presentation of performance results in the advertisement has been approved or reviewed by the SEC.
4. Any related performance, unless it includes all related portfolios; provided that related performance may exclude any related portfolios if:
  - a. The advertised performance results are not materially higher than if all related portfolios had been included.

- b. The exclusion of any related portfolio does not alter the presentation of any applicable prescribed time periods.
5. Any extracted performance, unless the advertisement provides, or offers to provide promptly, the performance results of the total portfolio from which the performance was extracted.
6. Any hypothetical performance unless the investment adviser:
  - a. Adopts and implements policies and procedures reasonably designed to ensure that the hypothetical performance is relevant to the likely financial situation and investment objectives of the intended audience of the advertisement.
  - b. Provides sufficient information to enable the intended audience to understand the criteria used and assumptions made in calculating such hypothetical performance.
  - c. Provides (or, if the intended audience is an investor in a private fund provides, or offers to provide promptly) sufficient information to enable the intended audience to understand the risks and limitations of using such hypothetical performance in making investment decisions.

### ***Testimonials and Endorsements***

An advertisement may not include any testimonial or endorsement, and an adviser may not provide compensation, directly or indirectly, for a testimonial or endorsement, unless:

1. The investment adviser clearly and prominently discloses, or reasonably believes that the person giving the testimonial or endorsement discloses the following at the time the testimonial or endorsement is disseminated:
  - a. That the testimonial was given by a current client or investor, or the endorsement was given by a person other than a current client or investor.
  - b. That cash or non-cash compensation was provided for the testimonial or endorsement, if applicable.
  - c. A brief statement of any material conflicts of interest on the part of the person giving the testimonial or endorsement resulting from the investment adviser's relationship with such person.
  - d. The material terms of any compensation arrangement, including a description of the compensation provided or to be provided, directly or indirectly, to the person for the testimonial or endorsement.

- e. A description of any material conflicts of interest on the part of the person giving the testimonial or endorsement resulting from the investment adviser's relationship with such person and/or any compensation arrangement.
2. If a testimonial or endorsement is disseminated for compensation or above de minimis compensation:
    - a. The investment adviser has a written agreement with any person giving a testimonial or endorsement that describes the scope of the agreed-upon activities and the terms of compensation for those activities.
    - b. The investment adviser may not compensate a person, directly or indirectly, for a testimonial or endorsement if the adviser knows, or in the exercise of reasonable care should know, that the person giving the testimonial or endorsement is an ineligible person at the time the testimonial or endorsement is disseminated.

### ***Third-Party Ratings***

An advertisement may not include any third-party rating, unless the investment adviser:

1. Has a reasonable basis for believing that any questionnaire or survey used in the preparation of the third-party rating is structured to make it equally easy for a participant to provide favorable and unfavorable responses, and is not designed or prepared to produce any predetermined result.
2. Clearly and prominently discloses, or the investment adviser reasonably believes that the third-party rating clearly and prominently discloses:
  - a. The date on which the rating was given and the period of time upon which the rating was based.
  - b. The identity of the third party that created and tabulated the rating.
  - c. If applicable, that compensation has been provided directly or indirectly by the adviser in connection with obtaining or using the third-party rating.

### **Responsibility**

The Chief Compliance Officer (CCO) and the designated persons have the responsibility for implementing and monitoring our policy, and for reviewing and approving any advertising and marketing to ensure any materials are consistent with our policy and regulatory requirements. These designated individuals are also responsible for maintaining, as part of the firm's books and

records, copies of all advertising and marketing materials with a record of reviews and approvals in accordance with applicable recordkeeping requirements.

### **Procedure**

Palisade Asset Management, LLC has adopted procedures to implement the Palisade's policy and conducts reviews to monitor and ensure our policy is observed, implemented properly, and amended or updated, as appropriate, which include the following:

- Review and approve all advertisements and promotional materials prior to use.
- Each employee is responsible for ensuring that only approved materials are used and that approved materials are not modified without the express written approval of the CCO.
- Conduct periodic reviews of materials containing advertising and/or performance reports to ensure that only approved materials are distributed.
- Determine whether a particular communication meets the definition of an advertisement.
- Any advertisements of performance information to ensure that they are presented in accordance with the relevant requirements, include all required related portfolios, and reflect prescribed time periods.
- Use of hypothetical performance in advertising materials is strictly prohibited unless reviewed and approved by the CCO, being deemed relevant to Palisade and the investment objectives of the intended audience of the advertisement.
- All testimonials and endorsements included in our advertising materials or provided for compensation by third-parties must be pre-approved.
- All agreements for compensation beyond the de minimis number of promoters providing testimonials, endorsements, and/or referrals must be in writing and provide attestations by such promoters regarding applicable disqualification events and an undertaking by such promoters to provide prospects with required disclosures.
- All agreements with promoters must be pre-approved.
- Exercise reasonable care and conduct reasonable due diligence to confirm that the engaged promoter is not subject to any applicable disqualification events.
- Prior to the publication of any third-party ratings or survey results, conduct reasonable due inquiry regarding the methodology used by the third-party.
- Any discussion, direct or indirect, of past performance of specific securities that were or may have been profitable to our firm, will be reviewed to ensure that it is fair and balanced, depending on the facts and circumstances.

- Review responses to Form ADV Item 5.L. to ensure that our responses are current and accurate regarding our use in advertisements of performance results, hypothetical performance, references to specific investment advice, testimonials, endorsements, or third-party ratings.
- Create processes and testing mechanisms designed to ensure that we make and keep records of the following:
  - Advertisements we disseminate, including recordings or a copy of any written or recorded materials used in connection with an oral advertisement.
  - Any communication or other document related to our determination that we have a reasonable basis for believing that a testimonial or endorsement complies with Rule 206(4)-1 and that a third-party rating complies with Rule 206(4)-1(c)(1).
  - The disclosures delivered to investors, as they apply to testimonials, endorsements, and third-party ratings.
  - A copy of any questionnaire or survey used in the preparation of a third-party rating included or appearing in any advertisement.