



**12<sup>th</sup> STREET ASSET MANAGEMENT COMPANY, LLC**  
**(12<sup>th</sup> Street)**

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**Form ADV Part 2A – Firm Brochure**

**March 14, 2023**

This Brochure provides information about the qualifications and business practices of 12<sup>th</sup> Street. If you have any questions about the contents of this Brochure, please contact us at 615-915-3701. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. 12<sup>th</sup> Street is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training.

The oral and written communications of an adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about 12<sup>th</sup> Street is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

The purpose of this section is to inform you of any material changes since the last annual update of this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

12<sup>th</sup> Street Asset Management reviews and updates this Brochure at least annually to make sure that it is still current. Since the previous ADV Part 2 brochure dated March 9, 2022, there have been no material changes.

Our Brochure may be requested, at no charge, by contacting Michael O'Keefe, Chief Compliance Officer at (615) 915-3701 or [mike@12thstreetasset.com](mailto:mike@12thstreetasset.com).

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#### **Item 4: Advisory Business**

12<sup>th</sup> Street Asset Management is a Delaware limited liability company and an independently owned SEC registered advisor. The firm was established in 2007 and is headquartered in Nashville, TN. It was founded by Michael G. O’Keefe and Mr. O’Keefe is the managing principal and majority owner of the firm. D. Andrew Shipman is a partner and minority owner of the firm.

12<sup>th</sup> Street provides discretionary portfolio management services to individual and institutional investors through separately managed accounts (SMA’s), sub-advisory accounts, model portfolios, as well as a pooled investment vehicle known as 12th Street Asset Management, LP. We offer three equity investment strategies (discussed in Item 8 of this brochure), including LP, Opportunity and Small Cap Value, and we primarily focus on investing in U.S. companies traded on U.S. exchanges.

##### *Limited Partnership*

12<sup>th</sup> Street Asset Management Company (12<sup>th</sup> Street) is the advisor and general partner to 12th Street Asset Management, LP.

##### *Separately Managed Accounts*

We offer separate accounts that are individually managed and maintained on a fully discretionary basis. The account portfolios are comprised primarily of domestic equities. We also manage separately managed accounts through “wrap fee” programs, single contract agreements, or dual contract agreements offered through third parties.

In some separately managed accounts, clients may be directed to 12<sup>th</sup> Street by a financial intermediary, such as a financial advisor or another RIA. In these cases, 12<sup>th</sup> Street could rely on the financial intermediary to determine suitability and handle anti-money laundering procedures given a limited amount of client information shared with 12<sup>th</sup> Street.

##### *Sub-Advisory Accounts*

12<sup>th</sup> Street has sub-advisory relationships with other investment firms. In these cases, we provide discretionary investment advice on a separate account or unified managed account basis to clients of these outside intermediaries. These accounts may be managed differently than the partnership or other direct accounts according to investment objectives, strategies, restrictions. etc. The terms and conditions of these arrangements may vary, and contact between 12<sup>th</sup> Street and such clients will typically take place through the relevant intermediary. Clients who obtain our services on a sub-advisory basis could impose restrictions on the management of their accounts. We may also act as a sub-advisor to registered mutual funds.

In some sub-advisory accounts, clients may be directed to 12<sup>th</sup> Street by a financial intermediary, such as a financial advisor or another RIA. In these cases, 12<sup>th</sup> Street could rely on the financial intermediary to determine suitability and handle anti-money laundering procedures given a limited amount of client information shared with 12<sup>th</sup> Street.

### Model Portfolios

12<sup>th</sup> Street engages with advisors or platforms to provide model portfolios for separately managed (SMA's) or unified management accounts (UMA's). In these cases, the advisors or platforms receive 12<sup>th</sup> Street's model portfolio. 12<sup>th</sup> Street will not necessarily have contact with the underlying client of these advisors or platforms. When changes are made to a model by 12<sup>th</sup> Street, the advisor or platform is responsible for implementing changes to their client accounts that are investing in the strategy. 12<sup>th</sup> Street may have discretion over these accounts and enter trade instructions, but typically does not receive trade reports, or have any access to any client reporting related to these accounts. It is the responsibility of the advisor or platform/sponsor to determine whether our model is suitable for their clients. Model-based programs could be with overlay managers who exercise discretion and execute each investor's portfolio transactions based on their own investment judgment.

### ERISA Accounts

12<sup>th</sup> Street is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, ADVISOR may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset ADVISOR's advisory fees.

### ***Assets Under Management***

As of December 31, 2022, 12<sup>th</sup> Street had a total of \$480,435,090 in assets under management and 579 accounts, all of which were discretionary assets. In addition, the firm had \$501,028,446 in assets under advisement where the firm serves as a non-discretionary sub-advisor or model provider.

## **Item 5: Fees and Compensation**

### ***Limited Partnership***

12<sup>th</sup> Street Asset Management, as general partner to the limited partnership, is compensated by the partnership for its investment supervisory services based on a percentage of the market value of the assets in the fund, the “management fee,” and upon a share of profits, the “performance fee.” The management and performance fees for 12th Street Asset Management, LP are calculated by the fund’s outside administrator. The limited partners pay a management fee to the general partner on the first day of each calendar quarter, in advance, to be debited from the capital account of the limited partner in an amount equal to 1/4<sup>th</sup> of 1% of the capital account of each limited partner, adjusted for contributions or withdrawals. A performance share is allocated from those limited partners that are “qualified clients,” as defined by the SEC, to the general partner’s capital account. The performance share is 10% of the increase in the limited partner’s maximum capital account. The limited partner can exit the partnership in accordance with the limited partnership agreement.

Minimum account size is \$1,000,000; however, 12<sup>th</sup> Street has made exceptions to manage client accounts below our stated minimum size.

12<sup>th</sup> Street, as general partner, reserves the right to reduce or waive the management and/or performance fee for a Limited Partnership interest acquired by the general partner, employees of the general partner and/or affiliate(s), or otherwise in the discretion of the general partner.

### ***Separate Accounts***

Advisory fees for separate accounts are generally as follows: Management fees of up to 2.0% (calculated as a percentage of the market value of the assets in the portfolio) and/or performance share of 10% (accrued and applied monthly based on positive year to date performance subject to a high watermark). The investment management agreement will detail how the fee is billed and collected. The client may terminate the agreement in accordance with the investment management agreement.

12<sup>th</sup> Street reserves the right to negotiate or waive fees. Some clients pay more or less than others depending on certain factors such as the type and size of the account, and existence of related accounts. The negotiated fee is specified in the agreement between 12<sup>th</sup> Street and the client. We sometimes deduct fees directly from client assets, but could offer the option to bill clients for fees incurred. In situations where 12<sup>th</sup> Street manages separate accounts as part of a “wrap” program operated by a third-party or through dual contract agreements, 12<sup>th</sup> Street could be compensated directly by the third-party and not be responsible for billing clients.

Minimum account size is \$1,000,000; however, 12<sup>th</sup> Street has discretion to manage client accounts below our stated minimum size. In situations where 12<sup>th</sup> Street manages separate accounts as part of a “wrap” program operated by a third-party or through dual contract agreements, the minimum may be waived or considered on a firm wide basis.

### ***Sub-Advisory***

Minimums and fees for separate accounts, where 12<sup>th</sup> Street serves as sub-advisor, are separately negotiated and vary by relationship. Sub-advisory fees are charged in a manner similar to separate accounts and are paid directly by the financial intermediaries or billed and paid directly from client accounts. Minimum account size is negotiable.

### ***Model Accounts***

For model accounts, 12<sup>th</sup> Street is compensated directly by the outside firms to which it provides model accounts, at a negotiated rate. Minimum account size is negotiable.

### ***Other Fees and Expenses***

Clients may incur brokerage and other transaction costs, in addition to the management and/or performance fees paid to 12<sup>th</sup> Street (refer to Item 12: Brokerage Practices). These fees may be assessed by custodians, brokers, and other third parties, and may include non-affiliated manager fees, custodial fees, prime brokerage fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. 12<sup>th</sup> Street assesses fees for accounting, and may also assess fees for legal, administrative, research, etc. within the limited partnership. Please see LP documents for further explanation.

### ***Management Fee Reimbursements***

Management fees for separately managed or sub-advisory accounts may be billed in advance or arrears depending on the sponsor, platform or contract. In situations where fees are billed in advance, 12<sup>th</sup> Street or sponsor/broker will ensure that accounts terminated during a quarter are refunded any applicable pro-rated fees. If 12<sup>th</sup> Street is responsible for invoicing accounts, on a quarterly basis, along with the quarterly billing/invoicing process, 12<sup>th</sup> Street will identify the individual accounts owed a refund, the fees that are to be refunded and, if necessary, send a check for the total amount to be refunded.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

12<sup>th</sup> Street Asset Management assesses a management fee and a performance fee for the partnership, separately managed accounts and sub-advised accounts. These fees may be subject to individual client negotiations or manager discretion. The performance-based fee is an advisory fee generated in accordance with the Limited Partnership Agreement or stated in the Investment Management Agreement for separate accounts. The performance-based fee calculation is described in Item 5.

The receipt of performance-based fees for 12th Street Asset Management, LP or separate accounts creates potential conflicts of interest. Performance-based fees paid to investment advisors may be higher than the asset-based fees paid on traditional accounts, thus creating an incentive to favor these accounts. In order to reduce potential conflicts of interest, 12<sup>th</sup> Street does not show preferential treatment to accounts under a performance-based fee arrangement. All accounts are managed within their respective strategies, given account restrictions and/or constraints.



## **Item 7: Types of Clients**

12<sup>th</sup> Street provides portfolio management services to high net worth individuals, pooled investments vehicles or investment companies, pensions, other investment advisory companies and institutional clients. 12<sup>th</sup> Street is also an investment adviser to a private investment fund. 12<sup>th</sup> Street also participates in arrangements where it provides a model portfolio to clients. In some cases, the firm maintains discretion over the investments in those accounts. When the firm acts as a sub-advisor or model provider to an overlay manager, it does not have discretion. See Item 4 for further discussion on Model Portfolios.

There is a minimum account size of \$1,000,000 for the limited partnership and for separate accounts. However, 12<sup>th</sup> Street has discretion to manage accounts below our stated minimum sizes. Minimum account sizes for sub-advised, model portfolio accounts, “wrap” fee programs and dual contract agreements are negotiated separately.

When 12<sup>th</sup> Street participates as an advisor in a Wrap Fee Program or provides a model, the program sponsor or advisor may determine the minimum account size. Wrap Fee Programs and Model Portfolios typically have lower minimums than the minimums 12<sup>th</sup> Street requires of investors in the LP or separate accounts.

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

### ***Equity Strategies***

12<sup>th</sup> Street offers three investment strategies: LP, Opportunity and Small Cap Value. Management reserves the right to make investment decisions separately for each strategy. Investment activities of the strategies may differ. Certain clients may decide to blend two or more of the strategies to create a combined portfolio.

#### **LP**

The principal objective of the strategy is to provide investors with long-term growth of capital above that of broad market indices through a non-diversified value strategy. The strategy tends to be concentrated and is market capitalization agnostic. It is a best idea approach in which we identify a select number of companies that meet our investment criteria of good businesses trading at discounts to our intrinsic value estimates. The strategy is suitable for investors who have a longer-term investment horizon. Concentration can lead to increased short-term volatility; therefore, this product may not be appropriate for investors who prefer to mirror an index or who seek consistent income. The 12th Street Asset Management, LP may use leverage and derivatives, per the partnership agreement.

#### **Opportunity**

Opportunity is a long-only equity strategy. The principal objective of the strategy is to provide investors with long-term growth of capital above that of broad market indices through a non-diversified value strategy. The strategy tends to be concentrated and is market capitalization agnostic. It is a best idea approach in which we identify a select number of companies that meet our investment criteria of good businesses trading at discounts to our intrinsic value estimates. The strategy is suitable for investors who have a longer-term investment horizon. Concentration can lead to increased short-term volatility; therefore, this product may not be appropriate for investors who prefer to mirror an index or who seek consistent income.

#### **Small Cap Value**

The principal objective of the strategy is to provide investors with long-term growth of capital above that of broad market indices through a non-diversified long-only equity, value strategy focused on securities with a market cap of less than \$5 billion at time of purchase. The strategy tends to be concentrated and invests in good businesses trading at discounts to our intrinsic value estimates. The strategy is suitable for investors who have a longer-term investment horizon. Smaller capitalization stocks can be volatile; therefore, this product may not be appropriate for investors who prefer to mirror an index or who seek consistent income. This strategy is available through separately managed accounts, sub-advised accounts, and model portfolios.

### ***Equity Investing***

The following are the guiding principles for our investment philosophy:

- 12<sup>th</sup> Street is dedicated to a concentrated portfolio
  - We manage a “Best Idea” approach

- o We allocate capital based on highest conviction ideas rather than managing to a benchmark
- o We manage risk by investing with a margin of safety
- o We are willing to hold cash when bargains are not available

12<sup>th</sup> Street makes use of fundamental research of companies and industries in the evaluation of all potential investments. Investments are typically focused on domestic equity securities, principally common stocks, but may also include convertible preferred securities, exchange traded funds, mutual funds and other investment vehicles with equity like characteristics. The limited partnership has the ability to utilize leverage and derivatives.

12<sup>th</sup> Street's fundamental analysis focuses on valuation of securities to analyze the margin of safety and expected value of a particular security. Price to intrinsic value is calculated and monitored for each security in the portfolio as well as for the portfolio as a whole. Typical valuation metrics are utilized to determine the relative attractiveness of an investment. This analysis may include, but is not limited to, price to earnings, enterprise value to EBITDA, free cash flow yield, price to book and the potential value a knowledgeable buyer might pay for an overall business. In addition to this valuation analysis, 12<sup>th</sup> Street also analyzes the company and its background, any catalysts that may exist, reasons to buy or sell, key business fundamentals and risks associated with the investment.

Though each potential investment is carefully analyzed, some additional factors, known or unknown, may cause the investment to lose money.

### ***Equity Risks***

#### **General**

There are risks inherent in investing in public securities markets. Equity securities have distinct risks, which must be considered when investing. Stocks can be volatile. Prices can fluctuate and may fall rapidly in response to developments that affect a company or industry. It is also important to keep in mind that past performance of a security or of the strategies are not indicative of future results.

The transactions in which 12<sup>th</sup> Street will generally invest involve significant trading risks. No assurance can be given that investors will realize a profit on their investment. Moreover, each investor may lose some or all of its investment. Because of the nature of 12<sup>th</sup> Street's investment activities, the results of the investments and/or portfolio value may fluctuate from month to month and from period to period.

Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

#### **Specific Company Risk**

Prices fluctuate over time. A company's stock price may decline in response to its financial prospects or changing expectations for its performance or because an expectation of its prospects was wrong. Stockholders face a number of risks inherent in owning a business, such as operational, financial and regulatory risks.

### Risk of Loss

An investment in 12<sup>th</sup> Street strategies creates a risk of the loss of capital and is designed for persons who are able to bear such risk.

### Concentration of Investments

A significant portion of the portfolio assets may be concentrated in a particular security, industry, or market. Should such security, industry or market become subject to adverse financial conditions, the assets may not be afforded the protection otherwise available through greater diversification of its investments. Change in the value of a single security will have a greater impact on the portfolio's total value.

### Investments in "New Issues"

12<sup>th</sup> Street may invest in new issues, as defined in the Conduct Rules of the Financial Industry Regulatory Authority ("FINRA"). Subject to certain ten percent (10%) de minimis restrictions, those investors that are not "restricted," as defined by FINRA, may participate in the receipt of new issues. To the extent that a potential investor is restricted, the investment with 12<sup>th</sup> Street may not yield the same performance results as may be achieved by investors who are entitled to receive new issues.

### Performance Share and Management Fee

The Performance Share related to the limited partnership, separate accounts and sub-advised accounts may create an incentive for 12<sup>th</sup> Street to make investments that are riskier or more speculative than would be the case if this Performance Share were not so allocable. In addition, since the Performance Share is calculated on a basis that includes unrealized appreciation of the assets, it may be greater than if such allocation were based solely on realized gains.

### Reliance on the 12<sup>th</sup> Street

The success of the 12<sup>th</sup> Street strategies is heavily dependent on the activities, judgment and availability of the members of 12<sup>th</sup> Street. An investor in the Partnership must rely upon the ability of 12<sup>th</sup> Street to make investment decisions consistent with the investment objectives and policies of the particular strategy or Investment Management Agreement.

Investors would be unlikely to have the opportunity to personally evaluate the relevant economic, financial and other information that 12<sup>th</sup> Street will use when selecting and monitoring investments.

### Other Activities

12<sup>th</sup> Street members will devote such time to manage client assets, as they, in their discretion, deem necessary. Any members of 12<sup>th</sup> Street, may invest in, have investment responsibilities for, render investment advice to or perform other services, including investment advisory services, for personal and family accounts, house accounts, managed accounts for individuals or entities, including, without limitation, other investment partnerships. The activities of such other accounts could be similar to or

differ from the activities of the client assets, and neither clients nor partners in the LP shall have any rights in respect of investments for, and profits or other income earned from, such accounts.

As a result of the foregoing, 12<sup>th</sup> Street, and/or its affiliate(s) may have potential conflicts of interest in: (i) allocating their time and activity among the strategies and other entities; (ii) allocating investments among the strategies and other entities; and (iii) effecting transactions among the strategies and other entities, including ones in which 12<sup>th</sup> Street, and/or its Affiliate(s) may have a greater financial interest.

12<sup>th</sup> Street evaluates, for each strategy and for each account within each strategy, a variety of factors that may be relevant in determining whether a particular situation or security is appropriate or feasible for that strategy or account at a particular time. These factors include, but are not limited to, the nature of the investment opportunity taken in the context of other available investment opportunities, the investment or regulatory limitations on the strategy or account, trading limitations on the strategy or account and the transaction costs involved. Because these considerations may differ among strategies in the context of any particular investment opportunity, investment activities of the strategies could differ considerably.

#### Vendor Risk

12<sup>th</sup> Street may employ third-party vendors to execute on some back and middle office operational responsibilities, which may include trading and reconciliation.

#### Value Investment Risk

With value-oriented investing, there is a risk that the market will not recognize the company's intrinsic value for a very long time or that the advisor's estimate of intrinsic value was incorrect.

#### Equity Market Risk

Overall stock market risks may affect the value of the investments in equity strategies. Factors such as U.S. economic growth and market conditions, interest rates, and political events affect the equity markets.

#### Management Risk

Our judgments about the attractiveness, value and potential appreciation of a particular asset class or individual security may be incorrect and there is no guarantee that individual securities will perform as anticipated. The value of an individual security can be more volatile than the market as a whole or our intrinsic value approach may fail to produce the intended results. Our estimate of intrinsic value may be wrong or even if our estimate of intrinsic value is correct, it may take a long period of time before the price and intrinsic value converge.

#### Preferred Equity Market Risk

These securities generally increase or decrease in value based on changes in interest rates. If rates increase, the value of preferred securities generally declines. On the other hand, if rates fall, the value of preferred securities generally increases.

### Value Investment Risk

Value-oriented investments include the risk that the market may not recognize the company's intrinsic value for a long period of time or that the advisors estimate of fair value is incorrect.

### Small and Mid-Cap Company Risk

Investments in small and mid-cap companies may be riskier than investments in larger, more established companies. The securities of these companies often trade less frequently and in smaller volumes than securities of larger companies. In addition, small and mid-cap companies can be more vulnerable to economic, market and industry changes. Because smaller companies sometimes have limited product lines, markets or financial resources, or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than larger capitalization companies.

### Credit Risk

In preferred equities or bonds, there is a risk that issuers and counterparties will not make payments on the securities they issue. A credit rating downgrade may decrease the value of a security. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and our ability to sell the security.

### **Equity Risks: Limited Partnership**

#### Investment Restrictions on Certain Limited Partners

There are certain additional risks associated with investing in privately held investment funds. These risks are disclosed in the Private Placement Memorandum. Such investors should consult with their professional advisors prior to making an investment in the Partnership. Certain prospective Limited Partners (such as tax-exempt foundations and employee benefit plans) may be subject to federal and state laws, rules and regulations which may regulate their participation in the Partnership, or their engaging directly, or indirectly through an investment in the Partnership, in investment strategies of the types which the Partnership may utilize from time to time (e.g., short sales of securities, the use of leverage, the purchase and sale of options and limiting the diversification of assets).

#### Limited Liquidity; No Current Income

Transfers of Partnership interests are restricted and require the General Partner's consent. In addition, there is no active market for the Partnership interests. Further, Limited Partners may only withdraw their Capital Accounts quarterly on the last day of each Calendar Quarter with 30 day advance notice. Accordingly, the Partnership interests may generally only be disposed of through the withdrawal procedures set forth in the Amended Limited Partnership Agreement.

The Partnership may also suspend redemptions in the following circumstances: (i) during any period when the New York Stock Exchange, or any other securities exchange or board of trade or other contract market on which a significant portion of the Fund's assets are ordinarily traded, is closed (otherwise

than for holidays) or trading thereon has been restricted or suspended; (ii) when, for any reason, the value of the Partnership's assets cannot be accurately ascertained (iii) during any state of affairs which, in the reasonable judgment of the General Partner, constitutes an emergency which would render disposition of the Partnership's assets impracticable or be seriously prejudicial to the Partnership's Limited Partners; (iv) when, in the opinion of counsel to the Partnership, a redemption could result in adverse tax consequences to the Partnership of its Limited Partners; or (v) in the reasonable discretion of the General Partner to preserve liquidity, allow for a more strategic management of the fund's assets and/or to insure that all Limited Partners are treated equally.

The Partnership's investment policies should be considered speculative, as there can be no assurance that the General Partner's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Partnership will likely not pay dividends, an investment in the Partnership is not suitable for investors seeking current income for financial or tax planning purposes.

#### Short Selling

The General Partner is authorized to enter into the short sale of securities on behalf of the Partnership. The Partnership may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received from the short sale. If the price of the issuer's securities declines, the Partnership will then cover its short position with securities purchased in the market, with the profit realized on the short sale being the difference between the price received from the sale and the cost of the securities purchased to cover the sale.

The possible losses to the Partnership from selling securities short differ from losses that could be incurred from a cash investment in the securities; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by United States Securities Laws and the various United States securities exchanges, which restrictions may adversely affect the investment activities of the Partnership.

#### Put and Call Options

Options trading is a highly-specialized activity which entails greater than ordinary investment risk. Options may be more volatile than the underlying instruments, and therefore, on a percentage basis, an investment in options may be subject to greater fluctuation than an investment in the underlying instruments themselves. There are several additional risks associated with transactions in options. For example, there are significant differences between the securities, and options market that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its investment objectives. In addition, a liquid secondary market for particular options, whether traded over-the-counter or on an exchange may be absent for reasons which include the following: there may be insufficient trading interest in certain options; restrictions may be imposed by an exchange on opening transactions or closing transactions or both; trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options or underlying securities or currencies; unusual or unforeseen circumstances may interrupt normal operations on an exchange; the facilities of an exchange or the Options Clearing Corporation may not at all times be adequate to handle current

trading value; or one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options) causing such market to cease to exist, although outstanding options that had been issued by the Options Clearing Corporation as a result of trades on that exchange would continue to be exercisable in accordance with their terms.

### Leverage

The Partnership is authorized to use leverage. The Partnership may borrow from banks, brokerage firms and other institutions, commonly known as margin, at prevailing interest rates and invest such funds in additional securities. Gains made with additional funds borrowed will generally cause the Net Asset

Value of the Partnership's portfolio to rise faster than would be the case without borrowing. Conversely, if investment results fail to cover the cost of borrowing, the Net Asset Value of the Partnership's portfolio could decrease faster than if there had been no borrowing. In connection with borrowing limited by applicable margin limitations imposed by the Federal Reserve Board, the Partnership may be required to reduce such borrowing on a timely basis in the event the value of the Partnership's assets falls below the coverage requirement of the margin limitations. In the event of such a required reduction of borrowing, the Partnership could be required to liquidate securities positions at times when it might not be desirable or advantageous from the Partnership's standpoint to do so.

### Changes in Investment Strategies

The Amended Limited Partnership Agreement gives the General Partner broad discretion to expand, revise or contract the Partnership's business without the consent of the Limited Partners. Thus, the investment strategies of the General Partner may be altered without the prior approval of, or notice to, the Limited Partners if the General Partner determines that such change is in the best interests of the Partnership. Any such decision to engage in a new activity could result in the exposure of the Partnership's capital to additional risks that may be substantial.

### Counterparty and Broker Credit Risk

Certain assets of the Partnership will be exposed to the credit risk of the counterparties with whom, or the dealers, brokers and exchanges through which, the General Partner deals, or of parties which have general custody of the assets of the Partnership, whether the General Partner engages in exchange-traded or off-exchange transactions. The Partnership may be subject to the risk of loss of its assets on deposit with or in the custody of a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Partnership, or the bankruptcy of an exchange clearing house. In the case of any such bankruptcy, the Partnership might recover, even in respect of property specifically traceable to the Partnership, only a pro rata share of all property available for distribution to all of the broker's customers. Such an amount may be less than the amounts owed to the Partnership. Such events would have an adverse effect on the Partnership's Net Asset Value.

With respect to the General Partner's trading of securities, option contracts or other principal transactions, the General Partner will be subject to the risk of the inability or refusal to perform with



respect to such transactions on the part of the principals with which the General Partner trades. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Partnership to substantial losses.

#### *Tax Risks and Payment of Taxes*

There is a number of tax risks associated with an investment in the Partnership. In particular, Limited Partners should be aware that they will be taxed annually on the Partnership's income and realized gains, if any, whether or not they receive any distributions from the Partnership and whether or not their investment has increased in value. The General Partner does not intend to make regular annual cash distributions to the Limited Partners. In addition, the Partnership's tax treatment could be challenged and if any such challenge were successful, it may result in adverse tax consequences to the Limited Partners.

#### *Audit Risks*

An audit of a tax return of the Partnership for any given year might result in an adjustment to a Limited Partner's tax liability for the year in question. Furthermore, such an audit might result in the audit of the tax return of each Limited Partner and could result in the adjustment of items not related to the Partnership as well as items related to the Partnership. The cost of an audit, if any, at the Partnership level may be borne by the Partnership. However, the cost of any resulting audits of a Limited Partner will be borne solely by the affected Limited Partner.

#### *No Authority by Limited Partners*

Decisions with respect to the management of the Partnership's assets and the overall management of the Partnership will be made by the General Partner. Limited Partners will have no right or power to take part in the management of the Partnership. As a result, the success of the Partnership for the foreseeable future depends largely upon the abilities of the General Partner.

**Item 9: Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events (i.e., criminal and/or civil action, administrative proceeding, self-regulatory proceeding) that would be material to your evaluation of them or the integrity of their management.

There has been no legal or disciplinary action taken against 12<sup>th</sup> Street or any member of the organization.

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

12<sup>th</sup> Street's only business activity is furnishing business advice. 12<sup>th</sup> Street has no ownership affiliation with a broker-dealer, commodities adviser, bank, insurance company, investment consultant, or similar companies. Neither the company nor any of its principals are actively engaged in any other business activity. 12<sup>th</sup> Street may serve as a sub-advisor to a sleeve of an unaffiliated mutual fund.

12<sup>th</sup> Street is affiliated with a private investment fund which it established and manages. As General Partner, 12<sup>th</sup> Street receives a pro-rata share of the partnership profits and, as investment manager, it receives investment advisory fees from the Partnership. The Partnership is privately offered, pursuant to a private placement memorandum and limited to qualified investors. (See Item 5)

12<sup>th</sup> Street invests partnership assets pursuant to the same LP equity strategy that it employs when it invests separate account assets. Potential conflicts of interest can arise when the partnership buys, sells, or holds positions in securities which 12<sup>th</sup> Street also buys, sells, or holds for other advisory clients. These potential conflicts include, among other things, treating the partnership more favorably than other clients in connection with the allocation of limited investment opportunities or the allocation of aggregated trade orders. To avoid or mitigate any potential conflicts of interest, 12<sup>th</sup> Street has adopted written policies that impose internal controls over trade management and the fair aggregation and allocation of trades. For information about these policies and procedures, see the section entitled "Brokerage Practices."

12<sup>th</sup> Street has contracted with a third party, Archer IMS, to provide back office services including, but not limited to, daily account reconciliation, performance calculation, invoicing and billing, and trading and trade communication. This third party serves as an agent of 12th Street and operates under a vendor agreement.

## **Item 11: Code of Ethics**

12<sup>th</sup> Street has adopted a Code of Ethics policy that fosters a high standard of business conduct for the firm and its employees. Specifically, employees are required to comply with all applicable securities laws and maintain privacy and confidentiality with respect to (1) client transactions, holdings, and personal information as set forth in the Privacy Notice, (2) firm securities recommendations and other non-public material information, and (3) guidelines related to gifts and contributions. All employees must accept, in writing, the terms of the Code of Ethics upon employment, annually or as amended.

The Code of Ethics document is available upon request.

### ***Personal Trading***

Employees of 12<sup>th</sup> Street may purchase or sell the same securities that it recommends to its clients either through investments in 12<sup>th</sup> Street strategies or in personal accounts.

Employees of 12<sup>th</sup> Street sometimes invest in strategies alongside partners/clients. Therefore, they could buy and sell securities along with other limited partners/clients. Trades among products or strategies and various clients can be grouped together or aggregated and include member accounts. The employees of 12<sup>th</sup> Street may invest alongside their clients, which may create a potential conflict of interest as the price paid or received by a client account or other limited partners for any security could be affected by employee participation in a particular trade.

In order to mitigate any potential conflict of interest in personal accounts separate from the 12<sup>th</sup> Street strategies, employees must receive prior written approval from the Chief Compliance Officer (CCO) or designee prior to executing any transaction, whether or not the security is included in any current client securities holdings. The CCO or his designee, in making pre-approval determinations, generally shall apply a two-day blackout period for securities held by or recommended for any 12<sup>th</sup> Street portfolio, fund or client. The two days will begin on the date a trade is executed for the security for any portfolio, fund or client and end two calendar days after such a trade is made. The CCO may, in his discretion, shorten or extend this blackout period. Employee's trades are monitored so that employee participation in trades will not result in an inappropriate advantage to the employees of 12<sup>th</sup> Street.

All employees are required to submit quarterly personal securities transactions and annual holdings reports for review by the CCO or designee, who will review these reports for trading conflicts with client accounts. Employees are also required to have copies of all brokerage statements sent to the CCO, directly from the custodian(s), on at least a quarterly basis. The CCO will maintain documentation of personal securities transactions, including any violations that occur and their resulting actions.

## **Item 12: Brokerage Practices**

### ***Broker Selection and Best Execution***

12<sup>th</sup> Street considers a number of factors in selecting broker-dealers to execute transactions in client portfolios, and reviews its best execution policy as part of its annual compliance review. 12<sup>th</sup> Street selects, approves and compensates brokers based on the range and quality of their brokerage services, including, among other factors: execution capability, quality of research, coverage overlap, trading expertise, commission rates, execution accuracy, reputation and financial strength. Brokers selected by 12<sup>th</sup> Street may be paid a commission in excess of that in which another broker may have charged for effecting the same transactions, in recognition of the value of these and other attributes and services.

12<sup>th</sup> Street uses Raymond James Financial as prime broker for 12th Street Asset Management, LP and may in the future use other prime brokers as well.

### ***Research and Other Soft Dollar Benefits***

12<sup>th</sup> Street considers the value of various services or products that a broker provides to the firm, including the value of research services and products. Selecting a broker in recognition of such other services or products is known as paying for those services or products with "soft dollars". Soft dollar practices come into play when an investment advisor executes transactions with a broker with which it has an arrangement to receive research products and services. Federal securities law provides a "safe harbor" to investment managers who use commission dollars to obtain investment research and brokerage services that provide assistance to the manager in performing investment decision making responsibilities. All soft dollar practices in which 12<sup>th</sup> Street participates come within the soft dollar safe harbor.

Receipt of research from brokers who execute client trades involves conflicts of interest. An advisor that uses client brokerage commissions to obtain research receives a benefit because it does not have to produce or pay out-of-pocket for the research. Therefore, the advisor may have an incentive to select or recommend a broker based on its desire to receive the soft-dollar research in lieu of best execution of client transactions. While it is possible that a commission incurred by the client may be higher on any given transaction, the selection of the executing broker/dealer is made with all factors in mind, including execution efficiency, settlement capabilities, research and overall financial health of the broker. Certain clients may bear more of the cost under soft-dollar arrangements than other clients.

12<sup>th</sup> Street has also contracted with a broker to provide execution services and collect commissions to pay for other third-party research. This agreement is known as a commission sharing arrangement (CSA). Commissions paid to the executing broker under this arrangement are similar to commissions paid directly to firms for both execution and research. In addition, payments to third party research firms are covered under the same "safe harbor" exemption as other research. The ability to access third party research via the CSA is a benefit to clients because it allows 12<sup>th</sup> Street to access the research while continuing to rely on an established execution broker.

Currently, 12<sup>th</sup> Street is only able to direct trading and commissions in this manner for accounts where 12<sup>th</sup> Street maintains full trading authority, which includes the LP and separate accounts without directed brokerage.

### ***Aggregate Trades, Trade Rotation, Directed Trading and Model Portfolios***

12<sup>th</sup> Street clients include separately managed accounts, sub-advised accounts, model portfolios and individual funds, such as the LP. 12<sup>th</sup> Street's trading policies are designed to provide a fair and equitable method of trade aggregation and allocation or trade rotation in placing trades for client's accounts. To meet this objective, we have established the following written procedures.

12<sup>th</sup> Street's policy is to allocate, within its reasonable discretion, investment opportunities to the client accounts over a period of time on a fair and equitable basis, taking into account the cash position and the investment objectives and policies of each client account and any specific investment restrictions applicable thereto. One or more client accounts may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which other client accounts have an interest from time to time. 12<sup>th</sup> Street has no obligation to acquire for the client accounts a position in any investment which any other client account may acquire, and no particular client account shall have first refusal, co-investment or other rights in any such investment.

#### **Trade Aggregation**

12<sup>th</sup> Street aggregates trades for the partnership and some separately managed accounts where 12<sup>th</sup> Street has full trading authority. For separately managed accounts with directed brokerage and accounts through platform/model arrangements, 12<sup>th</sup> Street does not have full trading authority and is unable to aggregate trades. Aggregated trades would be allocated on a pro rata basis at the average price. No account will be favored over any other account.

#### **Trade Rotation**

12<sup>th</sup> Street utilizes a daily randomized trade rotation procedure that identifies the order of accounts for trade execution. This procedure is completed each morning by an unaffiliated third party. It is designed as an internal control to help ensure that we treat client accounts fairly and to ensure that no client account (or group of accounts) receives placement priority over any other participating account. The trade rotation order the day a trade is initiated will remain in place, for that trade only, until the trade is fully executed, even over multiple days.

Depending on which strategy or strategies are involved in a particular trade, the trade rotation procedure randomly rotates first among different strategies, then among different types of accounts within each strategy (such as model delivery or separately managed accounts) and then among client accounts within each type. For a group of client accounts at a single custodian, 12<sup>th</sup> Street treats the custodian relationship as a single account within the rotation. In situations where trades may be aggregated among different accounts, the aggregated trade will occur at the first opportunity based on the trade rotation.

12<sup>th</sup> Street will document, or require a third party to document, adherence to the trade rotation policy. The CCO or his designee will review/test this documentation quarterly.

### Directed Trading

In circumstances where 12<sup>th</sup> Street is directed by a client to execute all or a portion of the client's transactions through a specific broker (aka "Directed Trading"), the client should understand that we do not negotiate specific brokerage commission rates with the broker on client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case.

### **Step-Out Block Trade Orders**

In cases in which it is deemed operationally efficient, 12<sup>th</sup> Street may execute a block trade through one broker/dealer while directing that a different broker/dealer act as the executing broker and clear and settle all or portions of the trade(s), which may result in increased costs. This is referred to as a "step-out" trade and assures the same execution price is received for all accounts involved in the block trade.

### **Third-party Operational Support**

12<sup>th</sup> Street employs a third-party vendor, Archer IMS, to provide operational support and execution of 12<sup>th</sup> Street strategies. These services include trading, reconciliation, billing and performance calculations among other roles. In situations where 12<sup>th</sup> Street does utilize a third-party vendor, 12<sup>th</sup> Street relies on the vendors' internal policies, such as best execution and trade rotation policies, once 12<sup>th</sup> Street has reviewed and approved such policies.

### **Trade Errors**

In the event of a trade error, the executing broker is contacted so that the error can be corrected as soon as possible. The trader will document the error and take whatever steps are necessary to make the correction. Trade errors will be considered on a case-by-case basis and adjustments will be made accordingly. The CCO will work with the trader to determine what steps will be taken to prevent the error from recurring. This documentation will be maintained by the CCO.

### **Item 13: Review of Accounts**

As part of our risk management program, 12<sup>th</sup> Street or a third party vendor reviews all accounts for adherence to investment strategy on a regular basis as part of the daily reconciliation process. This daily reconciliation process applies to those accounts where 12<sup>th</sup> Street has trading authority/discretion and not to non-discretionary accounts where 12<sup>th</sup> Street provides a model. Many other factors may trigger additional account reviews including the decision to add or eliminate a particular investment, to raise or lower cash reserves based on market considerations, to raise cash for distribution to clients at their request, to invest new cash contributions to a portfolio, and to alter asset mix as market conditions dictate.

Periodic written reports may be issued to clients on a quarterly basis. These reports may disclose performance returns and market values. If a client desires, other relevant factors may be disclosed. For sub-advised and model portfolio accounts, statements should be received from their independent brokerage or qualified custodians. For the LP, an independent administrator generates and sends limited partners a quarterly report for their interest in the partnership. The independent administrator also generates a monthly NAV for all partnership interests in the LP. We may rely on a third-party vendor and its operational support to assist with reconciliation, reporting, and other aspects of the review process. (See Item 12)



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

12<sup>th</sup> Street could receive client referrals from brokers. In these cases, the client accounts could be considered directed, relative to commissions, and trades could be placed with the respective broker. Investors should be aware that investment advisors, including 12<sup>th</sup> Street, have a conflict of interest whenever a broker refers a client to the advisor and the client instructs the advisor to direct broker transactions to the referring broker. If the referring broker charges commissions that are higher than those that the advisor could obtain elsewhere for comparable brokerage services, the investor may pay unnecessarily high commissions. 12<sup>th</sup> Street may be unable to achieve most favorable execution of the client's transactions. If 12<sup>th</sup> Street is instructed to execute brokers transactions through a single broker and 12<sup>th</sup> Street follows those instructions, the broker may have an incentive to refer additional clients to 12<sup>th</sup> Street.

12<sup>th</sup> Street may enter into solicitation/promoter agreements. If the solicitor/promoter is a broker dealer, it would not be affiliated with 12<sup>th</sup> Street, but would have a separate written agreement covering the solicitation/promotion of business on the behalf of 12<sup>th</sup> Street. All fees to be paid to these solicitors/promoters would be in hard dollars. A differential would not be added to the fee schedule to compensate the solicitors/promoters.

### **Item 15: Custody**

Under the securities laws, 12<sup>th</sup> Street is deemed to have custody of client assets in the 12th Street Asset Management, LP because we act as an investment advisor and manager to 12th Street Asset Management, LP. However, 12<sup>th</sup> Street does not have actual physical custody of the partnership assets. Those assets are held by an independent, qualified custodian. 12<sup>th</sup> Street debits limited partners' accounts directly for its advisory fee. As such, we seek to have the partnership audited on an annual basis by an independent public accountant and distribute financial statements to each investor in the partnership within 120 days of the fund's fiscal year end.

For separately managed and sub-advised accounts, 12<sup>th</sup> Street does not act as custodian for client account assets. Clients make their own arrangements for custodial services with brokers, banks, or other qualified custodians. Separately managed accounts sub-advised by 12<sup>th</sup> Street may receive periodic portfolio reports or statements from their independent brokerage or bank qualified custodians. Clients are urged to carefully review each statement in order to assure that all account transactions, holdings, and values are correct and current. Our statements may vary from those furnished by the custodian based on accounting procedures, reporting dates, or valuation methodologies.

For model portfolio clients, 12<sup>th</sup> Street does not act as custodian for client account assets.

**Item 16: Investment Discretion**

12<sup>th</sup> Street may receive discretionary authority from the client to manage the assets in the client's account. This authority is set forth in the advisory agreement between 12<sup>th</sup> Street and the client. For 12<sup>th</sup> Street Asset Management LP, the limited partners sign a subscription agreement that provides 12<sup>th</sup> Street Asset Management LLC limited power of attorney to buy and sell securities on behalf on the limited partners.

## **Item 17: Voting Client Securities**

12<sup>th</sup> Street employs a third-party vendor to vote proxies on its behalf. In doing so, 12<sup>th</sup> Street may adopt the proxy voting policy of that third-party vendor.

In accordance with Rules 30b1-4 (new) & 206(4)-6 (new) & 204-2 (amended) of the Investment Advisor Act of 1940, 12<sup>th</sup> Street Asset Management Company, LLC (“12<sup>th</sup> Street”) has adopted the “Investment Manager Guideline” promulgated by Glass Lewis & Co. This guideline discusses positions the proxy voter generally takes with regard to such topics as the election of directors, the choice of an auditor, limits on compensation, authorized shares, shareholder rights, and so forth.

- 12th Street will only exercise proxy-voting discretion over client shares in the instances where clients give 12th Street discretionary authority to vote on their behalf.
- 12th Street votes client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. Additionally, ProxyEdge retains a record of proxy votes for each client.
- It is 12th Street’s policy to vote client shares primarily in conformity with Glass Lewis & Co. recommendations, in order to limit conflict of interest issues between 12th Street and its clients.
- Glass Lewis & Co. is a neutral third-party that issues recommendations based on its own internal guidelines.
- 12th Street may vote client shares inconsistent with Glass Lewis & Co. recommendations if 12th Street believes it is in the best interest of its clients and such a vote does not create a conflict of interest between 12th Street and its clients. In such a case, 12th Street will have on file a written disclosure detailing why they believe Glass Lewis & Co.’s recommendation was not in the client’s best interest.
- Upon request, clients can receive a copy of 12th Street’s proxy voting procedures and Glass Lewis & Co.’s proxy voting guidelines. If you have any questions, please contact 12<sup>th</sup> Street at 615-915-3701 or email [info@12thstreetasset.com](mailto:info@12thstreetasset.com).

Upon request, we will provide a copy of the guidelines to each client for consideration. If a client objects to any provision in the guidelines, we ask that the client make known to us what her or his objection is. Clients may always discuss their proxy questions with the firm’s management.

**Item 18: Financial Information**

Registered investment advisors are required to provide you with certain financial information or disclosures about their financial condition that is reasonably likely to impair its abilities to meet contractual commitments to clients. 12<sup>th</sup> Street is not aware of any such condition.

## **12<sup>th</sup> STREET ASSET MANAGEMENT COMPANY, LLC (12<sup>th</sup> Street)**

102 Woodmont Boulevard  
Suite 460  
Nashville, Tennessee 37205  
Telephone: 615.915-3701  
615.250-4828 (fax)

[www.12thstreetasset.com](http://www.12thstreetasset.com)

### **Form ADV Part 2B: March 14, 2023**

#### **Brochure Supplements**

##### ***Item 1:***

Michael G. O'Keefe (Born 1959)  
Partner  
CRD# 1465818

##### ***Item 2: Educational Background and Business Experience***

Mr. O'Keefe is the founding partner of 12th Street Asset Management, LLC. Mr. O'Keefe has over 35 years of experience in the financial services industry. Prior to 12th Street, Mr. O'Keefe was a founding partner of Two Rivers Capital Management and served on its Board of Directors. Mr. O'Keefe is a former Managing Director of Morgan Keegan & Company where he worked for over 15 years. Before Morgan Keegan, Mr. O'Keefe was a CPA at Ernst & Young. Mr. O'Keefe earned a Bachelor of Arts from Rhodes College and a Masters of Business Administration from the University of Memphis. Mr. O'Keefe has served as a member of the Executive Committee of the Board of Trustees at Rhodes College and has also chaired its Investment Committee.

##### ***Item 3: Disciplinary Information***

There are no disciplinary items to report for Mr. O'Keefe.

##### ***Item 4: Other Business Activities***

Mr. O'Keefe's only business activity is as the manager member and advisory representative of 12<sup>th</sup> Street Asset Management LLC.

##### ***Item 5: Additional Compensation***

Mr. O'Keefe receives no compensation other than from his position as an investment advisory representative and member of this advisory firm.

***Item 6: Supervision***

Mr. O'Keefe is his own supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of his recommendations. Mr. Shipman reviews his trading activities and holdings.

## **12<sup>th</sup> STREET ASSET MANAGEMENT COMPANY, LLC (12<sup>th</sup> Street)**

102 Woodmont Boulevard  
Suite 460  
Nashville, Tennessee 37205  
Telephone: 615.915-3701  
615.250-4828 (fax)

[www.12thstreetasset.com](http://www.12thstreetasset.com)

### **Form ADV Part 2B: March 14, 2023**

#### **Brochure Supplements**

##### ***Item 1:***

D. Andrew Shipman, CFA (Born 1971)  
Partner  
CRD# 2430346

##### ***Item 2: Educational Background and Business Experience***

Mr. Shipman joined 12th Street Asset Management in 2010. Mr. Shipman has been in the investment business for more than 30 years. Previously, he served as director and portfolio manager for PNC Capital Advisors (PCA) large cap value team and a co-portfolio manager at Invesco. Mr. Shipman has also served in various equity research positions for Credit Suisse and Morgan Keegan. Mr. Shipman earned a Bachelor of Arts from Rhodes College and a Masters of Business Administration from the University of Memphis. Mr. Shipman is also a CFA charter holder.

##### ***Item 3: Disciplinary Information***

There are no disciplinary items to report for Mr. Shipman.

##### ***Item 4: Other Business Activities***

Mr. Shipman's only business activity is as a member and advisory representative of 12<sup>th</sup> Street Asset Management LLC.

##### ***Item 5: Additional Compensation***

Mr. Shipman receives no compensation other than from his position as an investment advisory representative and member of this advisory firm.

##### ***Item 6: Supervision***

Mr. O'Keefe is Mr. Shipman's supervisor. He maintains on file in the firm's offices reports of his proprietary trading activities and the formulation of his recommendations.