

Tributary Short-Intermediate Bond Fund  
Institutional Class (Ticker:FOSIX)  
Institutional Plus Class (Ticker: FOSPX)

Tributary Income Fund  
Institutional Class (Ticker: FOINX)  
Institutional Plus Class (Ticker: FOIPX)

Tributary Nebraska Tax-Free Fund  
Institutional Plus Class (Ticker: FONPX)

Tributary Balanced Fund  
Institutional Class (Ticker: FOBAX)  
Institutional Plus Class (Ticker: FOBPX)

Tributary Small/Mid Cap Fund  
Institutional Class (Ticker: FSMCX)  
Institutional Plus Class (Ticker: FSMBX)

Tributary Small Company Fund  
Institutional Class (Ticker: FO SCX)  
Institutional Plus Class (Ticker: FO SBX)

Each a Separate Investment Portfolio of

TRIBUTARY FUNDS, INC.  
Statement of Additional Information



# TRIBUTARY FUNDS

August 1, 2023

This Statement of Additional Information (“SAI”) is not a prospectus but should be read in conjunction with the Prospectus (the “Prospectus”) of Tributary Short-Intermediate Bond Fund (the “Short-Intermediate Bond Fund”), Tributary Income Fund (the “Income Fund”), Tributary Nebraska Tax-Free Fund (the “Nebraska Tax-Free Fund”), Tributary Balanced Fund (the “Balanced Fund”), Tributary Small/Mid Cap Fund (the “Small/Mid Cap Fund”), and Tributary Small Company Fund (the “Small Company Fund”) (each, a “Fund,” and together, the “Funds”). The Prospectus for the Funds is dated August 1, 2023. The Funds are each separate investment portfolios of Tributary Funds, Inc. This SAI is incorporated in its entirety into the Prospectus. No investment in shares (“Shares”) of a Fund should be made without first reading the Funds’ Prospectus. The financial statements and related report of the Independent Registered Public Accounting Firm included in the Funds’ annual report for the fiscal year ended March 31, 2023 are incorporated by reference into this SAI. Copies of the Prospectus or Annual Report may be obtained, free of charge, by writing to Tributary Funds, Inc., P.O. Box 219022, Kansas City, MO 64141-6022, or by telephoning toll free (800) 662-4203. Capitalized terms used but not defined herein have the same meanings as in the Prospectus.

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# TRIBUTARY FUNDS

## STATEMENT OF ADDITIONAL INFORMATION

### THE COMPANY

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Tributary Funds, Inc. (the “Company”), a Nebraska corporation organized on October 12, 1994, is an open-end management investment company which currently offers six investment portfolios. Prior to August 1, 2010, the Company operated under the name First Focus Funds, Inc. and each of the Funds operated with “First Focus” as a part of the name, as opposed to “Tributary.” The change in the name of the Company and each of the Funds was the result of a reorganization of the advisory relationships between the Funds and their investment advisers. The Tributary Short-Intermediate Bond Fund, Tributary Income Fund, Tributary Balanced Fund, Tributary Small/Mid Cap Fund, and Tributary Small Company Fund are each a diversified fund, which means that, with respect to 75% of each such Fund’s total assets, the Fund will not invest more than 5% of its assets in the securities of any single issuer nor hold more than 10% of the outstanding voting securities of any single issuer. The Tributary Nebraska Tax-Free Fund is a non-diversified fund.

### INVESTMENT POLICIES AND RISKS

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#### Additional Information on Portfolio Instruments

The following supplements certain of the Funds’ principal investment policies and risks disclosed in the Prospectus, and otherwise references the Funds’ non-principal investment strategies.

**Recent Market Events Risk.** The financial markets in which the Funds invest are subject to price volatility that may result in losses. The recent outbreak of the novel coronavirus, first detected in December 2019, has disrupted the financial markets and produced significant market volatility. Novel coronavirus has also adversely affected the economies of many nations, individual companies and the markets in general. Its full impact cannot be known at the present time. Certain regions or countries may perform better or worse due to, among other factors, the nature and level of their public health response. This health crisis and future health crises may exacerbate pre-existing political, social and economic risks in certain countries. The impact of a crisis may be short term or may last for an extended period of time. This pandemic has resulted, and future epidemics and pandemics may similarly result, in significant volatility in the financial markets. Such volatility can lead to increased levels of redemptions, which could adversely affect the Funds’ performance and result in additional losses.

**Bank Obligations.** Each Fund may invest in bank obligations such as bankers’ acceptances, certificates of deposit, and demand and time deposits.

Bankers’ acceptances are negotiable drafts or bills of exchange typically drawn by an importer or exporter to pay for specific merchandise, which are “accepted” by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument upon its maturity. Bankers’ acceptances invested in by the Funds will be those guaranteed by domestic and foreign banks having, at the time of investment, capital, surplus, and undivided profits in excess of \$100,000,000 (as of the date of their most recently published financial statements).

Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank or a savings and loan association for a definite period of time and earning a specified return. The Funds may invest in certificates of deposit and demand and time deposits of domestic and foreign banks and savings and loan associations, if (i) at the time of investment the depository institution has capital, surplus, and undivided profits in excess of \$100,000,000 (as of the date of its most recently published financial statements), or (ii) the principal amount of the instrument is insured in full by the Federal Deposit Insurance Corporation (“FDIC”).

The Funds may also invest in Eurodollar Certificates of Deposit, which are U.S. dollar-denominated certificates of deposit issued by offices of foreign and domestic banks located outside the United States; Yankee Certificates of Deposit, which are certificates of deposit issued by a U.S. branch of a foreign bank denominated in U.S. dollars and held in the United States; Eurodollar Time Deposits (“ETDs”), which are U.S. dollar-denominated deposits in a foreign branch of a U.S. bank or a foreign bank; and Canadian Time Deposits, which are basically the same as ETDs, except they are issued by Canadian offices of major Canadian banks.

*Commercial Paper.* Commercial paper consists of unsecured promissory notes issued by corporations. Except as noted below with respect to variable amount master demand notes, issues of commercial paper normally have maturities of less than nine months and fixed rates of return.

Each Fund may invest in “investment grade” domestic and foreign commercial paper. For a complete explanation of “investment grade” commercial paper, please see Appendix A to this SAI. In general, investment in lower-rated instruments is more risky than investment in instruments in higher rated categories. The Funds may also invest in Canadian commercial paper, which is commercial paper issued by a Canadian corporation or a Canadian counterpart of a U.S. corporation, and in Europaper, which is U.S. dollar-denominated commercial paper of a foreign issuer.

*Variable Amount Master Demand Notes.* Variable amount master demand notes, in which each of the Funds may invest, are unsecured demand notes that permit the underlying debt to vary and provide for periodic adjustments in the interest rate according to the terms of the instrument. Because master demand notes are direct lending arrangements between a Fund and the issuer, they are not normally traded. Although there is no secondary market in the notes, a Fund may demand payment of principal and accrued interest at any time. A Fund’s investment adviser or sub-adviser (each an “Adviser” and, collectively, the “Advisers”) will consider the earning power, cash flow, and other liquidity ratios of the issuers of such notes and will continuously monitor their financial status and ability to meet payment on demand. In determining average weighted portfolio maturity, a variable amount master demand note will be deemed to have a maturity equal to the longer of the period of time remaining until the next interest rate adjustment or the period of time remaining until the principal amount can be recovered from the issuer through demand. No Fund will invest more than 5% of its assets in such securities.

*Master Limited Partnerships.* A master limited partnership (“MLP”) is a limited partnership, the interests of which are freely traded on an established market, and which receives special tax treatment as a partnership under the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as an MLP, at least 90% of its income must be from qualifying sources such as exploration, development, mining, production, processing, refining, transportation, storage, and marketing of mineral or natural resources. The general partner of the MLP is usually structured as a private or public corporation (often in the energy or real estate industries), an investment fund, or other type of entity. The general partner typically controls the operations and management of the partnership while each limited partner (with limited control and voting rights) provides capital investment and receives income distributions from its operations. Unlike shareholders in a corporation, MLP limited partners do not elect directors annually. In the event of liquidation, holders of common limited partnership units of MLPs usually have first rights to the MLP’s remaining assets after bondholders, other debt holders, and any preferred unit holders have been paid in full.

Limited partnerships are “pass through” entities and do not pay U.S. federal income tax at the entity level. *Therefore, more cash may be available for distributions, as compared to the corporate structure.* MLP partnerships are usually structured in ways that provide financial incentives to the general partner to streamline expenses, increase capital expenditures, increase cash flows and pay distributions. The general partner and each limited partner are normally each responsible for their respective proportionate share of income, gains, losses, and deductions, even if the MLP does not pay a cash distribution. Accordingly, there is a risk that a Fund could be liable for MLP-related tax in respect to its share of the MLP’s gains, even though the MLP did not make a distribution of cash to the Fund. If, as a result of a change in current law or a change in an MLP’s business, an MLP were treated as a corporation for federal income tax purposes, the MLP would be obligated to pay federal income tax on its income at the corporate tax rate, which would reduce the amount of cash available for distributions, and the distributions a Fund receives could be taxed entirely as dividend income. Historically, because many MLPs have pursued aggressive acquisition activities, a significant portion of income from such MLPs has been offset by tax deductions. If an MLP in which a Fund invests previously engaged in such acquisition activity and then significantly reduced such activity, such MLP’s accelerated depreciation (generated by the new acquisitions) would be reduced, which could result in an increase in a Fund’s tax liability respecting its investment in the MLP. Each Fund may invest up to 5% of its net assets in units of MLPs which are traded on U.S. or global securities exchanges.

The risk of investing in a limited partnership is different than investing in other types of equity securities. Holders of limited partnership interests generally have less control and rights respecting the partnership’s operations, as compared to shareholders in a corporation. There are also potential conflicts of interest that may arise between the limited partners and the general partner. Furthermore, changes in the Code or a determination by the Internal Revenue Service (“IRS”) that the MLP must be taxed as a corporation would eliminate the flow-through taxation benefits of a partnership.

*Foreign Investments.* Each Fund except the Nebraska Tax-Free Fund may invest in foreign securities either directly or through the purchase of sponsored or unsponsored depositary receipts, including American Depositary Receipts (“ADRs”). The Short-Intermediate Bond Fund and Income Fund may each invest up to 10% of its assets in foreign securities. The

Balanced Fund, Small/Mid Cap Fund and Small Company Fund may each invest up to 20% of its assets in foreign securities either directly or through the purchase of sponsored and unsponsored ADRs.

Foreign securities are debt and equity securities that are traded in markets outside of the U.S. The markets in which these securities are located can be developed or emerging. An “emerging country” is generally a country that the International Bank for Reconstruction and Development (World Bank) and the International Finance Corporation would consider to be an emerging or developing country. Typically, emerging markets are in countries that are in the process of industrialization, with lower gross national product (“GNP”) than more developed countries. There are currently in excess of 100 countries that the international financial community generally considers to be emerging or developing countries, approximately 40 of which currently have stock markets. These countries generally include every nation in the world except the United States, Canada, Japan, Australia, New Zealand, and most nations located in Western Europe.

ADRs are securities, typically issued by a U.S. financial institution (a “depository”), that evidence ownership interests in a security or a pool of securities issued by a foreign issuer and deposited with the depository. Generally, ADRs are designed for trading in the U.S. securities market, and may be available for investment through “sponsored” or “unsponsored” facilities. A sponsored facility is established jointly by the issuer of the security underlying the receipt and a depository, whereas an unsponsored facility may be established by a depository without participation by the issuer of the receipt’s underlying security. Holders of an unsponsored depository receipt generally bear all the costs of the unsponsored facility. Unsponsored depository receipts may be less liquid than sponsored ones, and there may be less information available regarding the underlying foreign issuer for the unsponsored depository receipt. The depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the issuer of the deposited security or to pass through voting rights with respect to the deposited securities to the holders of the receipts.

Investments in securities issued by foreign branches of U.S. banks, foreign banks, or other foreign issuers, including ADRs, investment companies that invest in foreign securities, and securities purchased on foreign securities exchanges, may subject the Funds to investment risks that differ in some respects from those related to investments in obligations of U.S. domestic issuers or in U.S. securities markets. Such risks include trade balances and imbalances, and related economic policies, future adverse political, economic, and social developments, possible imposition of withholding taxes on interest and dividend income, possible seizure, nationalization, or expropriation of foreign investments or deposits, currency blockage, less stringent disclosure requirements, the possible establishment of exchange controls or taxation at the source, or the adoption of other foreign governmental restrictions. In addition, foreign branches of U.S. banks, foreign banks, and foreign issuers may be subject to less stringent reserve requirements and to different accounting, auditing, reporting, and record keeping standards than those applicable to domestic branches of U.S. banks and U.S. domestic issuers, and securities markets in foreign countries may be structured differently from and may not be as liquid as the U.S. markets. Where purchases of foreign securities are made in foreign currencies, a Fund may incur currency conversion costs and may be affected favorably or unfavorably by changes in the value of foreign currencies against the U.S. dollar.

Investments in emerging markets involve even greater risks such as immature economic structures and legal systems which may not be totally developed. The economies of individual emerging market countries may differ favorably or unfavorably from the U.S. economy in such respects as GNP growth, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, and balance of payments position. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been, and may continue to be, adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures. These economies also have been, and may continue to be, adversely affected by economic conditions in the countries with which they trade.

Prior governmental approval for foreign investments may be required under certain circumstances in some emerging market countries, and the extent of foreign investment in certain fixed income securities and domestic companies may be subject to limitation in other emerging market countries. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging market countries to prevent, among other concerns, violation of foreign investment limitations. Repatriation of investment income, capital, and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental registration or approval for such repatriation. Any investment subject to such repatriation controls will be considered illiquid if it appears reasonably likely that this process will take more than seven days.

Funds that invest in emerging markets may also be exposed to an extra degree of custodial and/or market risk, especially where the securities purchased are not traded on an official exchange or where ownership records regarding the securities are maintained by an unregulated entity (or even the issuer itself).



*Fixed Income Securities.* Each of the Funds may invest in fixed income securities. With the exception of the Short Intermediate Fund, the Income Fund, and Balanced Fund, any fixed income securities in which any of the Funds invest will be “investment grade.” The Short Intermediate Fund and the Income Fund may each invest up to 20% of their respective assets in fixed-income securities rated below “investment grade,” but no lower than a B rating, by a nationally recognized statistical rating organization (“NRSRO”) at the time of purchase. The Balanced Fund and the Nebraska Tax-Free Fund may invest up to 20% of the fixed income portion of the Fund in fixed income securities rated below “investment grade,” but not lower than a B rating by an NRSRO at the time of purchase. For a complete explanation of “investment grade” fixed income securities, please see Appendix A to this SAI.

*High-Yield Bonds and Securities of Distressed Companies.* Investments in securities rated below investment grade that are eligible for purchase by certain of the Funds are described as “speculative” by Moody’s and Fitch. Investment in lower rated corporate debt securities (“high-yield securities” or “junk bonds”) and securities of distressed companies generally provide greater income and increased opportunity for capital appreciation than investments in higher quality securities, but they also typically entail greater price volatility and principal and income risk. Securities of distressed companies include both debt and equity securities. High-yield securities and debt securities of distressed companies are regarded as predominantly speculative with respect to the issuer’s continuing ability to meet principal and interest payments. Issuers of high-yield and distressed company securities may be involved in restructurings or bankruptcy proceedings that may not be successful. Analysis of the creditworthiness of issuers of debt securities that are high-yield or debt securities of distressed companies may be more complex than for issuers of higher quality debt securities.

High-yield securities and debt securities of distressed companies may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. The prices of these securities have been found to be less sensitive to interest-rate changes than higher-rated investments, but more sensitive to adverse economic downturns or individual corporate developments. A projection of an economic downturn or of a period of rising interest rates, for example, could cause a decline in prices of high-yield securities and debt securities of distressed companies because the advent of a recession could lessen the ability of a highly leveraged company to make principal and interest payments on its debt securities. If an issuer of securities defaults, in addition to risking payment of all or a portion of interest and principal, the Funds, by investing in such securities, may incur additional expenses to seek recovery of their respective investments. In the case of securities structured as zero-coupon or pay-in-kind securities, their market prices are affected to a greater extent by interest rate changes, and therefore tend to be more volatile than securities which pay interest periodically and in cash. The respective sub-advisers seek to reduce these risks through diversification, credit analysis and attention to current developments and trends in both the economy and financial markets.

The secondary market on which high-yield and distressed company securities are traded may be less liquid than the market for higher grade securities. Less liquidity in the secondary trading market could adversely affect the price at which the Funds could sell a high-yield or distressed company security, and could adversely affect the daily net asset value of the shares. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of high-yield and distressed company securities, especially in a thinly traded market. When secondary markets for high-yield and distressed company securities are less liquid than the market for higher grade securities, it may be more difficult to value the securities because such valuation may require more research, and elements of judgment may play a greater role in the valuation because there is less reliable, objective data available. The Advisers seek to minimize the risks of investing in all securities through diversification, in-depth analysis and attention to current market developments.

The use of credit ratings as the sole method of evaluating high-yield securities and debt securities of distressed companies can involve certain risks. For example, credit ratings evaluate the safety of principal and interest payments of a debt security, not the market value risk of a security. Also, credit rating agencies may fail to change credit ratings in a timely fashion to reflect events since the security was last rated. The Advisers do not rely solely on credit ratings when selecting debt securities for a Fund, and develop their own independent analysis of issuer credit quality. If a credit rating agency changes the rating of a debt security held by a Fund, the Fund may retain the security if the Adviser deems it in the best interest of the Fund’s shareholders.

*U.S. Government Obligations.* Each of the Funds may invest in obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities, including bills, notes, and bonds issued by the U.S. Treasury.

Obligations of certain agencies and instrumentalities of the U.S. government are supported by the full faith and credit of the U.S. government, such as those of the Government National Mortgage Association (“Ginnie Mae”) and the Export Import Bank of the United States; others, such as those of the Federal National Mortgage Association (“Fannie Mae”), are supported by the right of the issuer to borrow from the Treasury; others, such as those of the Federal Home Loan Banks, are supported by the discretionary authority of the U.S. government to purchase the agency’s obligations; and still others,

such as those of the Federal Farm Credit Banks or the Federal Home Loan Mortgage Corporation (“Freddie Mac”), are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government-sponsored agencies or instrumentalities if it is not obligated to do so by law. Each of the Funds may invest in the obligations of such agencies or instrumentalities only when the Fund’s Adviser believes that the associated credit risk is commensurate with the anticipated gain.

*Municipal Securities Generally.* Municipal securities are debt obligations issued by a state, its political subdivisions, municipalities, agencies, and authorities issued to obtain funds for various public purposes, including the construction or improvement of a wide range of public facilities such as airports, bridges, highways, hospitals, housing, jails, mass transportation, nursing homes, parks, public buildings, recreational facilities, school facilities, streets, and water and sewer works. Other public purposes for which municipal securities may be issued include the refunding of outstanding obligations, the anticipation of taxes or state aids, the payment of judgments, the funding of student loans, community redevelopment, the purchase of street maintenance and firefighting equipment, or any authorized corporate purpose of the issuer except for the payment of current expenses. In addition, certain types of industrial development and other revenue bonds may be issued by or on behalf of public corporations to finance privately operated housing facilities, air or water pollution control facilities, and certain local facilities for water supply, gas, electricity, or sewage or solid waste disposal. Other types of industrial development bonds, the proceeds of which are used for the construction, equipping, repair, or improvement of privately operated industrial, commercial or office facilities, constitute municipal securities, although current federal income tax laws place substantial limitations on the size of such issues.

Over 25% of the municipal securities in a Fund’s portfolio may derive their payment from mortgage loans. Certain of these municipal securities in a Fund may be single family mortgage revenue bonds issued for the purpose of acquiring from originating financial institutions notes secured by mortgages on residences located within the issuer’s boundaries and owned by persons of low or moderate income. Mortgage loans are generally partially or completely prepaid prior to their final maturities, as a result of events such as the sale of the mortgaged property, default condemnation, or casualty loss. Because these bonds are subject to extraordinary mandatory redemption, in whole or in part, from such prepayments on mortgage loans, a substantial portion of such bonds will probably be redeemed prior to their scheduled maturities or even prior to their ordinary call dates. The redemption price of such issues may be more or less than the offering price of such bonds. Extraordinary mandatory redemption without premium could also result from the failure of the originating financial institutions to make mortgage loans in sufficient amounts within a specified time period or, in some cases, from the sale by the bond issuer of the mortgage loans. Failure of the originating financial institutions to make mortgage loans would be due principally to the interest rates on mortgage loans funded from other sources becoming competitive with the interest rates on the mortgage loans funded with the proceeds of the single family mortgage revenues available for the payment of the principal of or interest on such mortgage revenue bonds. Single family mortgage revenue bonds issued after December 31, 1980 were issued under Code §103A, which contains certain ongoing requirements relating to the use of the proceeds of such bonds in order for the interest on such bonds to retain its tax-exempt status. In each case, the issuer of the bonds has agreed to comply with applicable requirements and bond counsel to such issuer has issued an opinion that the interest on the bonds is exempt from federal income tax under existing laws and regulations. There can be no assurance that such ongoing requirements will be met. The failure to meet these requirements could cause the interest on the bonds to become taxable, possibly retroactively from the date of issuance.

Certain of the municipal securities in a Fund’s portfolio may be obligations of issuers whose revenues are primarily derived from mortgage loans to housing projects for low to moderate income families. The ability of such issuers to make debt service payments will be affected by events and conditions affecting financed projects including, among other things, the achievement and maintenance of sufficient occupancy levels and adequate rental income, increases in taxes, employment and income conditions prevailing in local labor markets, utility costs, and other operating expenses, the managerial ability of project managers, changes in laws and governmental regulations, the appropriation of subsidies and social and economic trends affecting the localities in which the projects are located. The occupancy of housing projects may be adversely affected by high rent levels and income limitations imposed under federal and state programs. Like single-family mortgage revenue bonds, multi-family mortgage revenue bonds are subject to redemption and call features, including extraordinary mandatory redemption features, upon prepayment, sale, or non-origination of mortgage loans, as well as upon the occurrence of other events.

Over 25% of the municipal securities in the Nebraska Tax-Free Fund Fund’s portfolio may be health care revenue bonds. Ratings of bonds issued for health care facilities are often based on feasibility studies that contain projections of occupancy levels, revenues and expenses. A facility’s gross receipts and net income available for debt service may be affected by future events and conditions including, among other things, demand for services, the ability of the facility to provide the services required, physicians’ confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers and government agencies to limit rates, legislation establishing state rate-setting agencies

expenses, government regulation, the cost and possible unavailability of malpractice insurance and the termination or restriction of governmental financial assistance, including that associated with Medicare, Medicaid and other similar third party payer programs. Medicare reimbursements are currently calculated on a prospective basis utilizing a single nationwide schedule of rates. Prior to this nationwide approach, Medicare reimbursements were based on the actual costs incurred by the health facility. The current legislation may adversely affect reimbursements to hospitals and other facilities for services provided under the Medicare program.

Over 25% of the municipal securities in a Fund's portfolio may be obligations of issuers whose revenues are primarily derived from the sale of electric energy. Utilities are generally subject to extensive regulation by state utility commissions which, among other things, establish the rates which may be charged and the appropriate rate of return on an approved asset base. The problems faced by such issuers include the difficulty in obtaining approval for timely and adequate rate increases from the governing public utility commission, the difficulty in financing large construction programs, the limitations on operations and increased costs and delays attributable to environmental considerations, increased competition, recent reductions in estimates of future demand for electricity in certain areas of the country, the difficulty of the capital market in absorbing utility debt, the difficulty in obtaining fuel at reasonable prices, and the effect of energy conservation. In addition, many states have enacted renewable energy standards requiring utilities to supply a minimum amount of renewable energy, the cost of which is often higher than non-renewable sources, leading to potential decreased profits. Many of such issuers have experienced some of these problems in varying degrees. In addition, federal, state, and municipal governmental authorities may from time to time review existing and impose additional regulations governing the licensing, construction and operation of nuclear power plants, which may adversely affect the ability of the issuers of such bonds to make payments of principal and/or interest of such bonds.

Over 25% of the municipal securities in a Fund's portfolio may be university and college revenue obligations. University and college revenue obligations are obligations of issuers whose revenues are derived mainly from tuition, dormitory revenues, grants, and endowments. General problems faced by such issuers include declines in the number of students, possible inability to raise tuitions and fees, the uncertainty of continued receipt of federal grants and state funding, and government legislation or regulations which may adversely affect the revenues or costs of such issuers.

Certain of the municipal securities in a Fund's portfolio may be Build America Bonds. Build America Bonds are tax credit bonds created by the American Recovery and Reinvestment Act of 2009 (the "Recovery Act"), which authorized state and local governments to issue Build America Bonds as taxable bonds in 2009 and 2010, without volume limitations, to finance any capital expenditures for which such issuers could otherwise issue traditional tax-exempt bonds. State and local governments may receive a direct federal subsidy payment for a portion of their borrowing costs on Build America Bonds equal to 35% of the total coupon interest paid to investors. The state or local government issuer can elect to either take the federal subsidy or pass the 35% tax credit along to bondholders. A Fund's investments in Build America Bonds will result in taxable income and such Fund may elect to pass through to shareholders the corresponding tax credits. The tax credits can generally be used to offset federal income taxes and the alternative minimum tax, but such credits are generally not refundable. Build America Bonds involve similar risks as municipal bonds, including credit and market risk. In particular, should a Build America Bond's issuer fail to continue to meet the applicable requirements imposed on the bonds as provided by the Recovery Act, it is possible that such issuer may not receive federal cash subsidy payments, impairing the issuer's ability to make scheduled interest payments. They are intended to assist state and local governments in financing capital projects at lower borrowing costs and are likely to attract a broader group of investors than tax-exempt municipal bonds. The Build America Bond program expired on December 31, 2010, at which point no further issuance was permitted.

*Municipal Securities. Nebraska Tax-Free Fund.* The Fund seeks to invest at least 80% of its assets in a portfolio of "investment grade" municipal securities which generate interest income that is exempt from both federal and Nebraska state income taxes. This is a fundamental policy for the Fund. For a complete explanation of "investment grade" municipal securities, please see Appendix A to this SAI.

The municipal securities in which the Fund invests consist of the respective state's tax-exempt bonds, notes, commercial paper and participation interests in municipal leases. Tax-exempt notes and commercial paper are generally used to provide for short-term capital needs and ordinarily have a maturity of up to one year. These include notes issued in anticipation of tax revenue, revenue from other government sources or revenue from bond offerings and short-term, unsecured commercial paper, which is often used to finance seasonal working capital needs or to provide interim construction financing. Tax-exempt leases are obligations of state and local government units incurred to lease or purchase equipment or other property utilized by such governments. The Fund will not originate leases as a lessor, but will instead purchase a participation interest in the regular payment stream of the underlying lease from a bank, equipment lessor or other third party. In the case of non-Nebraska securities, general obligation bonds are secured by the full faith and credit of the issuer and may be repaid by any revenue source. Revenue bonds are payable from the revenue derived from a particular facility or class of facilities



or, in some cases, from the proceeds of a special excise tax or other specific revenue source, but not from the general taxing power, and sanitary and improvement (“SID”) bonds may be repaid from the collection of taxes and assessments of property owners in the SID. Tax-exempt industrial development bonds are in most cases revenue bonds and generally do not carry the pledge of the credit of the issuing municipality. The revenues from which such bonds are paid generally constitute an obligation of the corporate entity on whose behalf the bonds are issued.

Although the participations in municipal leases which the Fund may purchase (“lease obligations”) do not constitute general obligations of the municipality for which the municipality’s taxing power is pledged, a lease obligation is ordinarily backed by the municipality’s covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain “non-appropriation” clauses which provide that the municipality has no obligation to make lease payments in future years unless money is appropriated for such purpose on a yearly basis. In addition to the “non-appropriation” risk, these securities represent a relatively new type of financing that has not yet developed the depth of marketability associated with more conventional bonds and therefore may be less liquid than other municipal securities. Although “non-appropriation” lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. The Fund will only purchase lease obligations which are rated “investment grade” by Moody’s Investor Services, Inc. (“Moody’s”). Each Fund will not invest more than 10% of its net investment assets in lease obligations including, but not limited to, those lease obligations which contain “non-appropriation clauses”. For a complete explanation of “investment grade” municipal securities, please see Appendix A to this SAI.

The Fund will only purchase lease obligations which are covered by an existing opinion of legal counsel experienced in municipal lease transactions that, as of the date of issue or purchase of each participation interest in a municipal lease, the interest payable on such obligation is exempt from both federal income tax and the relevant state’s income tax and that the underlying lease was the valid and binding obligation of the governmental issuer.

The Fund also may purchase floating and variable rate demand notes from municipal and non-governmental issuers. These notes normally have a stated maturity in excess of one year, but permit the holder to demand payment of principal plus accrued interest upon a specified number of days notice. Frequently, such obligations are secured by letters of credit or other credit support arrangements provided by banks. Use of letters of credit or other credit support arrangements will generally not adversely affect the tax-exempt status of these obligations. The Fund’s Adviser will rely upon the opinion of the issuer’s bond counsel to determine whether such notes are exempt from federal and the relevant state’s income taxation. The issuer of floating and variable rate demand notes nominally has a corresponding right, after a given period, to prepay in its discretion the outstanding principal amount of the note plus accrued interest upon a specified number of days notice to the note holders. The interest rate on a floating rate demand note is based on a known lending rate, such as a bank’s prime rate, and is adjusted automatically each time such rate is adjusted. The interest rate on a variable rate demand note is adjusted at specified intervals, based upon a known lending rate. The Fund’s Adviser will monitor the creditworthiness of the issuers of floating and variable rate demand notes. Each Fund will not invest in derivative financial instruments other than in connection with its hedging activities.

As noted, the Fund invests a substantial portion of its assets in “investment grade” municipal securities. Lower quality securities involve a greater risk of default, including nonpayment of principal and interest, than investment grade securities; however, the risk of default is present in investment grade securities. Municipal securities rated in the lowest category of investment grade debt may have speculative characteristics. Investment in medium-quality debt securities (rated Baa or A by Moody’s) involves greater investment risk, including the possibility of issuer default or bankruptcy, than investment in higher-quality debt securities. Medium-quality municipal securities are considered to possess adequate, but not outstanding, capacities to service their obligations. An economic downturn may disrupt this market and adversely affect the value of outstanding bonds and the ability of the issuers to repay principal and interest. During a period of adverse economic changes, including a period of rising interest rates, issuers of such bonds are more likely to experience difficulty in servicing their principal and interest payment obligations than is the case with higher grade bonds. The existence of a liquid trading market for the municipal securities may depend on whether dealers will make a market in such securities. There can be no assurance that a market will be made for any of the municipal securities, that any market for the municipal securities will be maintained or of the liquidity of the municipal securities in any markets made. Medium-quality debt securities tend to be less marketable than higher-quality debt securities because the market is less liquid. The market for unrated debt securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly, and the Fund may have greater difficulty selling the medium-quality debt securities in its portfolio.

In addition, certain municipal securities in which the Fund invests may be subject to extraordinary optional and/or mandatory redemptions at par if certain events should occur. To the extent securities were purchased at a price in excess of the par value thereof and are subsequently redeemed at par as a result of an extraordinary redemption, the Fund would suffer a loss of principal.

In addition to the foregoing, the yields on municipal securities are dependent on a variety of factors, including general money market conditions, the financial condition of the issuer, general conditions of the state's tax-exempt obligation market, the size of a particular offering, the maturity of the obligation and the rating of the issue or issuer. The ratings of Moody's represent their opinions as to the quality of the municipal securities which they undertake to rate. It should be emphasized, however, that ratings are general, and not absolute, standards of quality. Consequently, municipal securities of the same maturity, interest rate and rating may have different yields, while municipal securities of the same maturity and interest rate with different ratings may have the same yield. Subsequent to their purchase by the Fund, particular municipal securities or other investments may cease to be rated or their ratings may be reduced below the minimum rating required for purchase by the Fund.

Factors that Pertain to Nebraska. Because the Fund will invest substantially all of its assets in Nebraska municipal securities, the Fund is susceptible to political and economic factors affecting the issuers of Nebraska municipal securities. Because of limitations contained in the state constitution, the State of Nebraska issues no general obligation bonds secured by the full faith and credit of the state. Several agencies and instrumentalities of state government are authorized to issue bonds secured by revenue from specific projects and activities.

Nebraska has experienced population growth from in-migration largely related to international migration to Nebraska and from natural increases (births exceeding deaths). Accompanying population growth, Nebraska's economic growth has grown at a slow but steady pace over the past few years. Historically, the state's economy is less cyclical than the national economy; as such, we anticipate a natural lag between a pickup in the national economic activity and a rebound in Nebraska. Non-farm payroll employment has generally been positive in recent years with the exception of slightly negative job loss in 2002 and 2003. Nebraska's economy is heavily agricultural and changes in the agricultural sector can affect taxes and other municipal revenues.

*Mortgage-Related Securities.* The Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund may, consistent with their respective investment objectives and policies, invest in mortgage-related securities (or "MRS").

Mortgage-related securities, for purposes of such Funds' Prospectus and this SAI, represent pools of mortgage loans assembled for sale to investors by various governmental agencies such as Ginnie Mae and government related organizations such as Fannie Mae and Freddie Mac, as well as by non-governmental issuers such as commercial banks, savings and loan institutions, mortgage bankers, and private mortgage insurance companies. These securities are backed by obligations such as: conventional 15- or 30-year fixed rate mortgages; adjustable rate mortgages; non-conforming mortgages; commercial mortgages; or other assets. The mortgages underlying the securities may also reflect credit quality differences (e.g., sub-prime mortgages). MRS are pass-through securities – an interest in a pool or pools of mortgage obligations. The cash flow from the mortgage obligation is "passed through" to the securities' holders as periodic payments of interest, principal, and prepayments (net of service fees). Although certain MRS are guaranteed by a third party or otherwise similarly secured, the market value of the security, which may fluctuate, is not so secured. The value of an MRS may be lost if there is a decline in the market value of the security whether resulting from changes in interest rates or prepayments in the underlying mortgage collateral. As with other interest bearing securities, the prices of such securities are inversely affected by changes in interest rates. However, though the value of an MRS may decline when interest rates rise, the converse is not necessarily true, since in periods of declining interest rates the mortgages underlying the securities are prone to prepayment, thereby shortening the average life of the security and shortening the period of time over which income at the higher rate is received. Conversely, when interest rates are rising, the rate of prepayment tends to decrease, thereby lengthening the average life of the security and lengthening the period of time over which income at the lower rate is received. For these and other reasons, a mortgage-related security's average maturity may be shortened or lengthened as a result of interest rate fluctuations and, therefore, it is not possible to predict accurately the security's return to the Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund. In addition, regular payments received in respect of MRS include both interest and principal. No assurance can be given as to the return these Funds will receive when these amounts are reinvested.

These Funds may also invest in MRS that are collateralized mortgage obligations ("CMOs"). CMOs are mortgage-backed securities that are collateralized by whole loan mortgages or mortgage pass-through securities. The bonds issued in a CMO transaction are structured into multiple classes, often referred to as "tranches", with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. Actual maturity and average life will depend upon the prepayment experience of the collateral. The issuer of a series of CMOs may elect to be treated as a Real Estate Mortgage Investment Conduit ("REMIC"). REMICs include governmental and/or private entities that issue a fixed pool of mortgages secured by an interest in real property. REMICs are similar to CMOs in that they issue multiple classes of securities, but unlike CMOs which are required to be structured as debt securities, REMICs may be structured as indirect ownership interests in the underlying assets of the REMICs themselves. However, there are no effects on a Fund from investing in CMOs issued by entities that have elected to be treated as REMICs, and all future

references to CMOs shall also be deemed to include REMICs. The primary risk of CMOs is the uncertainty of the timing of cash flows that results from the rate of prepayments on the underlying mortgages serving as collateral and from the structure of the particular CMO transaction (that is, the priority of the individual tranches). The prices of certain CMOs, depending on their structure and the rate of prepayments, can be volatile. Some CMOs may also not be as liquid as other securities.

In addition, privately issued MRS do not have the backing of any U.S. government agency, instrumentality, or sponsored enterprise. The seller or servicer of the underlying mortgage obligations generally will make representations and warranties to certificate-holders as to certain characteristics of the mortgage loans and as to the accuracy of certain information furnished to the trustee in respect of each such mortgage loan. Upon a breach of any representation or warranty that materially and adversely affects the interests of the related certificate-holders in a mortgage loan, the seller or servicer generally will be obligated either to cure the breach in all material respects, to repurchase the mortgage loan or, if the related agreement so provides, to substitute in its place a mortgage loan under the agreement's conditions. Such a repurchase or substitution obligation may be the sole remedy available to the related certificate-holders or the trustee for the material breach of any such representation or warranty by the seller or servicer. To provide additional investor protection, some mortgage-backed securities ("MBS") may have various types of credit enhancements, reserve funds, subordination provisions or other features.

The extreme and unprecedented volatility and disruption that impacted the capital and credit markets in 2008-2010 have led to increased market concerns about Freddie Mac's and Fannie Mae's ability to withstand future credit losses associated with securities held in their investment portfolios, and on which they provide guarantees, without the direct support of the federal government. On September 7, 2008, both Freddie Mac and Fannie Mae were placed under the conservatorship of the Federal Housing Finance Agency ("FHFA"). Under the plan of conservatorship, the FHFA assumed control of, and generally has the power to direct, the operations of Freddie Mac and Fannie Mae, and is empowered to exercise all powers collectively held by their respective shareholders, directors, and officers, including the power to: (i) take over the assets of and operate Freddie Mac and Fannie Mae with all the powers of the shareholders, the directors, and the officers of Freddie Mac and Fannie Mae and conduct all business of Freddie Mac and Fannie Mae; (ii) collect all obligations and money due to Freddie Mac and Fannie Mae; (iii) perform all functions of Freddie Mac and Fannie Mae which are consistent with the conservator's appointment; (iv) preserve and conserve the assets and property of Freddie Mac and Fannie Mae; and (v) contract for assistance in fulfilling any function, activity, action, or duty of the conservator. In addition, in connection with the actions taken by the FHFA, the U.S. Treasury Department (the "Treasury") entered into certain preferred stock purchase agreements with each of Freddie Mac and Fannie Mae which establish the Treasury as the holder of a new class of senior preferred stock in each of Freddie Mac and Fannie Mae, which stock was issued in connection with financial contributions from the Treasury to Freddie Mac and Fannie Mae.

The conditions attached to the financial contribution made by the Treasury to Freddie Mac and Fannie Mae and the issuance of this senior preferred stock placed significant restrictions on the activities of Freddie Mac and Fannie Mae. Each of Freddie Mac and Fannie Mae must obtain the consent of the Treasury for either to: (i) make any payment to purchase or redeem its capital stock or pay any dividend other than in respect of the senior preferred stock; (ii) issue capital stock of any kind; (iii) terminate the conservatorship of the FHFA except in connection with a receivership; or (iv) increase its debt beyond certain specified levels. In addition, significant restrictions were placed on the maximum size of each of Freddie Mac's and Fannie Mae's respective portfolios of mortgages and MBS portfolios, and the purchase agreements entered into by Freddie Mac and Fannie Mae provide that the maximum size of their portfolios of these assets must decrease by a specified percentage each year. The future status and role of Freddie Mac and Fannie Mae could be impacted by (among other things) the actions taken and restrictions placed on Freddie Mac and Fannie Mae by the FHFA in its role as conservator, the restrictions placed on Freddie Mac's and Fannie Mae's operations and activities as a result of the senior preferred stock investment made by the Treasury, market responses to developments at Freddie Mac and Fannie Mae, and future legislative and regulatory action that alters the operations, ownership, structure, and/or mission of these institutions, each of which may, in turn, impact the value of, and cash flows on, any MBS guaranteed by Freddie Mac and Fannie Mae, including any such MBS held by a Fund.

Certain debt securities such as MBS, CMOs, asset-backed securities, and securitized loan receivables, as well as securities subject to prepayment of principal prior to the stated maturity date, are expected to be repaid prior to their stated maturity dates. As a result, the effective maturity of these securities is expected to be shorter than the stated maturity. For purposes of compliance with stated maturity policies and calculation of a Fund's weighted average maturity, the effective maturity of such securities will be used. Depending upon the prevailing market conditions, these Funds' Advisers may cause a Fund to purchase debt securities at a discount from face value, which produces a yield greater than the coupon rate. Conversely, if debt securities are purchased at a premium over face value, the yield will be lower than the coupon rate. In making investment decisions, these Funds' Advisers will consider many factors other than current yield, including the preservation of capital, maturity, and yield to maturity.

*Other Asset-Backed Securities.* The Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund may also invest in interests in pools of receivables, such as motor vehicle installment purchase obligations (known as “Certificates of Automobile Receivables” or “CARs”), credit card receivables (known as “Certificates of Amortizing Revolving Debts” or “CARDs”) and loan receivables. Such securities represent undivided fractional ownership interests in the underlying pools of assets. Such securities may also be debt instruments which are also known as collateralized obligations and are generally issued as the debt of a special purpose entity organized solely for the purpose of owning such assets and issuing such debt.

Such securities are not issued or guaranteed by the U.S. government or its agencies or instrumentalities; however, the payment of principal and interest on such obligations may be guaranteed up to certain amounts and for a certain time period by a letter of credit issued by a financial institution (such as a bank or insurance company) unaffiliated with the issuers of such securities.

Asset-backed securities (“ABS”) held by the Short-Intermediate Bond Fund, the Income Fund, or the Balanced Fund arise through the grouping by governmental, government-related, and private organizations of loans, receivables, and other assets originated by various lenders. Interests in pools of these assets differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal paid at maturity or specified call dates. Instead, ABS provide periodic payments which generally consist of both interest and principal payments.

The estimated life of an ABS may vary with the prepayment experience of the underlying debt instruments. The rate of such prepayments, and hence the life of an ABS, will be a function of current market interest rates and other economic and demographic factors. Because prepayment experience can vary, ABS may be a less effective vehicle for locking in high long-term yields.

Generally, these securities do not have the benefit of the same security interest in the underlying collateral. Credit card receivables generally are unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which have given debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have an effective security interest in all of the obligations backing such receivables. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be able to support payments on these securities.

*Hedging Instruments.* The Income Fund and the Short-Intermediate Bond Fund may, consistent with their respective investment objectives and policies, invest up to 15% of their assets in derivatives and other hedging instruments, subject to certain restrictions relating to futures contracts, and up to 40% of their assets in treasury futures, as discussed more fully below. See “*Futures Contracts and Related Instruments.*” The Small/Mid-Cap Fund and the Small Company Fund may, consistent with their respective investment objectives and policies, invest in options.

Options. To the extent indicated above under “*Hedging Instruments,*” the Income Fund, the Short-Intermediate Bond Fund, the Small/Mid Cap Fund, and the Small Company Fund may, consistent with their respective investment objectives and policies, purchase and sell call and put options on futures contracts for hedging purposes, in anticipation of the purchase of securities, or for liquidity management purposes. Options may be used only for the purpose of reducing investment risk and not for speculative purposes. The following discusses the types of options that those Funds may use, together with the risks that may be associated with their use.

About Options on Securities. A call option is a short-term contract under which the purchaser of the option, in return for a premium, has the right to buy the security underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation, upon exercise of the option during the option period, to deliver the underlying security against payment of the exercise price. A put option is a similar contract that gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put option, who receives the premium, has the obligation, upon exercise of the option during the option period, to buy the underlying security at the exercise price. Options may be based on a security, a securities index, or a currency. Options on securities are generally settled by delivery of the underlying security whereas options on a securities index or currency are settled in cash. Options may be traded on an exchange or in the over-the-counter markets.

Options Purchases. Call options on securities may be purchased in order to fix the cost of a future purchase. In addition, call options may be used as a means of participating in an anticipated advance of a security on a more limited risk basis than would be possible if the security itself were purchased. In the event of a decline in the price of the underlying security,



use of this strategy would serve to limit the amount of loss, if any, to the amount of the option premium paid. Conversely, if the market price of the underlying security rises and the call is exercised or sold at a profit, that profit will be reduced by the amount initially paid for the call.

Put options may be purchased in order to hedge against a decline in market value of a security held by the purchasing Fund. The put effectively guarantees that the underlying security can be sold at the predetermined exercise price, even if that price is greater than the market value at the time of exercise. If the market price of the underlying security increases, the profit realized on the eventual sale of the security will be reduced by the premium paid for the put option. Put options may also be purchased on a security that is not held by the purchasing Fund in anticipation of a price decline in the underlying security. In the event the market value of such security declines below the designated exercise price of the put, the purchasing Fund would then be able to acquire the underlying security at the market price and exercise its put option, thus realizing a profit. In order for this strategy to be successful, however, the market price of the underlying security must decline so that the difference between the exercise price and the market price is greater than the option premium paid.

Option Writing. Call options may be written (sold) by such Funds. Generally, calls will be written only when, in the opinion of a Fund's Adviser, the call premium received, plus anticipated appreciation in the market price of the underlying security up to the exercise price of the call, will be greater than the appreciation in the price of the underlying security.

Put options may also be written. This strategy will generally be used when it is anticipated that the market value of the underlying security will remain higher than the exercise price of the put option or when a temporary decrease in the market value of the underlying security is anticipated and, in the view of a Fund's Adviser, it would not be appropriate to acquire the underlying security. If the market price of the underlying security rises or stays above the exercise price, it can be expected that the purchaser of the put will not exercise the option and a profit, in the amount of the premium received for the put, will be realized by the writer of the put. However, if the market price of the underlying security declines or stays below the exercise price, the put option may be exercised and the Fund that sold the put will be obligated to purchase the underlying security at a price that may be higher than its current market value. All option writing strategies will be employed only if the option is "covered." For this purpose, "covered" means that, so long as the Fund that has written (sold) the option is obligated as the writer of a call option, it will (i) own the security underlying the option; or (ii) hold on a share-for-share basis a call on the same security, the exercise price of which is equal to or less than the exercise price of the call written. In the case of a put option, the Fund that has written (sold) the put option will (y) maintain cash or cash equivalents in an amount equal to or greater than the exercise price; or (z) hold on a share-for share basis, a put on the same security as the put written provided that the exercise price of the put held is equal to or greater than the exercise price of the put written.

Options on Securities Indices. Options on securities indices may be used in much the same manner as options on securities. Index options may serve as a hedge against overall fluctuations in the securities markets or market sectors, rather than anticipated increases or decreases in the value of a particular security. Thus, the effectiveness of techniques using stock index options will depend on the extent to which price movements in the securities index selected correlate with price movements of the Fund to be hedged. Options on stock indices are settled exclusively in cash.

Risk Factors Relating to the Use of Options Strategies. The premium paid or received for an option position will reflect, among other things, the current market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period, supply and demand, and interest rates. Moreover, the successful use of options as a hedging strategy depends upon the ability to forecast the direction of market fluctuations in the underlying securities, or in the case of index options, in the market sector represented by the index selected.

Under normal circumstances, options traded on one or more of the several recognized options exchanges may be closed by effecting a "closing purchase transaction" (*i.e.*, by purchasing an identical option with respect to the underlying security in the case of an option written and by selling an identical option on the underlying security in the case of an option purchased). A closing purchase transaction will effectively cancel an option position, thus permitting profits to be realized on the position, to prevent an underlying security from being called from, or put to, the writer of the option or, in the case of a call option, to permit the sale of the underlying security. A profit or loss may be realized from a closing purchase transaction, depending on whether the overall cost of the closing transaction (including the price of the option and actual transaction costs) is less or more than the premium received from the writing of the option. It should be noted that in the event a loss is incurred in a closing purchase transaction, that loss may be partially or entirely offset by the premium received from a simultaneous or subsequent sale of a different call or put option. Also, because increases in the market price of an option will generally reflect increases in the market price of the underlying security, any loss resulting from a closing purchase transaction is likely to be offset in whole or in part by appreciation of the underlying security held. Options will normally have expiration dates between three and nine months from the date written. The exercise price of the options



may be below, equal to, or above the current market values of the underlying securities at the time the options are written. Options that expire unexercised have no value. Unless an option purchased by a Fund is exercised or a closing purchase transaction is effected for that position, a loss will be realized in the amount of the premium paid.

Futures Contracts and Related Instruments. The Income Fund and the Short-Intermediate Bond Fund may use futures contracts and options on futures contracts to reduce the risks associated with the types of securities in which each is authorized to invest and/or in anticipation of future purchases, subject to the limitations described below. A Fund may invest in futures-related instruments only for hedging purposes and not for speculation and only in a manner consistent with its investment objective and policies.

Rule 4.5 under the Commodity Exchange Act (“CEA”) limits the ability of the Funds, Tributary Capital Management, LLC (“Tributary” or the “Investment Adviser”) and First National Advisers, LLC (“FNA” or “Sub-Adviser”), the sub-adviser, to rely on an exclusion from registration as a commodity pool operator (“CPO”) if a Fund utilizes certain instruments, including commodity futures, options on futures, and certain swap transactions (collectively, “commodity interests”). Under Rule 4.5, a registered investment company can claim exclusion from registration as a CPO only if the fund uses commodity interests for “bona fide hedging purposes,” or otherwise limits its use of commodity interests for non-bona fide hedging purposes such that (i) the aggregate initial margin and premiums required to establish non-bona fide hedging positions with respect to commodity interests do not exceed 5% of the liquidation value of the Fund’s portfolio, or (ii) the aggregate “notional value” of the non-bona fide hedging commodity interests do not exceed 100% of the liquidation value of the Fund’s portfolio (taking into account unrealized profits and unrealized losses on any such positions). The Advisers intend to manage these Funds so that Tributary is not required to register as a CPO, and therefore these Funds will only be able to utilize commodity interests for bona fide hedging purposes, or otherwise within the foregoing limits. Accordingly, the Investment Adviser and/or Sub-Adviser may not be able to use commodity interests to manage a Fund’s risks in a manner they may otherwise believe is in a Fund’s best interests, which may adversely affect a Fund’s total return.

About Futures Contracts and Options on Futures Contracts. A futures contract is a bilateral agreement under which one party agrees to make, and the other party agrees to accept, delivery of the specified type of security or currency called for in the contract at a specified future time and at a specified price. In practice, however, contracts relating to financial instruments or currencies are closed out through the use of closing purchase transactions before the settlement date and without delivery or the underlying security or currency. In the case of futures contracts based on a securities index, the contract provides for “delivery” of an amount of cash equal to the dollar amount specified multiplied by the difference between the value of the underlying index on the settlement date and the price at which the contract was originally fixed.

Stock Index Futures Contracts. The Income Fund and the Short-Intermediate Bond Fund may sell stock index futures contracts in anticipation of a general market or market sector decline that may adversely affect the market values of securities held. To the extent that securities held correlate with the index underlying the contract, the sale of futures contracts on that index could reduce the risk associated with a market decline. Where a significant market or market sector advance is anticipated, the purchase of a stock index futures contract may afford a hedge against not participating in such advance at a time when a Fund is not fully invested. This strategy would serve as a temporary substitute for the purchase of individual stocks which may later be purchased in an orderly fashion. Generally, as such purchases are made, positions in stock index futures contracts representing equivalent securities would be liquidated.

Futures Contracts on Debt Securities. Futures contracts on debt securities, often referred to as “interest rate futures,” obligate the seller to deliver a specific type of debt security called for in the contract, at a specified future time. A public market now exists for futures contracts covering a number of debt securities, including long-term U.S. Treasury bonds, ten-year U.S. Treasury notes, and three-month U.S. Treasury bills, and additional futures contracts based on other debt securities or indices of debt securities may be developed in the future. Such contracts may be used to hedge against changes in the general level of interest rates. For example, a Fund may purchase such contracts when it wishes to defer a purchase of a longer-term bond because short-term yields are higher than long-term yields. Income would thus be earned on a short-term security and minimize the impact of all or part of an increase in the market price of the long-term debt security to be purchased in the future. A rise in the price of the long-term debt security prior to its purchase either would be offset by an increase in the value of the contract purchased by the Fund or avoided by taking delivery of the debt securities underlying the futures contract. Conversely, such a contract might be sold in order to continue to receive the income from a long-term debt security, while at the same time endeavoring to avoid part or all of any decline in market value of that security that would occur with an increase in interest rates. If interest rates did rise, a decline in the value of the debt security would be substantially offset by an increase in the value of the futures contract sold.

Options on Futures Contracts. An option on a futures contract gives the purchaser the right, in return for the premium, to assume a position in a futures contract (a long position if the option is a call and a short position if the option is a put) at

a specified price at any time during the period of the option. The risk of loss associated with the purchase of an option on a futures contract is limited to the premium paid for the option, plus transaction costs. The seller of an option on a futures contract is obligated to a broker for the payment of initial and variation margin in amounts that depend on the nature of the underlying futures contract, the current market value of the option, and other futures positions held by a Fund. Upon exercise of the option, the option seller must deliver the underlying futures position to the holder of the option, together with the accumulated balance in the seller's futures margin account that represents the amount by which the market price of the underlying futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option involved. If an option is exercised on the last trading day prior to the expiration date of the option, settlement will be made entirely in cash equal to the difference between the exercise price of the option and the value at the close of trading on the expiration date.

Risk Considerations Relating to Futures Contracts and Related Instruments. Participants in the futures markets are subject to certain risks. Positions in futures contracts may be closed out only on the exchange on which they were entered into (or through a linked exchange) - no secondary market exists for such contracts. In addition, there can be no assurance that a liquid market will exist for the contracts at any particular time. Most futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. It is possible that futures contract prices could move to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of futures positions and subjecting some futures traders to substantial losses. In such event, and in the event of adverse price movements, a Fund would be required to make daily cash payments of variation margin. In such circumstances, an increase in the value of that portion of the securities being hedged, if any, may partially or completely offset losses on the futures contract.

As noted above, there can be no assurance that price movements in the futures markets will correlate with the prices of the underlying securities positions. In particular, there may be an imperfect correlation between movements in the prices of futures contracts and the market value of the underlying securities positions being hedged. In addition, the market prices of futures contracts may be affected by factors other than interest rate changes and, as a result, even a correct forecast of interest rate trends might not result in a successful hedging strategy. If participants in the futures market elect to close out their contracts through offsetting transactions rather than by meeting margin deposit requirements, distortions in the normal relationship between debt securities and the futures markets could result. Price distortions could also result if investors in the futures markets opt to make or take delivery of the underlying securities rather than engage in closing transactions because such trend might result in a reduction in the liquidity of the futures market. In addition, an increase in the participation of speculators in the futures market could cause temporary price distortions.

The risks associated with options on futures contracts are similar to those applicable to all options and are summarized above under the heading "Hedging Instruments: Risk Factors Relating to the Use of Options Strategies." In addition, as is the case with futures contracts, there can be no assurance that (i) there will be a correlation between price movements in the options and those relating to the underlying securities; (ii) a liquid market for options held will exist at the time when a Fund may wish to effect a closing transaction; or (iii) predictions as to anticipated interest rate or other market trends on behalf of a Fund will be correct.

Margin and Segregation Requirements Applicable to Futures-Related Transactions. When a purchase or sale of a futures contract is made by a Fund, that Fund is required to deposit with its custodian (or broker, if legally permitted) a specified amount of cash or U.S. government securities ("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 in the nature of a performance bond or good faith deposit on the futures contract which is returned to the Fund upon termination of the contract, assuming all contractual obligations have been satisfied. The Fund utilizing a futures contract would expect 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 the 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 the Fund but is instead a settlement between the Fund and the broker of the amount one would owe the other if the futures contract expired. In computing daily net asset value, the Fund values its open futures positions at market.

When purchasing a futures contract, a Fund will maintain, either with its custodian bank or, if permitted, a broker, and will mark-to-market on a daily basis, cash, U.S. government securities, or other highly liquid securities that, when added to the amounts deposited with a futures commission merchant as margin, are equal to the market value of the futures contract. Alternatively, a Fund may "cover" its position by purchasing a put option on the same futures contract with a strike price as high as or higher than the price of the contract held by the Fund. When selling a futures contract, a Fund will similarly

maintain liquid assets that, when added to the amount deposited with a futures commission merchant as margin, are equal to the market value of the instruments underlying the contract. Alternatively, a Fund may “cover” its position by owning the instruments underlying the contract (or, in the case of an index futures contract, a Fund with a volatility substantially similar to that of the index on which the futures contract is based), or by holding a call option permitting a Fund to purchase the same futures contract at a price no higher than the price of the contract written by that Fund (or at a higher price if the difference is maintained in liquid assets with the Company’s custodian).

When selling a call option on a futures contract, a Fund will maintain, either with its custodian bank or, if permitted, a broker, and will mark-to-market on a daily basis, cash, U.S. government securities, or other highly liquid securities that, when added to the amounts deposited with a futures commission merchant as margin, equal the total market value of the futures contract underlying the call option. Alternatively, the Fund may cover its position by entering into a long position in the same futures contract at a price no higher than the strike price of the call option, by owning the instruments underlying the futures contract, or by holding a separate call option permitting the Fund to purchase the same futures contract at a price not higher than the strike price of the call option sold by the Fund.

When selling a put option on a futures contract, a Fund will similarly maintain cash, U.S. government securities, or other highly liquid securities that equal the purchase price of the futures contract, less any margin on deposit. Alternatively, the Fund may cover the position either by entering into a short position in the same futures contract, or by owning a separate put option permitting it to sell the same futures contract so long as the strike price of the purchased put option is the same or higher than the strike price of the put option sold by the Fund.

Swap Agreements. The Income Fund and the Short-Intermediate Bond Fund may enter into swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard “swap” transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount,” that is, the return on or increase in value of a particular dollar amount invested at a particular interest rate, or in a “basket” of securities representing a particular index. In the case of a credit default swap (“CDS”), the contract gives one party (the buyer) the right to recoup the economic value of a decline in the value of debt securities of the reference issuer if the credit event (a downgrade or default) occurs. This value is obtained by delivering a debt security of the reference issuer to the party in return for a previously agreed payment from the other party (frequently, the par value of the debt security). A swap option is a contract that gives a counterparty the right (but not the obligation) to enter into a new swap agreement or to shorten, extend, cancel, or otherwise modify an existing swap agreement, at some designated future time on specified terms. These Funds may write (sell) and purchase put and call swap options.

Certain swap agreements entered into by these Funds (but generally not CDSs) would calculate the obligations of the parties to the agreement on a “net basis.” Consequently, a Fund’s current obligations (or rights) under a swap agreement would be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the “net amount”). A Fund’s current obligations under such a swap agreement will be accrued daily (offset against any amounts owed to the Fund) and any accrued but unpaid net amounts owed to a swap counterparty will be covered by the segregation of liquid assets to avoid any potential leveraging. Obligations under swap agreements so covered will not be construed to be “senior securities” for purposes of a Fund’s investment restriction concerning senior securities. Other swap agreements, such as CDSs, may require initial premium (discount) payments as well as periodic payments (receipts) related to the interest leg of the swap or to the default of a reference obligation. A Fund will segregate assets necessary to meet any accrued payment obligations when it is the buyer of CDSs. In cases where either Fund is a seller of a CDS, if the CDS is physically settled, the Fund will be required to segregate the full notional amount of the CDS.

Because swap agreements are two party contracts and because they may have terms of greater than seven days, the “net amount” of a swap agreement may be considered to be illiquid. Moreover, the Funds bear the counterparty risk, *i.e.*, risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. The Funds will only enter into swap agreements with counterparties that meet the Funds’ standard of creditworthiness (generally, such counterparties would have to be eligible counterparties under the terms of the Funds’ repurchase agreement guidelines). Certain restrictions imposed on the Funds by the Code may limit these Funds’ ability to use swap agreements.

Depending on the terms of the particular option agreement, a Fund will generally incur a greater degree of risk when it writes a swap option than it will incur when it purchases a swap option. When a Fund purchases a swap option, it risks losing only the amount of the premium it has paid should it decide to let the option expire unexercised. However, when

a Fund writes a swap option, the Fund will become obligated, upon exercise of the option, to the terms of the underlying agreement.

The swaps market has been affected by statutes and regulations under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”). Both the CFTC and SEC have materially increased the oversight and regulation of the swaps market and its participants. There are new registration requirements for certain swap participants meeting the definition of a “swap dealer” and/or “major swap participant.” Further, the regulations now permit only “eligible contract participants” to engage in over-the-counter swap transactions. Additionally, recordkeeping, reporting, clearing and execution requirements are now imposed on all parties to any swap transaction, with certain exemptions. Continued regulatory developments in the swaps market could adversely affect a Fund’s ability to participate in swap transactions.

As noted above, a Fund may enter into CDSs for investment purposes. If a Fund is a seller of a CDS contract, the Fund would be required to pay the par (or other agreed upon) value of a referenced debt obligation to the counterparty in the event of a default or other credit event by the reference issuer, such as a U.S. or foreign corporate issuer, with respect to debt obligations. In return, a Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, a Fund would keep the stream of payments and would have no payment obligations. As the seller, a Fund would be subject to investment exposure on the notional amount of the swap.

If a Fund is a buyer of a CDS contract, the Fund would have the right to deliver a referenced debt obligation and receive the par (or other agreed-upon) value of such debt obligation from the counterparty in the event of a default or other credit event (such as a credit downgrade) by the reference issuer, such as a U.S. or foreign corporation, with respect to its debt obligations. In return, the Fund would pay the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the counterparty would keep the stream of payments and would have no further obligations to the Fund. If a Fund is a seller of a CDS contract, the Fund would be required to pay the par (or other agreed-upon) value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the debt obligation. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations. As the seller, the Fund would be subject to investment exposure on the notional amount of the swap.

These Funds may enter into interest rate swaps. Interest rate swaps, in their most basic form, involve the exchange by a Fund with another party of their respective commitments to pay or receive interest. For example, a Fund might exchange its right to receive certain floating rate payments in exchange for another party’s right to receive fixed rate payments. Interest rate swaps can take a variety of other forms, such as agreements to pay the net differences between two different interest indexes or rates, even if the parties do not own the underlying instruments. Despite their differences in form, the function of interest rate swaps is generally the same: to increase or decrease a Fund’s exposure to fluctuations in long- or short-term interest rates. For example, a Fund may enter into a swap transaction to preserve a return or spread on a particular investment or a portion of its Fund or to protect against any increase in the price of securities the Fund anticipates purchasing at a later date.

The use of CDSs and interest rate swaps, like all swap agreements, is subject to certain risks. If a counterparty’s creditworthiness declines, the value of the swap would likely decline. Moreover, there is no guarantee that a Fund could eliminate its exposure under an outstanding swap agreement by entering into an offsetting swap agreement with the same or another party.

These Funds may enter into total return swaps. Total return swaps are used either as substitutes for owning the physical securities that comprise a given market index or as a means of obtaining non-leveraged exposure in markets where no physical securities are available, such as an interest rate index. Total return refers to the payment (or receipt) of an index’s total return, which is then exchanged for the receipt (or payment) of a floating interest rate. Total return swaps provide a Fund with the additional flexibility of gaining exposure to a market or sector index by using the most cost-effective vehicle available.

These Funds may enter into equity swaps. In an equity swap, payments on one or both sides are linked to the performance of equities or an equity index. Equity swaps are normally used to (i) initiate and maintain long or short equity exposures either in an index or a specific stock Fund; (ii) temporarily eliminate exposure to an equity Fund without disturbing the underlying equity position; or (iii) increase, reduce, or eliminate market exposure to a single issue or a narrow stock Fund or obtain greater diversification for a limited period of time without disturbing an underlying position.



The Funds bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. If such a default occurs, a Fund will have contractual remedies pursuant to the swap agreements, but such remedies may be subject to bankruptcy and insolvency laws which could affect a Fund's right as a creditor.

The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilizing standardized swap documentation. As a result, the swap market has at times been a relatively liquid in comparison with the markets for other similar instruments which are traded in the OTC market. For purposes of applying these Funds' investment policies and restrictions (as stated in the Prospectus and this SAI), swap agreements are generally valued by the Funds at market value. The manner in which certain securities or other instruments are valued by the Funds for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

*Securities of Other Investment Companies.* Each Fund may invest in securities issued by other investment companies as permitted by the Investment Company Act of 1940, as amended (the "1940 Act"). As a shareholder of another investment company, a Fund would bear, along with other shareholders, its pro rata portion of that company's expenses, including advisory fees. These expenses would be in addition to the advisory and other expenses that such Fund bears directly in connection with its own operations. Investment companies in which a Fund may invest may also impose a sales or distribution charge in connection with the purchase or redemption of their shares and other types of commissions or charges. Such charges will be payable by that Fund and, therefore, will be borne directly by shareholders.

*Income Participation Loans.* The Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund may make or acquire participations in privately-negotiated loans to borrowers. Frequently, such loans have variable interest rates and may be backed by a bank letter of credit; in other cases they may be unsecured. Such transactions may provide an opportunity to achieve higher yields than those that may be available from other securities offered and sold to the general public.

Privately arranged loans, however, will generally not be rated by a credit rating agency and will normally be liquid, if at all, only through a provision requiring repayment following demand by the lender. Such loans made by the Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund may have a demand provision permitting such Fund to require repayment within seven days. Participation in such loans, however, may not have such a demand provision and may not be otherwise marketable. To the extent these securities are not readily marketable, they will be subject to a Fund's 5% limitation on investments in illiquid securities. Recovery of an investment in any such loan that is illiquid and payable on demand will depend on the ability of the borrower to meet an obligation for full repayment of principal and payment of accrued interest within the demand period, normally seven days or less (unless such Fund determines that a particular loan issue, unlike most such loans, has a readily available market). As it deems appropriate, the Company's Board of Directors (the "Board") will establish procedures to monitor the credit standing of each such borrower, including its ability to honor contractual payment obligations.

The Short-Intermediate Bond Fund, the Income Fund, and the Balanced Fund will purchase income participation loans only if such instruments are, in the opinion of the acquiring Fund's Adviser, of comparable quality to debt securities rated Baa or better by Moody's or the equivalent rating or better by an NRSRO, or if unrated, considered by a Fund's Adviser to be of comparable quality. None of these Funds will invest more than 20% of its assets in such securities.

*Other Loans.* In order to generate additional income, each Fund may, from time to time, lend its portfolio securities to broker-dealers, banks, or institutional borrowers of securities. A Fund must receive 100% collateral in the form of cash or U.S. government securities. This collateral will be valued daily by the lending Fund's Adviser. Should the market value of the loaned securities increase, the borrower must furnish additional collateral to that Fund. During the time portfolio securities are on loan, the borrower pays that Fund any dividends or interest received on such securities. Loans are subject to termination by such Fund or the borrower at any time. While a Fund does not have the right to vote securities on loan, each Fund intends to terminate the loan and regain the right to vote if that is considered important with respect to the investment (see the Funds' Proxy Voting Policies and Procedures contained in Appendix B to this SAI). In the event the borrower would default in its obligations, such Fund bears the risk of delay in recovery of the portfolio securities and the loss of rights in the collateral. A Fund will enter into loan agreements only with broker-dealers, banks or other institutions that the Fund's Adviser has determined are creditworthy under guidelines established by the Board.

*Repurchase Agreements.* Securities held by each of the Funds may be subject to repurchase agreements. Under the terms of a repurchase agreement, a Fund would acquire securities from member banks of the FDIC and/or registered broker-dealers which the applicable Fund's Adviser deems credit-worthy under guidelines approved by the Board, subject to the



seller's agreement to repurchase such securities at a mutually agreed-upon date and price. The repurchase price would generally equal the price paid by a Fund plus interest negotiated on the basis of current short-term rates, which may be more or less than the rate on the underlying portfolio securities. Securities subject to repurchase agreements will be of the same type and quality as those in which such Fund may invest directly. The seller under a repurchase agreement will be required to continually maintain the value of collateral held pursuant to the agreement at not less than the repurchase price (including accrued interest) plus the transaction costs, including loss of interest, that such Fund reasonably could expect to incur if the seller defaults. This requirement will be continually monitored by the Advisers of the Funds which are parties to these agreements, and if the seller were to default on its repurchase obligation or become insolvent, a Fund holding such obligation would suffer a loss to the extent that the proceeds from a sale of the underlying portfolio securities were less than the repurchase price under the agreement, or to the extent that the disposition of such securities by such Fund were delayed pending court action. Additionally, there is no controlling legal precedent confirming that a Fund would be entitled, as against a claim by such seller or its receiver or trustee in bankruptcy, to retain the underlying securities, although the Board believes that, under the regular procedures normally in effect for custody of a Fund's securities subject to repurchase agreements and under federal laws, a court of competent jurisdiction would rule in favor of the Company if presented with the question. Securities subject to repurchase agreements will be held by that Fund's custodian or another qualified custodian or in the Federal Reserve/Treasury book entry system. Repurchase agreements are considered to be loans by a Fund under the 1940 Act.

*Reverse Repurchase Agreements.* Each of the Funds may borrow funds for temporary purposes by entering into reverse repurchase agreements in accordance with that Fund's investment restrictions. Under these agreements, a Fund sells portfolio securities to financial institutions such as banks and broker-dealers, and agrees to repurchase the securities at a mutually agreed-upon date and price. Each Fund intends to enter into reverse repurchase agreements only to avoid otherwise selling securities during unfavorable market conditions to meet redemptions. At the time a Fund enters into a reverse repurchase agreement, it will place in a segregated custodial account assets such as U.S. government securities or other liquid, high grade debt securities consistent with such Fund's investment restrictions having a value equal to the repurchase price (including accrued interest), and that Fund's Adviser will subsequently continually monitor the account to ensure that such equivalent value is maintained at all times. Reverse repurchase agreements involve the risk that the market value of the securities sold by a Fund may decline below the price at which a Fund is obligated to repurchase the securities and that the buyer may default on its obligation to sell such securities back to a Fund. Reverse repurchase agreements are considered to be borrowings by a Fund under the 1940 Act.

Except as otherwise disclosed to the shareholders ("Shareholders") of a Fund, the Company will not execute portfolio transactions through, acquire portfolio securities issued by, make savings deposits in, or enter into repurchase or reverse repurchase agreements with the Advisers, the Company's Co-Administrators, or their affiliates, and will not give preference to the Advisers' correspondents with respect to such transactions, securities, savings deposits, repurchase agreements, and reverse repurchase agreements.

*Illiquid Securities.* Each Fund may invest up to 5% of its net assets in illiquid securities (*i.e.*, securities that a Fund reasonably expects cannot be sold or disposed of in current market conditions seven calendar days or less without the sale or disposition significantly changing the market value of the security ("Illiquid Securities")). The Funds have adopted and implemented a written liquidity risk management program in accordance with Rule 22e-4 under the 1940 Act. As part of that program, a Liquidity Risk Administrator, which includes personnel from Tributary and FNA, is responsible for identifying illiquid securities and reporting to the Funds' Board of Directors, in accordance with Rule 22e-4.

Certain securities ("restricted securities") exempt from registration or issued in transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act") (securities that may be resold pursuant to Rule 144A or Regulation S under the Securities Act), may be considered liquid. The Board has delegated to the Advisers the day-to-day determination of the liquidity of a security, although it has retained oversight and ultimate responsibility for such determinations. Although no definite quality criteria are used, the Board has directed the Advisers to consider such factors as (i) the nature of the market for a security (including the institutional private or international resale market), (ii) the terms of the securities or other instruments allowing for the disposition to a third party or the issuer thereof (*e.g.*, certain repurchase obligations and demand instruments), (iii) the availability of market quotations (*e.g.*, for securities quoted in the PORTAL Market), and (iv) other permissible relevant factors. Certain securities, such as repurchase obligations maturing in more than seven days, are currently considered illiquid.

Restricted securities may be sold only in privately negotiated or other exempt transactions, qualified non-U.S. transactions, such as under Regulation S, or in a public offering for which a registration statement is in effect under the Securities Act. Where registration is required, a Fund may be obligated to pay all or part of the registration expenses and a considerable time may elapse between the decision to sell and the sale date. If, during such period, adverse market

conditions were to develop, that Fund might obtain a less favorable price than prevailed when it decided to sell. Restricted securities will be priced at fair value as determined in good faith by the Board. If, through the appreciation of Illiquid Securities or the depreciation of liquid securities, a Fund is in a position where more than 5% of the value of its net assets is invested in illiquid assets, including restricted securities which are not readily marketable, that Fund will take such steps as its Adviser deems advisable, if any, to reduce the percentage of such securities to 5% or less of the value of its net assets.

*Temporary Defensive Positions.* During temporary defensive periods as determined by the Advisers, as appropriate, each Fund may hold up to 100% of its total assets in high-quality short-term obligations including domestic bank certificates of deposit, bankers' acceptances, repurchase agreements secured by bank instruments, Treasury securities, government issued securities, and money market securities. To the extent that a Fund invests in these obligations, such Fund may not achieve its investment objective.

*Over-the-Counter Market.* The Balanced Fund, the Small/Mid Cap Fund and the Small Company Fund may each invest in common stocks, some of which will be traded in the over-the-counter market. In contrast to the securities exchanges, the over-the-counter market is not a centralized facility which limits trading activity to securities of companies which initially satisfy specified standards. Any security can be traded in the over-the-counter market as long as a broker-dealer is willing to make a market in the security. Because there are no minimum requirements for a company's assets or earnings or the number of its stockholders in order for its stock to be traded over-the-counter, there is great diversity in the size and profitability of companies whose stocks trade in this market, ranging from relatively small little-known companies to well-established corporations. When a Fund disposes of such a stock, it may have to offer the shares at a discount from recent prices or sell the shares in small lots over an extended period of time.

*Small and Medium Capitalization Companies.* As described in the prospectus, certain Funds may invest in securities issued by companies with relatively smaller or medium capitalizations. Securities issued by companies with relatively smaller or medium market capitalizations in general present greater risks than securities issued by companies with larger market capitalization and may be subject to large, abrupt, or erratic fluctuations in price due, in part, to such factors as the issuer's dependence upon key personnel, the lack of internal resources, the inability to obtain funds from external sources, and dependence on a new product or service for which there is no firmly established market. An emphasis on smaller and medium-capitalization companies may result in even greater risk than is inherent in other equity investment alternatives. These Funds will likely have somewhat greater volatility than the stock market generally, as measured by the S&P 500 Index.

## **Investment Restrictions**

### *Fundamental Restrictions*

Each Fund's investment objective is a fundamental policy and may not be changed without a vote of the holders of a majority of such Fund's outstanding Shares. In addition, the following investment restrictions may be changed with respect to a particular Fund only by a vote of the majority of the outstanding Shares of that Fund (as defined under "ADDITIONAL INFORMATION – Vote of a Majority of the Outstanding Shares").

Each Fund, except the Nebraska Tax-Free Fund, will not purchase securities of any one issuer, other than obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities, if, immediately after such purchase: (i) more than 5% of the value of such Fund's total assets would be invested in such issuer; or (ii) such Fund would hold more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of a Fund's total assets may be invested without regard to such limitations. There is no limit to the percentage of assets that may be invested in U.S. Treasury bills, notes, or other obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities.

None of the Funds will:

1. Purchase any securities which would cause more than 25% of the value of a Fund's total assets at the time of purchase to be invested in securities of one or more issuers conducting their principal business activities in the same industry provided that: (i) there is no limitation with respect to obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities and repurchase agreements secured by obligations of the U.S. government or its agencies or instrumentalities; (ii) wholly owned finance companies will be considered to be in the industries of their parents if their activities are primarily related to financing the activities of their parents; and

(iii) utilities will be divided according to their services *i.e.* gas, gas transmission electric and telephone will each be considered a separate industry;

2. Borrow money or issue senior securities, except that each Fund may borrow from banks or enter into reverse repurchase agreements for temporary purposes in amounts up to 10% of the value of its total assets at the time of such borrowing; or mortgage, pledge, or hypothecate any assets, except in connection with any such borrowing and in amounts not in excess of the lesser of the dollar amounts borrowed or 10% of the value of such Fund's total assets at the time of its borrowing. A Fund will not purchase securities while its borrowings (including reverse repurchase agreements) exceed 5% of its total assets; and
3. Make loans, except that each Fund may purchase or hold debt instruments and lend portfolio securities in accordance with its investment objective and policies, and may enter into repurchase agreements as described above.

The Short-Intermediate Bond Fund, the Income Fund, the Nebraska Tax-Free Fund, the Balanced Fund, the Small/Mid Cap Fund, and the Small Company Fund will not:

1. Purchase securities on margin, except for use of short-term credit necessary for clearance of purchases of portfolio securities;
2. Engage in any short sales;
3. Underwrite the securities issued by other persons, except to the extent that a Fund may be deemed to be an underwriter under certain securities laws in the disposition of restricted securities;
4. Purchase or sell commodities or commodities contracts, unless and until disclosed in the current Prospectus of such Fund; and
5. Purchase or sell real estate (although investments in marketable securities of companies engaged in such activities are not prohibited by this restriction).

#### *Non-Fundamental Restrictions*

The following additional investment restrictions may be changed by the Board without the vote of a majority of the outstanding Shares of a Fund:

No Fund may:

1. Purchase or otherwise acquire any securities if, as a result, more than 5% of that Fund's net assets would be invested in Illiquid Securities; and
2. Purchase securities of other investment companies except (i) as permitted by the 1940 Act and the rules, regulations, and orders adopted thereunder, or (ii) in connection with a merger, consolidation, acquisition, or reorganization.

The Short-Intermediate Bond Fund, the Income Fund, the Balanced Fund, the Small/Mid Cap Fund and the Small Company Fund may not purchase participations or direct interests in oil, gas, or other mineral exploration or development programs (although investments by such Funds in marketable securities of companies engaged in such activities are not prohibited in this restriction).

The Nebraska Tax-Free Fund may not:

1. Purchase or otherwise acquire any securities if, as a result, more than 5% of that Fund's net assets would be invested in Illiquid Securities.
2. Purchase securities of other investment companies except (i) as permitted by the 1940 Act and the rules, regulations, and orders adopted thereunder, or (ii) in connection with a merger, consolidation, acquisition, or reorganization.
3. Buy common stocks or voting securities.
4. Purchase participations or direct interests in oil, gas or other mineral exploration or development programs (although investments by such Funds in marketable securities of companies engaged in such activities are not prohibited in this restriction).

The Adviser has claimed an exemption from registration with the Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator under the Commodity Exchange Act (“CEA”). The Funds are exempt from the definition of a commodity pool under Rule 4.5 of the CEA.

#### *Special Non-Fundamental Diversification and Concentration Policies of the Nebraska Tax-Free Fund*

The Fund is a non-diversified Fund under the 1940 Act. This means that more than 5% of the Fund’s assets may be invested in the obligations of any issuer. The Fund, however, intends to comply with Subchapter M of the Internal Revenue Code (the “Code”) that limits the aggregate value of all holdings (except U.S. Government and cash items, as defined in the Code) that exceed 5% of the Fund’s total assets to an aggregate amount of 50% of such assets. Also, holdings of a single issuer (with the same exceptions) may not exceed 25% of the Fund’s total assets, nor may the Fund invest more than 25% of its assets in securities backed by assets or revenues of the same or related projects. These limits are measured at the end of each quarter. Under the Subchapter M limits, up to 50% of the Fund’s total assets may be invested in as few as two single issuers. In the event of decline of creditworthiness or default upon the obligations of one or more such issuers exceeding 5%, an investment in the Fund will entail greater risk than in a portfolio having a policy of “diversification” because a high percentage of the Fund’s assets may be invested in municipal obligations of one or two issuers. Furthermore, a high percentage of investments among few issuers may result in a greater degree of fluctuation in the market value of the assets of the Fund and consequently a greater degree of fluctuation of the Fund’s net asset value, because the Fund will be more susceptible to economic, political, or regulatory developments affecting these securities than would be the case with a portfolio composed of varied obligations of more issuers.

In addition, because of the relatively small number of issuers of municipal securities in Nebraska, the Fund is more likely to invest a higher percentage of its assets in the securities of a single issuer than an investment company which invests in a broad range of tax-exempt securities. This practice involves an increased risk of loss to the Fund if the issuer is unable to make interest or principal payments or if the market value of such securities declines.

The Fund will not invest more than 25% of its total assets in any industry. However, municipal securities backed only by the assets and revenues of non-governmental users will for this purpose be deemed to be issued by such non-governmental users, in which case the 25% limitation would apply to such obligations. Accordingly, no more than 25% of the Fund’s assets will be invested in obligations deemed to be issued by non-governmental users in any one industry.

#### **Portfolio Turnover**

The portfolio turnover rate for each of the Funds is calculated by dividing the lesser of a Fund’s purchases or sales of portfolio securities for the year by the monthly average value of the portfolio securities. The U.S. Securities and Exchange Commission (the “SEC”) requires that the calculation exclude all securities whose remaining maturities at the time of acquisition were one year or less. The portfolio turnover rate may vary greatly from year to year as well as within a particular year, and may also be affected by cash requirements for redemptions of Shares. Portfolio turnover will not be a limiting factor in making investment decisions.

#### *Minimum Requirement of Rule 35d-1*

Certain of the Funds, as noted in the Prospectus, have adopted non-fundamental operating policies that require at least 80% of the Fund’s assets (net assets plus the amount of any borrowings for investment purposes) be invested, under normal circumstances, in securities of the type connoted by the name of the Fund. Although these 80% or greater requirements are non-fundamental operating policies that may be changed by the Board without shareholder approval, the Board has adopted a policy requiring not less than 60 days’ written notice be provided to shareholders, in the manner required by Rule 35d-1 under the 1940 Act, before the effective date of any change in such a policy by a Fund that was adopted under the requirements of Rule 35d-1.

#### **NET ASSET VALUE**

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As indicated in the Prospectus, the net asset value (“NAV”) of each Fund is determined and the Shares of each Fund are priced each business day at the regularly-scheduled close of trading on the New York Stock Exchange (“NYSE”) (typically 4 p.m. Eastern Time), or as of the close of the business day, whichever time is earlier. Currently, the following holidays are observed by the Funds: New Year’s Day, Martin Luther King Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Each Fund calculates its NAV as follows:

$$\text{NAV} = \frac{(\text{value of Fund assets}) - (\text{Fund liabilities})}{\text{Number of outstanding Shares}}$$

Securities that are listed or traded on a stock exchange or the NASDAQ or National Market System (“NMS”) are valued at the closing price, if available, on the exchange or market where the security is principally traded (including the NASDAQ Official Closing Price for the Financial Industry Regulatory Authority (“FINRA”) traded securities). Where quotations are not readily available or are deemed unreliable, the Funds’ investments are valued at fair value as determined by management in good faith using methods approved by the Board. Debt securities are valued at prices furnished by a pricing service approved by the Board subject to review and determination of the appropriate price by the Company, whenever a furnished price is significantly different from the previous day’s furnished price. In making such valuations, the pricing service utilizes dealer-supplied valuations which take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices, because such valuations are believed to more accurately reflect the fair value of such securities. Short-term obligations may be valued at amortized cost, which constitutes fair value as determined by the Board. Futures contracts are normally valued at the settlement price on the exchange on which they are traded. Fund securities (other than short-term obligations) for which there are no such valuations are valued at fair value as determined in good faith under the direction of the Board.

Generally, trading in foreign securities, as well as U.S. government securities and certain cash equivalents and repurchase agreements, is substantially completed each day at various times prior to the close of the NYSE. The values of such securities used in computing the net asset value of the Funds’ Shares are determined as of such times. Prices of foreign securities denominated in foreign currency will be converted into U.S. dollar equivalents using the daily rate of exchange at the time of NAV calculation. Occasionally, events affecting the value of securities may occur between the times at which they are determined and at the close of the NYSE, which will not be reflected in the computation of NAV. If during such periods, events occur which materially affect the value of such securities, the securities will be valued at their fair market value as determined by management in good faith using methods approved by the Board.

For purposes of determining the NAV per Share of each Fund, all assets and liabilities initially expressed in foreign currencies will be converted into U.S. dollars using the latest foreign exchange bid quotation (from an approved pricing vendor) as of the time of the NAV calculation.

A Fund’s NAV per Share will be calculated separately from the per Share NAV of the other Funds. “Assets belonging to” a Fund consist of the consideration received upon the issuance of Shares of the particular Fund together with all net investment income, earnings, profits, realized gains/losses, and proceeds derived from the investment thereof, including any proceeds from the sale of such investments, any funds or payments derived from any reinvestment of such proceeds, and a portion of any general assets of the Company not belonging to a particular Fund. Each Fund is charged with the direct liabilities of that Fund and with a share of the general liabilities of all of the Company’s Funds.

## **ADDITIONAL PURCHASE, REDEMPTION AND EXCHANGE INFORMATION**

*Purchases.* Shares of the Funds are sold on a continuous basis by the Funds’ distributor, Northern Lights Distributors, LLC (the “Distributor”), and the Shares may be purchased either directly from the Funds or through banks, financial intermediaries, or certain other institutions. Investors purchasing Shares may include officers, Directors, or employees of the Advisers or their correspondent or affiliated banks.

Customers of First National Bank of Omaha (“First National”) or its correspondent or affiliated banks (collectively, the “Banks”) may purchase Shares in connection with the requirements of their qualified accounts maintained at the Banks.

Shares purchased through the Banks acting in a fiduciary, advisory, custodial, or other similar capacity on behalf of customers will normally be held of record by the Banks. With respect to Shares sold, it is the responsibility of the particular Bank to transmit purchase or redemption orders to the Company and to deliver federal funds for purchase on a timely basis. Beneficial ownership of Shares will be recorded by the Banks and reflected in the account statements provided by the Banks to their customers. A Bank will exercise voting authority for those Shares for which it is granted authority by the customer.

The Banks, financial intermediaries, and other institutions may impose particular customer account requirements in connection with investments in the Funds, such as minimum account size or minimum account thresholds above which excess cash balances may be invested in Fund Shares. In addition, depending on the terms of the particular account used to purchase Fund Shares, the Banks, financial intermediaries, or other institutions may impose charges against the account. These charges could include asset allocation fees, account maintenance fees, sweep fees, compensatory balance requirements, transaction charges or other charges based upon account transactions, assets or income. The charges will



reduce the net return on an investment in a Fund. Investors should contact their institutions with respect to these fees and the particular institution's procedures for purchasing or redeeming Shares. The Prospectus and this SAI should be read in conjunction with any such information received from the Banks, financial intermediaries, or the institutions.

*Exchanges.* If Shares are purchased through a Bank or other institution, the Shares may be exchanged only in accordance with that account's instructions and procedures.

*Redemptions.* If a customer has agreed with a Bank to maintain a minimum balance in his or her account with the Bank, and the balance in that account falls below that minimum, the customer may be obligated to redeem, or the Bank may redeem on behalf of the customer, all or part of the customer's Shares of a Fund to the extent necessary to maintain the required minimum balance. The minimum balance required by any such Bank or other institution may be higher than the minimum required by the Company.

The Company's transfer agent, DST Systems, Inc. (the "Transfer Agent"), reserves the right to reject any signature guarantee if: (i) it has reason to believe that the signature is not genuine; (ii) it has reason to believe that the transaction would otherwise be improper; or (iii) the guarantor institution is a broker or dealer that is neither a member of a clearing corporation nor maintains net capital of at least \$100,000.

The Funds may involuntarily redeem Shares held in certain financial intermediary accounts upon notice to shareholders if the Company or a financial intermediary determines to terminate a shareholder servicing agreement with the financial intermediary with respect to a Fund or a particular Share class.

The Company may suspend the right of redemption or postpone the date of payment for Fund Shares during any period when (i) trading on the NYSE is restricted by applicable rules and regulations of the SEC, (ii) the NYSE is closed for other than customary weekend and holiday closings, (iii) the SEC has by order permitted such suspension, or (iv) an emergency exists as a result of which (a) disposal by the Company of securities owned by it is not reasonably practical, or (b) it is not reasonably practical for the Company to determine the fair value of the Funds' net assets.

If you choose to receive distributions in cash: If any distribution checks (1) are returned as "undeliverable" or (2) have not been negotiated before your next regularly scheduled distribution or within six months from the date of issuance, whichever is earlier, your account will be changed automatically so that all subsequent distributions are reinvested in shares in your account at the per share NAV determined as of the date of the payment. Redemption and fund distribution checks that have not been negotiated within the timeframes noted above will be canceled, and the money will be reinvested in shares in the appropriate Fund at the current day per share NAV. Notices to "unresponsive payees" will be sent in accordance to SEC rules and regulations.

## MANAGEMENT OF THE COMPANY

### Directors and Officers

Overall responsibility for management of the Company rests with its Board, which is elected by the Shareholders of the Company. The Company is managed by the Board in accordance with the laws of Nebraska governing corporations. The Board of Directors oversees all of the Funds. The Directors serve until their respective successors have been elected and qualified or until their earlier death, resignation, or removal. The Directors elect the officers of the Company to supervise actively its day-to-day operations. Information about the Company's Directors and officers follows:

| Name, Address, and Age   | Position(s) Held with the Company                      | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years   | Number of Portfolios in Fund Complex Overseen by Director | Other Directorships Held by Director During Past 5 Years |
|--|--|--|---|---|--|
| <b>Independent Directors</b>   |  |  |   |   |  |
| Gary D. Parker<br>1620 Dodge Street<br>Omaha, NE 68197<br>Age: 78            | Director,<br>Audit<br>Committee<br>Chair               | Indefinite;<br>Since 2005                | Retired since 2000.   | 6   | None   |
| David F. Larrabee<br>1620 Dodge Street<br>Omaha, NE 68197<br>Age: 63         | Lead<br>Independent<br>Director                        | Indefinite;<br>Since 2016                | Retired since 2012.   | 6   | None   |
| Donna M. Walsh<br>1620 Dodge Street<br>Omaha, NE 68197<br>Age: 60            | Director,<br>Corporate<br>Governance<br>Chair          | Indefinite;<br>Since 2018                | Partner, InterAlpen Partners (since 2022); Industry Adviser, Panorama Point Partners (2017-2021).     | 6   | None   |
| <b>Interested Directors*</b>   |  |  |   |   |  |
| Stephen C. Wade<br>1620 Dodge Street<br>Omaha, NE 68197<br>Age: 58           | Director,<br>Chairman of<br>the Board and<br>President | Indefinite;<br>Since 2016                | Senior Vice President - Investment Services, First National Bank of Omaha (December 2013 to present). | 6   | Director,<br>First National<br>Capital<br>Markets, Inc.  |
| Brittany A.<br>Fahrenkrog<br>1620 Dodge Street<br>Omaha, NE 68197<br>Age: 45 | Director and<br>Senior Vice<br>President               | Indefinite;<br>Since 2016                | Director, Client Services, Tributary Capital Management, LLC (since May 2010).                        | 6   | None.  |

\* As defined in the 1940 Act, Mr. Wade is an "interested" Director because he is an officer of First National Bank of Omaha, the parent of the Funds' investment adviser, and an owner of securities issued by First National of Nebraska, Inc, and Ms. Fahrenkrog is an "interested" Director because she is an employee of Tributary Capital Management LLC, the Funds' investment adviser, and an officer of First National Bank of Omaha.

The following are the experiences, qualifications, and skills of each of the Directors which led to the conclusion that they should serve as such.

**Gary D. Parker.** Until his retirement in 2000, Mr. Parker served for a number of years as Chairman, President, and CEO of Lindsay Corporation, a leading manufacturer of center pivot and lateral move irrigation systems, which is listed on the NYSE. In his capacity as Chairman and CEO of a public company, Mr. Parker supervised business and financial matters of that company as a board member and executive responsible to public investors. Mr. Parker's breadth of managerial and executive leadership in public company corporate governance and public financial reporting are experiences directly applicable to Mr. Parker's service as an Independent Director on the Board and Chair of the Audit Committee.

**David F. Larrabee.** Until his retirement in 2012, Mr. Larrabee served in executive management positions in the mutual fund industry as President and CEO of American Century Investment Services, Inc. and as Senior Vice President

of American Century Investments, Inc. In these capacities, Mr. Larrabee developed significant experience in mutual fund operations, including product development and distribution. Mr. Larrabee’s more than 30 years’ experience in the financial services industry also includes positions with State Street Bank and Trust Company and UMB Bank, which included experience with daily fund operations such as custody and cash management. Mr. Larrabee’s overall managerial experience in the mutual fund industry qualifies him to serve as the Lead Independent Director of the Company’s Board.

**Donna M. Walsh.** Ms. Walsh has served most recently in executive management positions with private equity firms Panorama Point Partners and Tenaska Capital Management and as a Co-founder and Managing Director of a private equity fund, Odin Capital. Ms. Walsh also served as Vice President of First Data Corporation. With more than 30 years’ experience in the financial services industry, Ms. Walsh also brings significant experience in analysis and preparation of pro forma financial statements in assessing portfolio companies, and has served on the audit committee of a public company. Ms. Walsh’s managerial experience in the financial services industry qualifies her to serve on the Board as an Independent Director and Chair of the Corporate Governance Committee.

**Stephen C. Wade.** Mr. Wade’s service as Senior Vice President – Investment Services of First National Bank of Omaha, as well as experience in other managerial roles with First National Bank of Omaha and as Chief Financial Officer of Castle Bank over a more than 20 year career in financial services brings relevant managerial experience in the financial services industry to the Company’s Board, and qualifies him to serve as a member of the Company’s Board.

**Brittany A. Fahrenkrog.** Ms. Fahrenkrog is qualified to serve as a member of the Company’s Board based on her experience as Tributary Capital Management’s Director of Client Services, where she acts as a key liaison between the Funds’ Board of Directors and the Adviser and assists in new product development and strategic planning. In addition, Ms. Fahrenkrog began working on the Tributary Funds in 2005 and since that time has served as the principal administrator within Tributary Capital Management, LLC overseeing board-directed initiatives, service providers, expense management and continues this role as Senior Vice President of the Funds. Ms. Fahrenkrog joined Tributary Capital Management’s predecessor, First Investment Group in 2002 as a Marketing Specialist.

*Other Executive Officers*

| Name, Address, and Age of Executive Officers                                       | Position(s) Held with Registrant                                  | Term of Office and Length of Time Served | Principal Occupation(s) During Past 5 Years  |
|--|---|--|--|
| Karen Shaw<br>Three Canal Plaza<br>Suite 600<br>Portland, ME 04101<br>Age: 51      | Treasurer;<br>Principal<br>Financial<br>Officer                   | Indefinite; Since<br>August 2015.        | Senior Vice President, Apex Fund Services (2019-present); Senior Vice President, Atlantic Fund Services 2008-2019.   |
| Rodney L. Ruehle<br>690 Taylor Road,<br>Suite 210<br>Columbus, OH 43230<br>Age: 55 | Chief<br>Compliance<br>and<br>Anti-Money<br>Laundering<br>Officer | Indefinite; Since<br>December 2009.      | Director, Foreside Management Services, LLC (2008 - present); Chief Compliance Officer of Praxis Mutual Funds (May 2015 to present); Chief Compliance Officer, Absolute Shares Trust (November 2017 to present); Chief Compliance Officer of Horizons ETF Trust (December 2016 to February 2019); Chief Compliance Officer of Context Capital Funds (November 2015 – March 2018); Chief Compliance Officer of Asset Management Fund (November 2009 – April 2016); Chief Compliance Officer of Advisers Investment Trust (July 2011 – December 2016 and March 2019 to present). |
| Zachary Tackett<br>Three Canal Plaza<br>Suite 600<br>Portland, ME 04101<br>Age: 35 | Secretary   | Indefinite; Since<br>November 2019.      | Senior Counsel, Apex Fund Services since 2019; Counsel, Atlantic Fund Services (2014-2019).  |

## Board Structure

The Board has five directors, three of whom are not “interested persons” (as defined in the 1940 Act) (the “Independent Directors”) of the Funds, the Funds’ investment adviser or sub-adviser, or the Funds’ various service providers. Accordingly, the Company’s Board consists of three-fifths Independent Directors.

Because of the Funds’ long-standing affiliation with First National of Nebraska, Inc. (“FNNI”) (the parent of Tributary Capital Management, LLC’s immediate corporate parent, First National Bank of Omaha) and its related entities, the Funds have always had at least one director who is affiliated with FNNI or its related entities, an arrangement which is quite common in the fund industry. Presently, two directors, Mr. Wade and Ms. Fahrenkrog, meet the definition of “interested” under the 1940 Act. Mr. Wade is an interested director because of his affiliation with First National Bank of Omaha, and as an owner of securities issued by FNNI, and Ms. Fahrenkrog is an interested director because of her affiliation with First National Bank of Omaha and her employment with Tributary Capital Management, LLC. Mr. Wade currently serves as the Company’s Chairman of the Board and President. A three-fifths majority of Independent Directors will continue to provide an appropriate level of oversight of conflicts of interest among the Funds’ investment adviser, subadviser and the Funds when considering the terms of any advisory contracts, as well as nominating directors to serve on the Board in the future, while allowing for a continued liaison with FNNI and Fund management to benefit shareholders through exposure to management’s resources for the Funds.

The Board has appointed David F. Larrabee as lead Independent Director. The Board has designated a lead Independent Director to serve as the primary liaison between the Independent Directors and the Adviser. All committee matters which should be decided by Independent Directors currently are determined by the four Independent Directors functioning as a committee, or as the only Independent Directors, as applicable.

The Board has formed two committees, the Audit Committee and the Corporate Governance and Nominations Committee, which are generally charged with determining the Company’s most important corporate governance matters, such as reviewing the Funds’ reported financial information and nominating new directors for shareholder election. Both of those committees are comprised solely of the four Independent Directors. Please see the description below regarding the specific responsibilities of those committees.

The Board’s role in overseeing the risks of the Funds begins with its duties imposed by it under both the 1940 Act and state corporate law—as the body which is charged with supervision of the Funds’ overall operations. In addition to reviewing periodic reports provided to the Board from the Funds’ various service providers, the Board meets, usually in person, at least quarterly to discuss the Funds’ operations, performance, and other matters such as review of compliance concerns, if any. The Board has caused the Funds to engage with certain service providers which assist it in overseeing the Funds’ operations. For example, the Funds’ co-administrators are primarily responsible for assuring the Funds’ accounting is appropriately managed and the Funds’ internal operations are appropriately carried out, the Funds’ investment advisers are primarily responsible for implementing the Funds’ respective investment programs, and the Funds’ independent auditors are primarily responsible for conducting the annual audit of the Funds’ financial statements. The Board oversees the activities of all of these service providers.

In addition, the Board’s committee structure further enables it to oversee the Funds’ risks. The primary committee in this regard is the Audit Committee, which is comprised entirely of Independent Directors. The Funds’ independent auditors must report their findings and conclusions respecting their annual audit of the Funds’ financial statements. Furthermore, the Funds’ internal policies require service providers and other persons to report compliance and similar risk matters to the attention of the Audit Committee.

The Board has determined that its leadership structure is appropriate based on the size of the Funds, the Board’s current responsibilities, each of the Directors’ ability to participate in the oversight of the Funds, and committee transparency. As noted above, two-thirds of the Board is comprised of Independent Directors, and these Independent Directors serve on committees designed to facilitate the governance of the Funds and provide risk oversight. Additionally, the Board believes that its existing directors provide exceptional leadership and management experience to the Funds.

## Fund Committees

The Board has established the following committees:

*Audit Committee.* The Audit Committee is responsible for, among other things, reviewing and recommending to the Board the selection of the Funds’ independent registered public accounting firm, reviewing the scope of the proposed

audits of the Funds, reviewing the results of the annual audits of the Fund's financial statements with the independent registered public accounting firm, and interacting with the Fund's independent auditors on behalf of the full Board. The Audit Committee consists of each of the Independent Directors. The Audit Committee held three meetings during the fiscal year ended March 31, 2023. The Audit Committee adopted a Charter effective February 5, 2004, as amended May 19, 2010, November 18, 2010, and November 15, 2012.

*Corporate Governance and Nominations Committee.* The Corporate Governance and Nominations Committee is responsible for reviewing the Board's governance practices and procedures, reviewing the composition of the Board and its committees, and screening and nominating candidates for election to the Board as Independent Directors. The Corporate Governance and Nominations Committee is comprised of the Independent Directors. The Corporate Governance and Nominations Committee met three times during the fiscal year ended March 31, 2023. The Corporate Governance and Nominations Committee adopted a Charter most recently updated on June 1, 2023. The Committee has established a policy that it will receive and consider recommendations for nomination of Independent Director candidates from other persons, including other members of the Board, the shareholders of the Funds or candidates recommended by Company management. As the Company does not intend to hold shareholder meetings each year, the Corporate Governance and Nominations Committee will accept shareholder recommendations for nominees to the Company's Board of Directors on a continuous basis. Recommendations can be submitted to: Tributary Funds, Inc., 1620 Dodge Street, Mail Stop 1089, Omaha, NE 68102, Attention: Chairman, Corporate Governance and Nominations Committee.

In considering candidates for selection or nomination to the Board, the Corporate Governance and Nominations Committee will consider various factors, including a candidate's education, professional experience (including experience in the insurance and mutual fund industries), the results of in-person meetings with the candidate, the views of management of the Advisers with respect to the candidate, the candidate's other business and professional activities, and other factors that may be deemed relevant by the Corporate Governance and Nominations Committee. The Board focuses on each director's ability to contribute to the Board's oversight of the Funds. The Corporate Governance and Nominations Committee of the Board has adopted a policy to consider diversity when identifying director nominees. The criteria developed by the Corporate Governance and Nominations Committee with respect to the new Independent Directors includes five diversity characteristics in evaluating nominees as a director. The Board evaluates the effectiveness of the diversity policy as part of an annual Board and Committee self-assessment process.

*Fair Value Committee.* The Board has a standing Fair Value Committee that is composed of various representatives of the Funds' Advisers and other service providers, as appointed by the Board. The Fair Value Committee operates under procedures approved by the Board. The principal responsibilities of the Fair Value Committee are to determine the fair value of securities for which current market quotations are not readily available. The Fair Value Committee generally holds regular monthly meetings but may meet more frequently, as necessary, and met 12 times during the fiscal year ended March 31, 2023.

The table below sets forth the amount of Shares beneficially owned by each Director in each Fund stated as one of the following dollar ranges: None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; or over \$100,000. The information below is provided as of December 31, 2022.

|  | Independent Directors |                   |              | Interested Directors |                    |
|--|-----------------------|-------------------|--------------|----------------------|--------------------|
|  | Mr. Parker            | Mr. Larrabee      | Ms. Walsh    | Mr. Wade             | Ms. Fahrenkrog     |
| Tributary Short-Intermediate Bond Fund | None                  | None              | None         | Over \$100,000       | \$10,001-\$50,000  |
| Tributary Income Fund                  | None                  | None              | None         | None                 | \$10,001-\$50,000  |
| Tributary Nebraska Tax-Free Fund       | \$10,001-\$50,000     | None              | None         | None                 | \$1-\$10,000       |
| Tributary Balanced Fund                | None                  | None              | None         | None                 | \$10,001-\$50,000  |
| Tributary Small Mid Cap Fund           | None                  | \$10,001-\$50,000 | \$1-\$10,000 | \$10,001-\$50,000    | \$50,001-\$100,000 |
| Tributary Small Company Fund           | None                  | None              | \$1-\$10,000 | Over \$100,000       | Over \$100,000     |



|                        |                   |                   |                   |                |                |
|------------------------|-------------------|-------------------|-------------------|----------------|----------------|
| Aggregate of all Funds | \$10,001-\$50,000 | \$10,001-\$50,000 | \$10,001-\$50,000 | Over \$100,000 | Over \$100,000 |
|------------------------|-------------------|-------------------|-------------------|----------------|----------------|

As of July 5, 2023, the Company's officers and Directors, as a group, owned less than 1% of the Funds' outstanding Shares.

The following table sets forth certain information concerning compensation paid by the Company to its Directors in the fiscal year ended March 31, 2023.

| Name and Position   | Aggregate Compensation From Company | Pension or Retirement Benefits Accrued as Part of Company Expenses | Estimated Annual Retirement Benefits | Total Compensation From Company |
|---|-------------------------------------|--|--------------------------------------|---------------------------------|
| <b>Interested Directors</b>                               |                                     |  |                                      |                                 |
| Stephen C. Wade<br>Chairman, President and Director       | \$0                                 | N/A  | N/A                                  | \$0                             |
| Brittany Fahrenkrog<br>Senior Vice President and Director | \$0                                 | N/A  | N/A                                  | \$0                             |
| <b>Independent Directors</b>                              |                                     |  |                                      |                                 |
| Robert A. Reed*<br>Director                               | \$39,520                            | N/A  | N/A                                  | \$39,520                        |
| Gary D. Parker<br>Director                                | \$39,520                            | N/A  | N/A                                  | \$39,520                        |
| David E. Larrabee<br>Director                             | \$39,520                            | N/A  | N/A                                  | \$39,520                        |
| Donna Walsh<br>Director                                   | \$39,520                            | N/A  | N/A                                  | \$39,520                        |

\*Robert A. Reed resigned effective April 28, 2023

The Company's Interested Directors and officers receive no compensation directly from the Funds for performing the duties of their offices. The Company's Independent Directors are compensated by the Company for their service as Directors pursuant to a Compensation Policy. Pursuant to the Compensation Policy, effective January 1, 2022, each Independent Director is paid an annual retainer of \$23,112, a meeting attendance fee of \$3,852 for each quarterly Board meeting attended, and a fee of \$1,000 for each Special Board meeting or Committee meeting not held on the same day as a quarterly Board meeting. Independent Directors may also be paid \$1,000 per day for attendance at certain business meetings as an official representative of the Company. For meetings not held on the same day as a quarterly Board meeting, the Lead Independent Director and the Chairman of the Audit Committee and the Corporate Governance and Nominations Committee are paid an additional fee of \$2,000, \$1,500 and \$1,250, respectively, for preparing for and attending such meetings. Pursuant to the Company's amended Corporate Governance and Nominations Committee Charter, the Committee will evaluate Board compensation on a biannual basis, with each such evaluation taking place in the second year following the later of the most recent compensation adjustment or evaluation.

Pursuant to the Compensation Policy, the Independent Directors will invest at least 10% of all categories of their compensation in Fund shares. Investments in Fund shares made by the Independent Directors will be governed by the Company's Independent Directors Investment Program, which provides procedures for investment of Director compensation and certain ad hoc Director investments in Fund shares. The Independent Directors Investment Program includes procedures for managing any conflicts of interest, including Director notice, reporting and pre-clearance requirements with respect to investments in Fund shares.

The officers may, from time to time, serve as officers of other investment companies. Atlantic Fund Administration, LLC (d/b/a Apex Fund Services) ("Apex") and Tributary Capital Management, LLC, serve as the Funds' Co-Administrators and receive fees from each of the Funds for acting as Co-Administrator.

### Proxy Voting Policies

The Company has delegated to the Advisers the authority to vote proxies relating to portfolio securities owned by the Funds. The Board has reviewed and approved the policies and procedures that govern the voting of such proxies. A complete copy of those policies and procedures is attached as Appendix B. Information regarding how the Funds voted

proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by writing to the Company at P.O. Box 219022, Kansas City, MO 64141-6022, or by telephoning toll free (800) 662-4203, and on the SEC’s website at www.sec.gov.

### Investment Advisers and Sub-Advisers

Tributary provides investment advisory services to the Funds under an investment advisory agreement dated May 3, 2010 (the “Master Advisory Agreement”). Tributary is a wholly owned subsidiary of FNFI.

Under the Master Advisory Agreement, Tributary provides investment advisory services as described in the Prospectus. For the services provided and expenses assumed under the Master Advisory Agreement, the Funds, respectively, pays a fee equal to the lesser of (i) a fee computed daily and paid monthly, at the following annual rates of the average daily net assets of that Fund:

| Fund                         | Fee Paid to Tributary |
|------------------------------|-----------------------|
| Short-Intermediate Bond Fund | 0.50%                 |
| Income Fund                  | 0.60%                 |
| Nebraska Tax-Free Fund       | 0.40%                 |
| Balanced Fund                | 0.75%                 |
| Small/Mid Cap Fund           | 0.85%                 |
| Small Company Fund           | 0.85%                 |

or, (ii) such other fee as may be agreed upon from time to time in writing by the Company and Tributary. Tributary may reduce all or a portion of its advisory fees with respect to any Fund under an Expense Waiver Agreement dated August 1, 2023, as amended, between the Company and Tributary.

Investment sub-advisory services are provided to the Short-Intermediate Bond Fund, the Income Fund, the Nebraska Tax-Free Fund, and the Balanced Fund by FNA via assignment and agreement dated April 26, 2021, as amended (the “FNA Sub-Advisory Agreement,” together with the Master Advisory Agreement, the “Advisory Agreements”). FNA is a wholly owned subsidiary of First National Bank of Omaha, which is a subsidiary of First National Bank of Nebraska, Inc.

Under the FNA Sub-Advisory Agreement, FNA provides investment sub-advisory services to Tributary for the Short-Intermediate Bond Fund, the Income Fund, the Nebraska Tax-Free Fund, and the Balanced Fund as described in the Prospectus. For the services provided and expenses assumed under the FNA Sub-Advisory Agreement, Tributary pays FNA a fee equal to 0.25% of the average daily net assets of the Short-Intermediate Bond Fund, 0.30% of the average daily net assets of the Income Fund, 0.20% of the average daily net assets of the Nebraska Tax-Free Fund, and 0.375% of the average daily net assets of the Balanced Fund. The fees paid to FNA are a portion of, and are not in addition to, the advisory fees paid by the Short-Intermediate Bond Fund, the Income Fund, the Nebraska Tax-Free Fund, and the Balanced Fund to Tributary described above.

The advisory fees, net of fee waivers, earned by Tributary for the three previous fiscal years were:

Fiscal Year Ended March 31, 2021

| Fund                         | Gross Advisory Fees | Fee Waivers/<br>Reimbursements | Net Advisory Fees |
|------------------------------|---------------------|--------------------------------|-------------------|
| Short-Intermediate Bond Fund | \$1,076,193         | \$527,733                      | \$548,460         |
| Income Fund                  | \$1,318,420         | \$637,020                      | \$681,400         |
| Nebraska Tax-Free Fund       | \$301,428           | \$169,830                      | \$131,598         |
| Balanced Fund                | \$548,889           | \$177,152                      | \$371,737         |
| Small/Mid Cap Fund           | \$22,756            | \$63,321                       | \$0               |
| Small Company Fund           | \$6,483,805         | \$720,322                      | \$5,763,483       |

Fiscal Year Ended March 31, 2022

| Fund                         | Gross Advisory Fees | Fee Waivers/<br>Reimbursements | Net Advisory Fees |
|------------------------------|---------------------|--------------------------------|-------------------|
| Short-Intermediate Bond Fund | \$1,173,118         | \$566,530                      | \$606,588         |
| Income Fund                  | \$1,184,297         | \$603,012                      | \$581,285         |
| Nebraska Tax-Free Fund       | \$281,645           | \$160,842                      | \$120,803         |
| Balanced Fund                | \$619,242           | \$205,792                      | \$413,450         |
| Small/Mid Cap Fund           | \$42,156            | \$72,659                       | \$0               |
| Small Company Fund           | \$6,282,939         | \$744,674                      | \$5,538,265       |

Fiscal Year Ended March 31, 2023

| Fund                         | Gross Advisory Fees | Fee Waivers/<br>Reimbursements | Net Advisory Fees |
|------------------------------|---------------------|--------------------------------|-------------------|
| Short-Intermediate Bond Fund | \$1,105,276         | \$597,354                      | \$507,922         |
| Income Fund                  | \$1,086,200         | \$640,795                      | \$445,405         |
| Nebraska Tax-Free Fund       | \$228,980           | \$168,759                      | \$60,221          |
| Balanced Fund                | \$539,756           | \$224,670                      | \$315,086         |
| Small/Mid Cap Fund           | \$91,902            | \$108,493                      | \$0               |
| Small Company Fund           | \$5,733,370         | \$754,068                      | \$4,979,302       |

Unless otherwise terminated, after an initial two-year period, the Advisory Agreements remain in effect from year to year for successive annual periods ending on June 30 if, as to each Fund, such continuance is approved at least annually by the Board of Directors or by vote of a majority of the outstanding Shares of that Fund (as defined under “ADDITIONAL INFORMATION” below), and a majority of the Directors who are not parties to the particular Advisory Agreement or “interested persons” (as defined in the 1940 Act) of any party to the Advisory Agreement by votes cast in person at a meeting called for such purpose. The Advisory Agreements are terminable as to a Fund at any time without penalty on 60 days’ written notice by the Directors, by vote of a majority of the outstanding Shares of that Fund, or by the Advisers. The Advisory Agreements also terminate automatically in the event of any assignment, as defined in the 1940 Act.

The Advisory Agreements provide that the Advisers will not be liable for any error of judgment or mistake of law or for any loss suffered by a Fund in connection with their respective performance of the Advisory Agreements, except a loss resulting from a breach of fiduciary duty respecting their receipt of compensation for services or a loss resulting from willful misfeasance, bad faith, or gross negligence on the part of an Adviser in the performance of its duties, or from reckless disregard by an Adviser of its duties and obligations thereunder.

### Portfolio Transactions

Under the Advisory Agreements, the Advisers determine, subject to the general supervision of the Board and in accordance with each Fund’s investment objective and restrictions, which securities are to be purchased and sold by a Fund, and which brokers to execute such Fund’s portfolio transactions. Purchases and sales of fixed income debt securities acquired for the Short-Intermediate Bond Fund, the Income Fund, the Nebraska Tax-Free Fund and the Balanced Fund usually are principal transactions in which portfolio securities are normally purchased directly from the issuer or from an underwriter or market maker for the securities. Purchases from underwriters of other portfolio securities for the Funds generally include a commission or concession paid by the issuer to the underwriter, and purchases from dealers serving as market makers may include the spread between the bid and ask price. Transactions on stock exchanges involve the payment of negotiated brokerage commissions. Transactions in the over-the-counter market may take the form of principal transactions with dealers, or may involve the payment of negotiated brokerage commissions. While the Advisers generally seek competitive commissions, the Company may not necessarily pay the lowest commission available on each brokerage transaction.

For the three previous fiscal years ending March 31, the Funds paid the following brokerage commissions on their respective total transactions:

Fiscal Year Ended March 31, 2021:

| Fund                         | Brokerage Commissions | Total Transactions |
|------------------------------|-----------------------|--------------------|
| Short-Intermediate Bond Fund | \$8                   | \$37,786           |
| Balanced Fund                | \$9,493               | \$19,854,608       |
| Small/Mid Cap Fund           | \$1,338               | \$2,230,766        |
| Small Company Fund           | \$771,323             | \$1,116,692,754    |

Fiscal Year Ended March 31, 2022:

| Fund               | Brokerage Commissions | Total Transactions |
|--------------------|-----------------------|--------------------|
| Income Fund        | \$20                  | \$48,808           |
| Balanced Fund      | \$9,683               | \$22,323,334       |
| Small/Mid Cap Fund | \$2,686               | \$5,721,255        |
| Small Company Fund | \$432,534             | \$711,592,311      |

Fiscal Year Ended March 31, 2023:

| Fund                         | Brokerage Commissions | Total Transactions |
|------------------------------|-----------------------|--------------------|
| Short-Intermediate Bond Fund | \$522                 | \$1,028,177        |
| Income Fund                  | \$400                 | \$990,567          |
| Balanced Fund                | \$6,146               | \$12,467,282       |
| Small/Mid Cap Fund           | \$6,961               | \$12,270,414       |
| Small Company Fund           | \$418,957             | \$516,390,477      |

The Nebraska Tax-Free Fund did not pay any brokerage commissions for the fiscal years ending, March 31, 2021, March 31, 2022 or March 31, 2023, the Short-Intermediate Bond Fund did not pay any brokerage commissions for the fiscal years ending, March 31, 2021 or March 31, 2022 and the Income Fund did not pay any brokerage commissions for the fiscal year ending March 31, 2021.

*Brokerage with Fund Affiliates.* A Fund may execute brokerage or other agency transactions through registered broker-dealer affiliates of the Fund, the Advisers, or the Distributor for a commission in conformity with the 1940 Act, the Securities Exchange Act of 1934, as amended, and rules promulgated by the SEC. Under the 1940 Act, affiliated broker-dealers are permitted to receive and retain compensation for effecting portfolio transactions for a Fund if written procedures are in effect expressly permitting the affiliate to receive and retain such compensation. These rules and procedures further require that commissions paid to an affiliate by a Fund for exchange transactions not exceed “usual and customary” brokerage commissions and be reported to the Board at the next regularly scheduled meeting.

For the fiscal years ended March 31, 2023, 2021, and 2020, the Funds did not execute brokerage or other agency transactions with affiliated brokers.

*Allocation of Transactions.* Allocation of transactions, including their frequency, to various brokers and dealers is determined by the Advisers in their best judgment and in a manner deemed fair and reasonable to Fund Shareholders. The Advisers are obliged to place orders for the purchase and sale of securities with the objective of obtaining best execution or the most favorable overall results in commission rates and prices paid for securities for the Funds. Consistent with the Advisers duty to seek best execution, the Advisers may execute transactions for the Funds with broker-dealers who provide the Advisers with research and brokerage products and services, as discussed below.

In selecting broker-dealers through which to effect transactions, the Advisers may consider a number of factors such as price, confidentiality, broker-dealer spread or commission (if any), the reliability, integrity and financial condition of the broker-dealer, the value of the brokerage and research services provided and the size of the transaction and difficulty of execution. The Advisers’ selection of a broker-dealer based on one or more of these factors, either in terms of a particular transaction or an Adviser’s overall responsibilities with respect to the Fund to obtain best execution and could result in the Fund paying a commission or spread on a transaction that is in excess of the amount of commission or spread another broker-dealer might have charged for executing the same transaction.

The Advisers may obtain economic and company-specific research, reports on corporate conference calls and news, portfolio and data analytics, electronic price feeds and other brokerage services, and access to industry conferences as a result of effecting transactions with a specific broker. Commissions paid to broker-dealers benefit the Advisers by allowing them to obtain research and other products and services that they do not have to pay for or produce. As a result, a Fund may pay brokerage commissions that are used, in part, to purchase brokerage or research services that are not used to benefit that specific Fund. The Advisers will execute portfolio transactions through these broker-dealers only if it has been determined that such broker-dealers provide best execution.

Subject to its best execution responsibility, the Advisers may also use commission sharing arrangements (“CSAs”) to obtain brokerage and research services. In CSAs, Advisers may effect transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commission or commission credits to a segregated “research pool” maintained by the broker-dealer (“CSA Broker”). The Advisers may then direct such broker-dealer to pay for eligible products and services under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

All Tributary Funds trades are executed through brokers that ultimately provide research to the investment advisers. Please see the brokerage commission tables above.

Investment decisions for each Fund are made independently from those for the other Funds and any other investment company or account managed by the Advisers. Any such other Fund, investment company, or account may also invest in the same securities as the Fund. When a purchase or sale of the same security is made at substantially the same time on behalf of a Fund and another investment company or account, the transaction will be averaged as to price, and available investments will be allocated as to amount in a manner which the Advisers believe to be equitable to the Fund and such other investment company or account. In some instances, this investment procedure may adversely affect the price paid or received by a Fund or the size of the position obtained by a Fund. To the extent permitted by law, the Advisers may aggregate the securities to be sold or purchased for a Fund with those to be sold or purchased for the other investment companies or accounts in order to obtain best execution. As provided by the Advisory Agreements, in making investment recommendations for each of the Funds, the Advisers will not inquire or take into consideration whether an issuer of securities proposed for purchase or sale by a Fund is a customer of the Advisers, their parent or subsidiaries or affiliates and, in dealing with its customers, the Advisers, their parent, subsidiaries, and affiliates will not inquire or take into consideration whether securities of such customers are held by the Funds.

*Securities of Regular Broker-Dealers.* During the fiscal year ended March 31, 2023, the Funds acquired certain securities of certain of the Funds' regular broker-dealers or parents of such broker-dealers. The aggregate holdings of the Fund of those brokers or dealers as of March 31, 2023 were as follows:

| <b>Broker-Dealer</b>          | <b>Fund</b>                  | <b>Market Value</b> |
|-------------------------------|------------------------------|---------------------|
| Bank of America Corp.         | Balanced Fund                | \$137,883           |
| Bank of America Corp.         | Income Fund                  | \$1,057,103         |
| Barclays Capital, Inc.        | Balanced Fund                | \$182,452           |
| Barclays Capital, Inc.        | Short Intermediate Bond Fund | \$1,766,899         |
| Charles Schwab & Co., Inc.    | Balanced Fund                | \$306,331           |
| Charles Schwab & Co., Inc.    | Income Fund                  | \$1,186,270         |
| Charles Schwab & Co., Inc.    | Short Intermediate Bond Fund | \$2,113,872         |
| Citigroup Global Markets      | Balanced Fund                | \$322,984           |
| Citigroup Global Markets      | Income Fund                  | \$2,441,522         |
| Citigroup Global Markets      | Short Intermediate Bond Fund | \$3,481,569         |
| Credit Suisse Securities, LLC | Income Fund                  | \$1,581,686         |
| Credit Suisse Securities, LLC | Short Intermediate Bond Fund | \$207,922           |
| Goldman Sachs & Co.           | Balanced Fund                | \$597,013           |
| Goldman Sachs & Co.           | Income Fund                  | \$3,100,157         |
| Goldman Sachs & Co.           | Short Intermediate Bond Fund | \$3,776,301         |
| J.P. Morgan                   | Balanced Fund                | \$902,624           |
| J.P. Morgan                   | Income Fund                  | \$1,431,670         |
| J.P. Morgan                   | Short Intermediate Bond Fund | \$3,644,089         |
| Morgan Stanley & Co., Inc.    | Balanced Fund                | \$622,734           |
| Morgan Stanley & Co., Inc.    | Income Fund                  | \$1,826,034         |
| Morgan Stanley & Co., Inc.    | Short Intermediate Bond Fund | \$3,830,259         |
| Stifel, Nicolaus & Co., Inc.  | Small/Mid Cap Fund           | \$284,259           |
| U.S. Bancorp                  | Balanced Fund                | \$195,730           |
| U.S. Bancorp                  | Income Fund                  | \$914,827           |
| U.S. Bancorp                  | Short Intermediate Bond Fund | \$375,000           |
| Wells Fargo Securities, Inc.  | Balanced Fund                | \$613,706           |
| Wells Fargo Securities, Inc.  | Income Fund                  | \$1,139,804         |
| Wells Fargo Securities, Inc.  | Short Intermediate Bond Fund | \$2,468,659         |

### **Portfolio Holdings**

Portfolio holdings information for the Funds is made available more frequently and prior to its public availability ("non-standard disclosure") to:

- (1) the Funds' service providers (including the Funds' Custodian, Co-Administrators, fund accountant, financing



agents, pricing services, and certain others (such as auditors, legal counsel, and proxy voting services) necessary for the Funds' day-to-day operations) (collectively, the "Service Providers"); and

- (2) certain non-service providers, including ratings agencies and other qualified financial professionals (such as Bloomberg L.P., FactSet Research Systems, Inc., Morningstar, Inc., Thomson Reuters/Lipper and affiliates, and ICE Data Pricing & Reference Data, LLC), for such purposes as analyzing and ranking the Funds or performing due diligence and asset allocation (collectively, the "Non-Service Providers"). Generally, if provided, such information will be provided to Non-Service Providers on a monthly basis with a sixteen day lag.

Service providers include administrators, auditors, attorneys, custodians, pricing vendors, and proxy voting services. Such holdings are released under conditions of confidentiality. "Conditions of confidentiality" include confidentiality terms included in written agreements, implied by the nature of the relationship (e.g., attorney-client relationship), or required by fiduciary or regulatory principles (e.g., custody services provided by financial institutions).

Prior to the release of non-standard disclosure to Non-Service Providers, the recipient must adhere to the following conditions:

- (1) the recipient may not distribute the portfolio holdings or results of the analysis to third parties, other departments or persons who are likely to use the information for purposes of purchasing or selling Shares of the Funds before the portfolio holdings or results of the analysis become public information; and
- (2) the recipient is subject to a duty of confidentiality or written confidentiality agreement. Persons and entities unwilling to execute an acceptable confidentiality agreement may only receive portfolio holdings information that has otherwise been publicly disclosed in accordance with the Funds' disclosure policies; or
- (3) the recipient provides assurances of its duty of confidentiality, which may include such means as certification as to its policies' adequacy to protect the information that is disclosed.

Neither the Funds nor any Service Provider may disclose material information about the Funds' holdings, trading strategies implemented or to be implemented in the Funds, or about pending transactions in the Funds to other third parties, except that information about portfolio holdings may be made available to such third parties:

- (1) by providing a copy of the Funds' latest annual or semi-annual report or the Funds' latest Form N-PORT;
- (2) in marketing materials, provided the portfolio holdings disclosed in the materials are at least 15 days old; or
- (3) when the Funds have a legitimate business purpose for doing so and the recipients are subject to a confidentiality agreement or the Board has determined that the policies of the recipient are adequate to protect the information that is disclosed.

Such disclosures must be authorized by the Funds' President or Treasurer and will be reported periodically to the Board. In no event will such information be disclosed for compensation.

Each Fund's portfolio holdings disclosure policy is subject to periodic review by the Board. In order to help ensure that each Fund's portfolio holdings disclosure policy is in the best interests of Fund Shareholders as determined by the Board, the Funds' Chief Compliance Officer provides an annual report to the Board on such disclosure. Any conflict identified between the interests of Fund Shareholders and those of an Adviser, the Distributor, or any affiliate of the Fund, an Adviser, or the Distributor by a Fund resulting from the disclosure of nonpublic portfolio holdings information will be reported to the Board for appropriate action.

### **Portfolio Managers**

Ron Horner and Travis Nordstrom of FNA share responsibility for managing the Short-Intermediate Bond Fund, the Income Fund and the Nebraska Tax-Free Fund; Ron Horner, John Harris, and Kurt Spieler of FNA are responsible for managing the Balanced Fund; Mark Wynegar and Donald Radtke of Tributary have responsibility of managing the Small/Mid-Cap Fund; and Mark Wynegar and Michael Johnson of Tributary are responsible for managing the Small Company Fund.

*Other Accounts Managed.* Each portfolio manager also has responsibility for the day-to-day management of accounts other than the Fund(s) for which he or she serves as portfolio manager. The following table provides certain information, as of March 31, 2023, regarding these other accounts.

| Name of Manager                  | Number of Accounts | Total Assets of Accounts | Number of Accounts Paying a Performance Fee | Total Assets of Accounts Paying a Performance Fee |
|----------------------------------|--------------------|--------------------------|---|---|
| <b>Ronald Horner</b>             |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 36                 | \$878M                   | 0   | 0   |
| <b>Travis Nordstrom</b>          |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 36                 | \$878M                   | 0   | 0   |
| <b>John Harris</b>               |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 522                | \$565M                   | 0   | 0   |
| <b>Kurt Spieler</b>              |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 183                | \$2.9B                   | 0   | 0   |
| <b>Mark Wynegar</b>              |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 767                | \$1.22B                  | 0   | 0   |
| <b>Donald Radtke</b>             |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 67                 | \$722M                   | 0   | 0   |
| <b>Michael Johnson</b>           |                    |                          |   |   |
| Registered investment companies  | 0                  | 0                        | 0   | 0   |
| Other pooled investment vehicles | 0                  | 0                        | 0   | 0   |
| Other accounts                   | 633                | \$950M                   | 0   | 0   |

*Conflicts of Interests.* When a portfolio manager is responsible for the management of more than one account, the potential arises for the portfolio manager to favor one account over another. Generally, the risks of such conflicts of interests are increased to the extent that the portfolio manager has a financial incentive to favor one account over another. The Company does not believe that any material conflicts are likely to arise out of these portfolio managers' oversight of the other accounts. Those accounts are generally managed relative to different benchmarks and different investment policies which can result in performance variations, but none reported a conflict of interest in investment strategy, asset allocation, or in any other manner. In addition, the Advisers have policies and procedures, enforced by the Advisers' respective compliance departments, designed to address potential conflicts of interest relating to the allocation of investment opportunities by its managers. Further, the Advisers' Code of Ethics address potential conflicts of interest and prohibit certain securities transactions or requires "access persons" to obtain pre-clearance before acquiring beneficial ownership of Fund portfolio securities.

*Compensation—Tributary.* Each Tributary portfolio manager receives a fixed salary from Tributary based upon experience and prevailing compensation levels in the market. Participation in Tributary's defined contribution (401(k)) plan is voluntary, however, portfolio managers receive an annual contribution by Tributary. Each Tributary portfolio manager is eligible to receive a bonus from Tributary. Performance bonuses are paid yearly and are calculated as a percentage of base

salary and are dependent upon performance of the strategy relative to the Fund’s benchmark and institutional peer group over 1, 3 and 5 year time periods. In addition, to create an ownership mentality, portfolio managers and all investment professionals at Tributary participate in revenue sharing, whereas a portion of revenue is paid to team members annually.

*Compensation—FNA.* Each FNA portfolio manager receives a fixed salary from FNA based upon experience and prevailing compensation levels in the market. Participation in FNA’s defined contribution (401(k)) plan is voluntary. Each FNA portfolio manager is eligible to receive a bonus from FNA. Bonuses are paid yearly and are calculated as a percentage of base salary and are dependent upon Fund quarterly composite performance relative to that Fund’s benchmark and peer group.

*Ownership of Fund Shares.* The table below shows, as of March 31, 2023, the dollar range of Shares beneficially owned by each portfolio manager in each Fund(s) for which he or she serves as portfolio manager, in one of the following ranges: None; \$1-\$10,000; \$10,001-\$50,000; \$50,001-\$100,000; \$100,001-\$500,000; \$500,001-\$1,000,000; or over \$1,000,000.

| PORTFOLIO MANAGER | FUNDS MANAGED BY PORTFOLIO MANAGER | DOLLAR RANGE          |
|-------------------|------------------------------------|-----------------------|
| Ronald Horner     | Short-Intermediate Bond Fund       | \$100,001-\$500,000   |
|                   | Income Fund                        | \$10,001-\$50,000     |
|                   | Balanced Fund                      | None                  |
|                   | Nebraska Tax-Free Fund             | None                  |
| Travis Nordstrom  | Short-Intermediate Bond Fund       | \$100,001-\$500,000   |
|                   | Income Fund                        | None                  |
|                   | Nebraska Tax-Free Fund             | None                  |
| John Harris       | Balanced Fund                      | None                  |
| Kurt Spieler      | Balanced Fund                      | \$100,001-\$500,000   |
| Mark Wynegar      | Small/Mid-Cap Fund                 | \$500,001-\$1,000,000 |
|                   | Small Company Fund                 | \$100,001-\$500,000   |
| Donald Radtke     | Small/Mid-Cap Fund                 | \$100,001-\$500,000   |
| Michael Johnson   | Small Company Fund                 | \$500,001-\$1,000,000 |

### Co-Administrators

Tributary (along with Apex, the “Co-Administrators”) serves as co-administrator to each Fund under the Co-Administration Agreement between the Company and Tributary dated May 3, 2010 (the “Tributary Co-Administration Agreement”). Under the Tributary Co-Administration Agreement, Tributary assists in the supervision of all aspects of the operations of the Funds except those performed by the Distributor, Transfer Agent, accountant, and Advisers of the Funds; serves as on-site liaison between the Company and the other service providers; furnishes statistical and research data; assists in the preparation of compliance filings required under state securities laws; assists in the preparation, mailing, and filing of the Funds’ annual and semi-annual reports to Shareholders; assists in the preparation and distribution of proxy statements and related documents; and provides support for meetings of the Board. The following table shows the gross and net administration fees paid to, and fees waived by, Tributary as Co-Administrator during the last three fiscal years:

### FEES PAID TO TRIBUTARY AS CO-ADMINISTRATOR

| Fund                         | Year Ended<br>March 31, 2021 |                |                         | Year Ended<br>March 31, 2022 |                |                         | Year Ended<br>March 31, 2023 |                |                         |
|------------------------------|------------------------------|----------------|-------------------------|------------------------------|----------------|-------------------------|------------------------------|----------------|-------------------------|
|                              | Gross<br>Advisory<br>Fees    | Fee<br>Waivers | Net<br>Advisory<br>Fees | Gross<br>Advisory<br>Fees    | Fee<br>Waivers | Net<br>Advisory<br>Fees | Gross<br>Advisory<br>Fees    | Fee<br>Waivers | Net<br>Advisory<br>Fees |
| Short-Intermediate Bond Fund | \$150,669                    | –              | \$150,669               | \$164,236                    | –              | \$164,236               | \$154,738                    | –              | \$154,738               |
| Income Fund                  | \$153,818                    | –              | \$153,818               | \$138,167                    | –              | \$138,167               | \$126,723                    | –              | \$126,723               |
| Nebraska Tax-Free Fund       | \$52,750                     | –              | \$52,750                | \$49,287                     | –              | \$49,287                | \$40,071                     | –              | \$40,071                |
| Balanced Fund                | \$51,230                     | –              | \$51,230                | \$57,796                     | –              | \$57,796                | \$50,377                     | –              | \$50,377                |
| Small/Mid Cap Fund           | \$1,874                      | –              | \$1,874                 | \$3,472                      | –              | \$3,472                 | \$7,568                      | –              | \$7,568                 |
| Small Company Fund           | \$533,967                    | –              | \$533,967               | \$517,415                    | –              | \$517,415               | \$472,158                    | –              | \$472,158               |

Apex, located at Three Canal Plaza, Portland, ME 04101, serves as co-administrator to each Fund under the Fund Accounting and Co-Administration Services Agreement between the Company and Apex dated August 1, 2015 (the “Apex Co-Administration Agreement”). Under the Apex Co-Administration Agreement, Apex provides mutual fund accounting,

administrative, recordkeeping, tax-related, compliance support, and other reporting services for the Funds. As compensation for providing such services under the Apex Co-Administration Agreement, Atlantic receives a fee based on the net assets of the Funds. Apex is a wholly-owned subsidiary of Apex US Holdings LLC.

### **Compliance Services**

Foreside Financial Group, LLC (d/b/a ACA Group) (or an affiliate or subsidiary thereof), located at 690 Taylor Road, Suite 210, Columbus, OH 43230, provides certain compliance services to the Funds, including designating one of its employees as the Funds' Chief Compliance Officer and Anti-Money Laundering Officer. Beacon Hill Fund Services, Inc. ("Beacon Hill"), as the predecessor to Foreside, provided certain compliance services to the Funds under a Compliance Services Agreement dated December 21, 2009.

### **Expenses**

The Master Advisory Agreement provides that if total expenses borne by any of the Funds in any fiscal year exceed expense limitations imposed by applicable state securities regulations, Tributary will reimburse that Fund by the amount of such excess in proportion to its respective fees. As of the date of this SAI, the Funds are not aware of any state-imposed expense limitation applicable to the Funds. Fees imposed upon customer accounts by Tributary or its affiliated or correspondent banks for cash management services are not included within Fund expenses for purposes of any such expense limitation.

The Advisers and Atlantic each bear all expenses in connection with their respective performance of their services as Advisers and Co-Administrator, respectively, other than the cost of securities (including brokerage commissions, and issue and transfer taxes, if any) purchased for a Fund. Each Fund will bear the following expenses relating to its operations: organizational expenses; taxes; interest; any brokerage fees and commissions; Board fees and expenses; SEC fees; state securities qualification fees; costs of preparing and printing Prospectuses for regulatory purposes and for distribution to its current Shareholders; outside auditing and legal expenses; advisory and administration fees; fees and out-of-pocket expenses of the Co-Administrators, Custodian, and Transfer Agent; costs for independent pricing service; certain insurance premiums; costs of maintenance of the Company's existence; costs of Shareholders' and Directors' reports and meetings; distribution expenses incurred pursuant to the Distribution and Service Plan described below; and any extraordinary expenses incurred in a Fund's operation.

### **Distributor**

The Company and the Distributor are parties to an Underwriting Agreement dated February 1, 2019 (the "Distribution Agreement") under which the Distributor acts as principal underwriter for the Funds' Shares. The principal business address of the Distributor is 4221 North 203rd Street, Suite 100, Elkhorn, NE 68022. Under the Distribution Agreement, the Distributor must use all reasonable efforts, consistent with its other business, in connection with the continuous offering of the Funds' Shares. The Distributor has no obligation to sell any specific quantity of Fund Shares. Unless otherwise terminated, the Distribution Agreement has an initial term of two years and thereafter will remain in effect from year to year for successive annual periods if approved at least annually (i) by the vote of a majority of the Board who are not parties to the Distribution Agreement or interested persons (as defined in the 1940 Act) of any party to the Distribution Agreement, cast in person at a meeting called for the purpose of voting on such approval, and (ii) by the vote of the Board or the vote of a majority of the outstanding Shares of the Company. The Distribution Agreement may be terminated in the event of any assignment, as defined in the 1940 Act.

The Distributor solicits orders for the sale of Shares, advertises and pays the costs of advertising, office space, and the personnel involved in such activities. If applicable to a class of the Company's Shares as described below, the Distributor may receive distribution fees from certain of the Funds as authorized by the Distribution and Service Plan described below.

### **Distribution and Service Plan**

The Company has adopted a Distribution and Service Plan (the "Plan") under Rule 12b-1 of the 1940 Act under which each Fund is authorized to make payments to banks, including First National, other institutions, the Distributor, and broker-dealers (collectively, the "Participating Organizations"), for providing distribution or Shareholder service assistance. Payments to such Participating Organizations may be made pursuant to agreements entered into upon the recommendation of the Distributor. The Plan authorizes each Fund to make payments with respect to certain classes of Shares in an amount not in excess, on an annual basis, of 0.25% of the average daily net assets of that Fund. As of the date of this SAI, the Company has no class of Shares outstanding to which the Plan is applicable.

Payments may be made by the Funds under the Plan for the purpose of financing any activity primarily intended to result in the sales of Shares of the Funds as determined by the Board. Such activities could include advertising; compensation for sales and sales marketing activities of financial services agents and others, such as dealers or distributors; Shareholder account servicing; production and dissemination of prospectuses and sales and marketing materials; and capital or other expenses of associated equipment, rent, salaries, bonuses, interest, and other overhead. To the extent any activity is one that the Funds may finance without a Plan, the Funds may also make payments to finance such activity outside of the Plan and not subject to its limitations. Any payments under the Plan would not be tied exclusively to actual distribution and service expenses, and the payments could exceed distribution and service expenses actually incurred.

As required by Rule 12b-1, the Plan was approved by the Shareholders of each of the Funds and by the Board, including a majority of the Directors who are not interested persons of any of the Funds and who have no direct or indirect financial interest in the operation of the Plan (the “12b-1 Directors”). The Plan may be terminated as to a Fund by vote of a majority of the 12b-1 Directors, or by vote of majority of the outstanding Shares of that Fund. Any change in the Plan that would materially increase the distribution cost to a Fund requires Shareholder approval. The Board will, if the Plan issues shares applicable to the Plan, review quarterly a written report of such costs and the purposes for which such costs have been incurred. The Plan may be amended by vote of the Directors including a majority of the 12b-1 Directors, cast in person at a meeting called for that purpose. For so long as the Plan is in effect, the selection and nomination of those Directors who are not interested persons of the Company must be made by the 12b-1 Directors. All agreements with any person relating to the implementation of the Plan may be terminated at any time on 60 days’ written notice without payment of any penalty, by vote of a majority of the 12b-1 Directors or by a vote of the majority of the outstanding Shares of any of the Funds. The Plan will continue in effect for successive one-year periods, provided that each such continuance is specifically approved (i) by the vote of a majority of the 12b-1 Directors, and (ii) by a vote of a majority of the entire Board cast in person at a meeting called for that purpose. The Board has a duty to request and evaluate such information as may be reasonably necessary for them to make an informed determination of whether the Plan should be implemented or continued. In addition, the Directors in approving the Plan must determine that there is a reasonable likelihood that the Plan will benefit each Fund and its Shareholders.

The Board believes that the Plan, if activated, would be in the best interests of each Fund because it would encourage growth of a Fund. As a Fund grows in size, certain expenses, and therefore total expenses, per Share, may be reduced and overall performance per Share may be improved.

### **Administrative Services Plan**

As described in the Prospectus, the Company has also adopted an Administrative Services Plan (the “Services Plan”) under which the Institutional Class Shares of each Fund are authorized to pay certain financial institutions, including First National, the Banks, third-party financial intermediaries, and the Distributor (each a “Service Organization”), to provide certain ministerial, record keeping, and administrative support services to their customers who own Institutional Class Shares in a Fund of record or beneficially, such as processing dividend and distribution payments from the Funds on behalf of customers, providing periodic statements to customers showing their positions in the Institutional Class Shares of the Funds, providing sub-accounting with respect to Institutional Class Shares beneficially owned by such customers, and providing customers with a service that invests the assets of their accounts in Institutional Class Shares of the Funds under specific or pre-authorized instructions. Payments to Service Organizations are made under Servicing Agreements between the Company and the Service Organization. The Services Plan authorizes Institutional Class Shares of each Fund to make payments to Service Organizations in an amount, on an annual basis, of up to 0.25% of the average daily net assets of that Fund. The Services Plan has been approved by the Board, including a majority of the Directors who are not interested persons of the Company (as defined in the 1940 Act) and who have no direct or indirect financial interest in the operation of the Services Plan or in any shareholder servicing agreements thereunder (the “Disinterested Directors”). The Services Plan may be terminated as to a Fund by a vote of a majority of the Disinterested Directors. The Directors review quarterly a written report of the amounts expended under the Services Plan and the purposes for which such expenditures were made. The Services Plan may be amended by a vote of the Directors, provided that any material amendments also require the vote of a majority of the Disinterested Directors. For so long as the Services Plan is in effect, the selection and nomination of Disinterested Directors must be made by the Disinterested Directors. All shareholder servicing agreements may be terminated at any time without the payment of any penalty by a vote of a majority of the Disinterested Directors. The Services Plan will continue in effect for successive one-year periods, provided that each such continuance is specifically approved by the Board, including a majority of the Disinterested Directors.

The following tables show the fees paid by each Fund under the Administrative Services Plan during the last three fiscal years:



| <b>Fund</b>                  | <b>Year Ended<br/>March 31, 2021</b> | <b>Year Ended<br/>March 31, 2022</b> | <b>Year Ended<br/>March 31, 2023</b> |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Short-Intermediate Bond Fund | \$20,697                             | \$15,448                             | \$10,447                             |
| Income Fund                  | \$10,513                             | \$4,071                              | \$3,445                              |
| Nebraska Tax-Free Fund       | –                                    | –                                    | –                                    |
| Balanced Fund                | \$65,547                             | \$71,078                             | \$51,883                             |
| Small/Mid Cap Fund           | \$48                                 | –                                    | \$22                                 |
| Small Company Fund           | \$133,630                            | \$136,033                            | \$114,044                            |

\* No fees were waived during the last three fiscal years.

The Funds may participate in “fund supermarkets” and other programs in which a third-party financial intermediary maintains records of indirect beneficial ownership interests in the Funds. These programs include any type of arrangement through which investors have an indirect beneficial ownership interest in the Funds via omnibus accounts, bank common or collective trust funds, employee benefit plans, or similar arrangements (each a “financial intermediary account”). Under these programs, the Company, on behalf of some or all of the Funds, may enter into the shareholder servicing agreements with financial intermediaries under which financial intermediaries provide transfer agency, administrative services, and other services for the Funds. These services may include: shareholder record set-up and maintenance, account statement preparation and mailing, transaction processing and settlement, and account level tax reporting. For these services, the Company may pay each financial intermediary (i) a fee based on average daily net assets of each Fund that are invested in such Fund through the financial intermediary account, and/or (ii) a fee per financial intermediary account, and/or (iii) minimum account fees. To the extent any of these fees are paid by the Funds under the Administrative Services Plan, they are included in the amount appearing as “Other Expenses” in the expense fee tables contained in the Prospectus. The financial intermediary may impose other account or service charges to a Fund or directly to account holders. Please refer to information provided by the financial intermediary for additional information regarding those charges.

In addition, the Advisers or Distributor may also provide additional compensation to such Service Organizations, third-party financial intermediaries or their agents directly or indirectly for such services. Compensation paid by the Advisers or Distributor out of their own resources for such service is not reflected in the fees and expenses outlined in the fee table for each Fund. For the 12 months ended March 31, 2023, the following Service Organizations and third party intermediaries received such additional compensation:

|   |                                       |
|---|---------------------------------------|
| Ascensus, Inc.  | MSCS Financial Services LLC           |
| Charles Schwab & Co., Inc.                                    | National Financial Services           |
| Fidelity Brokerage Services, LLC                              | Pershing, LLC                         |
| First National Bank of Omaha                                  | Raymond James & Associates, Inc.      |
| FNN Trust Company, LLC  | UBS Financial Services                |
| GWFS Equites, Inc.  | US Bank N.A.                          |
| JP Morgan Securities  | Vanguard Marketing Corporation        |
| LPL Financial LLC   | Voya Institutional Plan Services, LLC |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated            | Wells Fargo Clearing Services, LLC    |
| Morgan Stanley Smith Barney, LLC with E*Trade Securities, LLC |                                       |

#### **Custodian**

U.S. Bank, N.A. (the “Custodian”), located at 1155 N. Rivercenter Dr., MK-WI-S302, Milwaukee, WI 53212, serves as the custodian to each of the Funds under a Global Custody Agreement dated August 31, 2015 (the “Global Custody Agreement”). The Custodian’s responsibilities include safeguarding and controlling the Funds’ cash and securities, handling the receipt and delivery of securities, and collecting interest on the Funds’ investments.

#### **Transfer Agency Services**

DST Systems, Inc., located at 333 West 11th Street, Kansas City, MO 64105, serves as Transfer Agent and dividend disbursing agent for the Company under an Agency Agreement dated July 1, 2005. Under this agreement, the Transfer Agent, among other things, performs the following services in connection with each Fund’s Shareholders of record: maintenance of Shareholder records; processing Shareholder purchase and redemption orders; processing transfers and exchanges of Shares

of the Company on the Shareholder files and records; processing dividend payments and reinvestments; and assistance in the mailing of Shareholder reports and proxy solicitation materials.

### **Banking Regulations**

Before November 1999, various judicial and administrative interpretations had interpreted Federal law, including the Federal Glass-Steagall Act, as limiting the mutual fund activities of certain banks and bank holding companies. The Gramm-Leach-Bliley Financial Modernization Act was enacted in November 1999 and effectively repealed the Glass-Steagall Act.

First National and Tributary each believe that they possessed, prior to the repeal of the Glass-Steagall Act, and continue to possess, the legal authority to perform the services each provides to each of the Funds as described in (i) the Prospectus and this SAI (with respect to First National and Tributary); (ii) the Master Advisory Agreement and the Tributary Co-Administration Agreement (with respect to Tributary); and (iii) the Servicing Agreement (with respect to First National), without violation of applicable statutes and regulations. First National and Tributary have each been advised by their respective counsel that counsel believes that such laws should not prevent them from providing the services required of them under these agreements. Future changes in either Federal or state statutes and regulations relating to the permissible activities of banks or bank holding companies and the subsidiaries or affiliates of those entities, as well as further judicial or administrative decisions or interpretations of present and future statutes and regulations, could prevent or restrict First National or Tributary, as the case may be, from continuing to perform such services for the Company. Depending upon the nature of any changes in the services which could be provided by First National or Tributary, the Board would review the Company's relationship with such parties, and consider taking all action necessary in the circumstances.

### **Independent Registered Public Accounting Firm**

Cohen & Company, Ltd. ("Cohen"), located at 1350 Euclid Avenue, Suite 800, Cleveland, OH 44115, is the independent registered public accounting firm for the Funds. Cohen provides financial auditing services as well as certain tax return preparation services for the Funds.

### **Legal Counsel**

Husch Blackwell LLP, 13330 California Street, Suite 200, Omaha, NE 68154, is counsel to the Company.

### **Codes of Ethics**

Rule 17j-1 under the 1940 Act is designed to prevent abuses that could occur as a result of conflicts of interest arising out of personal trading by persons involved with or with access to information about a Fund's investment activities. The Company, Tributary, FNA, and the Distributor have each adopted Codes of Ethics regarding personal investing by their personnel pursuant to Rule 17j-1 under the 1940 Act. Each Code of Ethics conditionally permits personnel of the foregoing parties to invest in securities, including securities that may be purchased or held by a Fund.

## ADDITIONAL INFORMATION

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The Company was organized as a Nebraska corporation on October 12, 1994. The Company and four of its portfolios were organized to acquire the assets and continue the business of the corresponding substantially identical investment portfolios of The Sessions Group, an Ohio business trust. On April 10, 1995, the Company acquired approximately \$326 million of assets from The Sessions Group in return for an equivalent dollar amount of Shares of the Company. Additional portfolios have been added since then. Each Share of a Fund represents an equal proportionate interest in that Fund with other Shares of the same Fund, and is entitled to such dividends and distributions out of the income earned on the assets belonging to that Fund as are declared at the discretion of the Board.

### Organization and Capital Structure

The Company is authorized to issue a total of 1,000,000,000 Shares of common stock in series with a par value of \$.00001 per share. Four Hundred million (400,000,000) of these Shares have been authorized by the Board to be issued in series designated for the existing six Funds. The Board of Directors may re-allocate additional Shares in series, or may divide the Shares of any existing or new series into two or more subseries or classes, all without Shareholder approval. The Board has authorized two classes of Shares for each Fund except the Nebraska Tax-Free Fund – the Institutional Class and the Institutional Plus Class. As of the date of this SAI, the Board has authorized the issuance of the following shares:

| <b>Fund</b>                  | <b>Institutional Class Shares</b> | <b>Institutional Plus Class Shares</b> |
|------------------------------|-----------------------------------|--|
| Short-Intermediate Bond Fund | 25,000,000                        | 25,000,000                             |
| Income Fund                  | 25,000,000                        | 25,000,000                             |
| Nebraska Tax-Free Fund       | N/A                               | 50,000,000                             |
| Balanced Fund                | 25,000,000                        | 25,000,000                             |
| Small Company Fund           | 50,000,000                        | 50,000,000                             |
| Small/Mid Cap Fund           | 50,000,000                        | 50,000,000                             |

All Shares, when issued, will be fully paid and non-assessable and will be redeemable and freely transferable. All Shares have equal voting rights. They can be issued as full or fractional Shares. A fractional Share has the same kind of rights and privileges as a full Share on a pro-rata basis. The Shares possess no preemptive or conversion rights.

Each Share of a Fund has one vote (with proportionate voting for fractional Shares) irrespective of the relative NAV of the Shares. On some issues, such as the election of Directors, all Shares of a Fund vote together as one series. Cumulative voting is authorized. This means that in a vote for the election of Directors, Shareholders may multiply the number of Shares they own by the number of directorships being filled and then allocate such votes to one or more Directors. On issues affecting only a particular Fund, the Shares of the affected Fund vote as a separate series. An example of such an issue would be a fundamental investment restriction pertaining to only one Fund.

The Articles of Incorporation of the Company permit the Company, by resolution of its Board, to create new series of common Shares relating to new investment portfolios or to subdivide existing series of Shares into subseries or classes. Classes can be utilized to create differing expense and fee structures for investors in the same Fund. Differences can exist, for example, in the sales load, Plan fees, or Service Plan fees applicable to different classes of Shares offered by a particular Fund. Such arrangements can enable the Company to tailor its marketing efforts to a broader segment of the investing public with a goal of attracting additional investments in the Funds. The Board could create additional classes in the future without Shareholder approval. However, any such creation of classes would require compliance with regulations the SEC has adopted under the 1940 Act.

### Shareholder Meetings

It is possible that the Company will not hold annual regular meetings of Shareholders. Annual meetings of Shareholders will not be held unless called by the Shareholders under the Nebraska Business Corporation Act or unless required by the 1940 Act and the rules and regulations promulgated thereunder. Special meetings of the Shareholders may be held, however, at any time and for any purpose, if called by (i) the Chairman of the Board, the President, and two or more Directors, or (ii) by one or more Shareholders holding 10% or more of the Shares entitled to vote on matters presented to the meeting, if such Shareholders comply with the requirements of the Nebraska Business Corporation Act. Additionally, the local district court may summarily order that a special meeting be held if it is properly demanded and either (y) insufficient notice was given or (z) it was not held. In addition, the 1940 Act requires a Shareholder vote for all amendments to fundamental investment policies, investment advisory contracts, and amendments thereto.

Rule 18f-2 under the 1940 Act provides that any matter required to be submitted to the holders of the outstanding voting securities of an investment company such as the Company will not be deemed to have been effectively acted upon

unless approved by the holders of a majority of the outstanding Shares of each Fund affected by the matter. For purposes of determining whether the approval of a majority of the outstanding Shares of a Fund will be required in connection with a matter, a Fund will be deemed to be affected by a matter unless it is clear that the interests of each Fund in the matter are identical, or that the matter does not affect any interest of the Fund. Under Rule 18f-2, the approval of an investment advisory agreement or any change in investment policy would be effectively acted upon with respect to a Fund only if approved by a majority of the outstanding Shares of such Fund. However, Rule 18f-2 also provides that the ratification of independent public accountants, the approval of principal underwriting contracts, and the election of Directors may be effectively acted upon by Shareholders of the Company voting without regard to series.

### Control Persons and Principal Holders of Securities

As of July 5, 2023, the following persons were the only persons who were record owners (or to the knowledge of the Company, beneficial owners) of 5% or more of the Institutional Class Shares of the Funds and of 5% or more of the Institutional Plus Class Shares of the Funds. Persons who owned of record or beneficially more than 25% of a Fund's outstanding Shares may be deemed to "control" the Fund within the meaning of the 1940 Act. The Company knows of no other persons who may be deemed to control a Fund. Any person who may be deemed to control a Fund may have the ability to control any proposal submitted to the Shareholders for approval, including changes to such Fund's fundamental policies or the terms of the Advisory Agreements.

As of July 5, 2023, the following persons beneficially owned 5% or more of the shares of the Fund(s) indicated below:

### SHORT-INTERMEDIATE BOND FUND – INSTITUTIONAL CLASS

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| NATIONAL FINANCIAL SERVICES LLC<br>499 WASHINGTON BLVD<br>JERSEY CITY, NJ 07310-1995  | 96,439.735       | 14.77%           |
| TD AMERITRADE FBO<br>VOYA CUST<br>KUTAK ROCK LLP 401K<br>5010 E CALLE VENTURA<br>PHOENIX, AZ 85018-4428                           | 85,373.137       | 13.07%           |
| ASCENSUS TRUST CO FBO<br>FIRST NATIONAL BANK CONSOLIDATION<br>PO BOX 10758<br>FARGO, ND 58106-0758                                | 64,788.558       | 9.92%            |
| RAYMOND JAMES<br>OMNIBUS FOR MUTUAL FUNDS<br>HOUSE ACCOUNT<br>880 CARILLON PKWY<br>ST PETERSBURG, FL 33716-1102                   | 58,762.674       | 9.00%            |
| TD AMERITRADE FBO<br>JO BASS ROLLOVER IRA<br>TD AMERITRADE CLEARING, CUSTODIAN<br>311 S HAPPY HOLLOW BLVD<br>OMAHA, NE 68132-3431 | 48,326.321       | 7.40%            |

**SHORT-INTERMEDIATE BOND FUND – INSTITUTIONAL PLUS CLASS**

| <b>Shareholder</b>  | <b>Number of Shares</b> | <b>Percent of Class</b> |
|---|-------------------------|-------------------------|
| MARIL & CO FBO NG<br>C/O BMO HARRIS BANK NA<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422                 | 16,155,437.055          | 70.66%                  |
| RAYMOND JAMES<br>OMNIBUS FOR MUTUAL FUNDS<br>HOUSE ACCOUNT<br>880 CARILLON PKWY<br>ST PETERSBURG, FL 33716-1102 | 4,762,719.702           | 20.83%                  |
| VOYA INSTITUTIONAL TRUST COMPANY<br>FBO VIPS II<br>30 BRAINTREE HILL OFFICE PARK<br>BRAINTREE, MA 02184-8747    | 1,569,693.637           | 6.87%                   |

**INCOME FUND – INSTITUTIONAL CLASS**

| <b>Shareholder</b>   | <b>Number of Shares</b> | <b>Percent of Class</b> |
|--|-------------------------|-------------------------|
| ASCENSUS TRUST CO FBO<br>FIRST NATIONAL BANK CONSOLIDATION I<br>PO BOX 10758<br>FARGO, ND 58106-0758 | 123,013.809             | 47.43%                  |
| UBATCO & CO FBO LAMSON DUGAN SLF DI<br>6811 S 27TH ST<br>LINCOLN, NE 68512-4823                      | 39,726.107              | 15.32%                  |
| FIRST NATIONAL BANK OF OMAHA<br>ROTH CONVERTED IRA<br>13804 CUMING ST<br>OMAHA, NE 68154-5196        | 17,085.371              | 6.59%                   |

**INCOME FUND – INSTITUTIONAL PLUS CLASS**

| <b>Shareholder</b>  | <b>Number of Shares</b> | <b>Percent of Class</b> |
|---|-------------------------|-------------------------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY ATTN MF<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422     | 14,214,983.449          | 77.84%                  |
| RAYMOND JAMES<br>OMNIBUS FOR MUTUAL FUNDS<br>HOUSE ACCOUNT<br>880 CARILLON PKWY<br>ST PETERSBURG, FL 33716-1102 | 3,880,480.665           | 20.81%                  |

**NEBRASKA TAX-FREE FUND – INSTITUTIONAL PLUS CLASS**

| <b>Shareholder</b> | <b>Number of Shares</b> | <b>Percent of Class</b> |
|--------------------|-------------------------|-------------------------|
|--------------------|-------------------------|-------------------------|



|   |               |        |
|---|---------------|--------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEEE, WI 53223-2422            | 4,224,713.042 | 66.47% |
| RAYMOND JAMES<br>OMNIBUS FOR MUTUAL FUNDS<br>HOUSE ACCOUNT<br>880 CARILLON PKWY<br>ST PETERSBURG, FL 33716-1102 | 1,397,212.990 | 21.98% |

**BALANCED FUND – INSTITUTIONAL CLASS**

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| CHARLES SCHWAB & CO INC<br>ATTN MUTUAL FUNDS<br>211 MAIN ST<br>SAN FRANCISCO, CA 94105-1905          | 206,749.796      | 11.77%           |
| NATIONAL FINANCIAL SERVICES LLC<br>499 WASHINGTON BLVD<br>JERSCITY CITY, NJ 07310-1995               | 133,368.150      | 7.59%            |
| ASCENSUS TRUST CO FBO<br>FIRST NATIONAL BANK CONSOLIDATION I<br>PO BOX 10758<br>FARGO, ND 58106-0758 | 114,070.266      | 6.49%            |

**BALANCED FUND – INSTITUTIONAL PLUS CLASS**

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| EMPOWER TRUST FBO<br>EMPOWER BENEFITS PLAN<br>8515 E ORCHARD RD 2T2<br>GREENWOOD VILLAGE, CO 80111-5002      | 1,090,844.170    | 43.94%           |
| VOYA INSTITUTIONAL TRUST COMPANY<br>FBO VIPS II<br>30 BRAINTREE HILL OFFICE PARK<br>BRAINTREE, MA 02184-8747 | 939,281.551      | 37.84%           |
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 54304-5280          | 345,910.581      | 13.93%           |

**SMALL/MID CAP FUND – INSTITUTIONAL CLASS**

| <b>Shareholder</b>  | <b>Number of Shares</b> | <b>Percent of Class</b> |
|---|-------------------------|-------------------------|
| HAROLD B. KOSOWSKY & ALICE K. KOSOWSKY JTWROS<br>OMAHA, NE 68124-1095                                       | 7,590.738               | 25.35%                  |
| FIRST NATIONAL BANK OF OMAHA CUST<br>IRA R/O FBO<br>NANCY F. CURRAN<br>OMAHA NE 68135-1424                  | 7,380.420               | 24.65%                  |
| CHARLES SCHWAB & CO INC<br>SPECIAL ACCOUNT A/C FBO CUSTOMERS<br>211 MAIN ST<br>SAN FRANCISCO, CA 94105-1901 | 4,067.767               | 13.59%                  |
| FIRST NATIONAL BANK OF OMAHA CUST<br>ALICE K. KOSOWSKY IRA<br>OMAHA, NE 68124-1095                          | 3,303.590               | 11.03%                  |
| FIRST NATIONAL BANK OF OMAHA CUST<br>ROTH CONTRIBUTION IRA<br>FBO JEROME TONNESON<br>LENEXA, KS 66219-1435  | 2,531.247               | 8.45%                   |
| FIRST NATIONAL BANK OF OMAHA CUST<br>HAROLD B. KOSOWSKY IRA<br>OMAHA, NE 68124-1095                         | 2,446.680               | 8.17%                   |

**SMALL/MID CAP FUND – INSTITUTIONAL PLUS CLASS**

| <b>Shareholder</b>  | <b>Number of Shares</b> | <b>Percent of Class</b> |
|---|-------------------------|-------------------------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422             | 502,469.616             | 61.67%                  |
| CHARLES SCHWAB & CO INC<br>SPECIAL CUSTODY A/C FBO CUSTOMERS<br>211 MAIN ST<br>SAN FRANCISCO, CA 94105-1905     | 175,821.503             | 21.58%                  |
| RAYMOND JAMES<br>OMNIBUS FOR MUTUAL FUNDS<br>HOUSE ACCOUNT<br>880 CARILLON PKWY<br>ST PETERSBURG, FL 33716-1102 | 95,955.477              | 11.78%                  |

**SMALL COMPANY FUND – INSTITUTIONAL CLASS**

| <b>Shareholder</b>   | <b>Number of Shares</b> | <b>Percent of Class</b> |
|--|-------------------------|-------------------------|
| CHARLES SCHWAB & CO INC<br>211 MAIN ST<br>SAN FRANCISCO, CA 94105-1901 | 704,627.400             | 41.23%                  |
| PERSHING LLC<br>PO BOX 2052<br>JERSEY CITY, NJ 07303-2052              | 246,096.683             | 14.40%                  |

**SMALL COMPANY FUND – INSTITUTIONAL PLUS CLASS**

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| SAXON & CO<br>PO BOX 94597<br>CLEVELAND, OH 44101-4597   | 4,663,442.249    | 20.50%           |
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422  | 2,196,202.884    | 9.66%            |
| JP MORGAN SECURITIES LLC OMNIBUS<br>ACCOUNT FOR THE EXCLUSIVE BENEFIT OF CUSTOMERS<br>4 CHASE METROTECH CTR<br>3RD FLOOR MUTUAL FUND DEPARTMENT<br>BROOKLYN, NY 11245-0001 | 2,123,358.706    | 9.34%            |
| C/O UMB BANK<br>SEI PROIVATE TRUST CO<br>ONEW FREEDOM VALEY DRIVE<br>OAKS, PA 19456-9989   | 1,958,091.104    | 8.61%            |
| WELLS FARGO BANK NA FBO<br>OMNIBUS CASH<br>PO BOX 1533<br>MINNEAPOLIS, MN 55480-1533   | 1,757,351.687    | 7.73%            |
| WELLS FARGO CLEARING SERVICES LLC<br>SPECIAL CUSTODY ACCT FOR<br>THE EXCLUSIVE BENEFIT OF CUSTOMER<br>2801 MARKET ST<br>SAINT LOUIS, MO 63103-2523                         | 1,243,845.884    | 5.47%            |

As of July 5, 2023, the following persons beneficially owned more than 25% of the shares of the Fund(s) indicated below:

**SHORT-INTERMEDIATE BOND FUND – INSTITUTIONAL PLUS CLASS**

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| MARIL & CO FBO NG<br>C/O BMO HARRIS BANK NA<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422 | 16,155,437.055   | 70.66%           |

**INCOME FUND – INSTITUTIONAL CLASS**

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| ASCENSUS TRUST CO FBO<br>FIRST NATIONAL BANK CONSOLIDATION I<br>PO BOX 10758<br>FARGO, ND 58106-0758 | 123,013.809      | 47.43%           |

**INCOME FUND – INSTITUTIONAL PLUS CLASS**

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY ATTN MF<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422 | 14,214,983.449   | 77.84%           |

## NEBRASKA TAX-FREE FUND – INSTITUTIONAL PLUS CLASS

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422 | 4,224,713.042    | 66.47%           |

## BALANCED FUND – INSTITUTIONAL PLUS CLASS

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| EMPOWER TRUST FBO<br>EMPOWER BENEFITS PLAN<br>8515 E ORCHARD RD 2T2<br>GREENWOOD VILLAGE, CO 80111-5002      | 1,090,844.170    | 43.94%           |
| VOYA INSTITUTIONAL TRUST COMPANY<br>FBO VIPS II<br>30 BRAINTREE HILL OFFICE PARK<br>BRAINTREE, MA 02184-8747 | 939,281.551      | 37.84%           |

## SMALL/MID CAP FUND – INSTITUTIONAL CLASS

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| HAROLD B. KOSOWSKY & ALICE K. KOSOWSKY JTWROS<br>OMAHA, NE 68124-1095 | 7,590.738        | 25.35%           |

## SMALL/MID CAP FUND – INSTITUTIONAL PLUS CLASS

| Shareholder   | Number of Shares | Percent of Class |
|---|------------------|------------------|
| MARIL & CO FBO NG<br>C/O RELIANCE TRUST COMPANY<br>4900 W BROWN DEER RD<br>MILWAUKEE, WI 53223-2422 | 502,469.616      | 61.67%           |

## SMALL COMPANY FUND – INSTITUTIONAL CLASS

| Shareholder  | Number of Shares | Percent of Class |
|--|------------------|------------------|
| CHARLES SCHWAB & CO INC<br>211 MAIN ST<br>SAN FRANCISCO, CA 94105-1901 | 704,627.400      | 41.23%           |

### Vote of a Majority of the Outstanding Shares

As used in the Prospectus and this SAI, a “vote of a majority of the outstanding Shares” of a Fund means the affirmative vote, at a meeting of Shareholders duly called, of the lesser of (i) 67% or more of the votes of Shareholders of such Fund present at a meeting at which the holders of more than 50% of the votes attributable to Shareholders of record of that Fund are represented in person or by proxy, or (ii) the holders of more than 50% of the outstanding Shares of that Fund.

### Additional Tax Information

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to the Funds and to an investment in the Funds by a U.S. shareholder. This summary does not purport to be a complete description of the income tax considerations applicable to such an investment. For example, the following does not describe income tax consequences that are assumed to be generally known by U.S. shareholders or certain considerations that may be relevant to certain types of U.S. shareholders subject to special treatment under U.S. federal income tax laws, including tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts and financial institutions. This summary

assumes that U.S. shareholders hold Shares as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this SAI and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state, or local tax and does not discuss any tax consequences to investors that are not U.S. shareholders. Furthermore, this discussion generally does not reflect possible application of the alternative minimum tax (“AMT”).

Each of the Funds is treated as a separate entity for federal income tax purposes and each intends to qualify as a “regulated investment company” (“RIC”) under Subchapter M of the Code, for so long as such qualification is in the best interest of such Fund’s Shareholders. Qualification as a RIC under the Code requires, among other things, that the regulated investment company distribute to its Shareholders at least 90% of its investment company taxable income (generally, net investment income plus the excess if any, of net short-term capital gains over long-term capital losses). Furthermore, distributions of net realized capital gains, if any, will be distributed at least annually, to the extent they exceed available capital loss carryforwards. In addition, in order to qualify as a RIC, the following source-of-income and asset-diversification requirements must be met: (i) at least 90% of a Fund’s gross income each taxable year must be derived from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities, or foreign currencies, and certain other related income, including, generally, certain gains from options, futures and forward contracts derived with respect to its business of investing in such stock, securities, or currencies, and net income derived from an interest in a qualified publicly traded partnership; (ii) at the end of each fiscal quarter of a Fund’s taxable year, at least 50% of the value of the Fund’s total assets must be represented by cash and cash items, U.S. Government securities, securities of other RICs, and other securities, with such other securities limited, in respect to any one issuer, to an amount not greater than 5% of the value of the Fund’s total assets or more than 10% of the outstanding voting securities of such issuer; and (iii) at the end of each fiscal quarter of a Fund’s taxable year, not more than 25% of the value of its total assets is invested in (x) the securities (other than U.S. Government securities or securities of other RICs) of any one issuer, (y) the securities of two or more issuers that a Fund controls and which are engaged in the same, or similar, or related trades or businesses or (z) the securities of one or more qualified publicly traded partnerships.

Each Fund contemplates declaring as dividends 100% of its investment company taxable income (before deduction of dividends paid). In order to avoid the imposition of an excise tax, each Fund is required to distribute annually, prior to calendar year end, 98% of taxable net ordinary income on a calendar year basis, 98.2% of capital gain net income realized in the 12 months preceding October 31, and the balance of undistributed taxable ordinary income and capital gain net income from the prior calendar year. If distributions during the calendar year were less than the required amounts, that Fund would be subject to a nondeductible 4% excise tax on the deficiency. Each Fund intends to make sufficient distributions to avoid liability for federal excise tax, but can make no assurances that such tax will be completely eliminated. A Fund may in certain circumstances be required to liquidate its investments in order to make sufficient distributions to avoid federal excise tax liability at a time when the Adviser might not otherwise have chosen to do so, and liquidation of investments in such circumstances may affect the ability of a Fund to satisfy the requirement for qualification as a RIC. If a Fund’s distributions exceed its taxable income and capital gains realized during a taxable year, all or a portion of the distributions made in the same taxable year may be recharacterized as a return of capital to the Shareholders. A return of capital distribution will generally not be taxable, but will reduce each Shareholder’s cost basis in a Fund and result in a higher reported capital gain or lower reported capital loss when those Shares on which the distribution was received are sold.

Although each Fund expects to qualify as a RIC and to be relieved of all or substantially all federal income taxes, depending upon the extent of its activities in states and localities in which its offices are maintained, in which its agents or independent contractors are located, or in which it is otherwise deemed to be conducting business, a Fund may be subject to the tax laws of such states or localities. In addition, although the Regulated Investment Company Modernization Act of 2010 (the “Act”) allows cures, through the payment of monetary penalties, for failure to satisfy either the RIC qualifying income or diversification requirements, if for any taxable year that a Fund does not qualify for the special tax treatment afforded RICs, all of its taxable income will be subject to federal tax at regular corporate rates (without any deduction for distributions to its Shareholders) and its distributions (including capital gain distributions) generally will be taxed as dividends to Shareholders. In such event, dividend distributions would be taxable to Shareholders to the extent of earnings and profits, and corporate Shareholders would be eligible for the dividends received deduction. Non-corporate Shareholders may be able to treat such dividend distributions as “qualified dividend income” eligible for reduced rates of U.S. federal income taxation provided in each case that certain holding period and other requirements are satisfied.

For taxable years that begin after December 31, 2012, an additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund and net gains from redemptions or other taxable dispositions of Fund Shares) of U.S. individuals, estates and trusts to the extent that such



person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a threshold amount.

Foreign taxes may be imposed on a Fund by foreign countries with respect to its income from foreign securities. In addition, some foreign countries may impose taxes on capital gains with respect to investments by foreign investors. If more than 50% of the value of a Fund's total assets at the close of its taxable year consists of securities of foreign corporations, that Fund will be eligible to file an election with the IRS that will enable its Shareholders, in effect, to receive the benefit of the foreign tax credit with respect to any foreign and United States possessions income taxes paid by that Fund. Because less than 50% in value of a Fund's total assets at the end of its fiscal year are expected to be invested in stocks or securities of foreign corporations, such Fund will not be entitled under the Code to pass through to its Shareholders their pro-rata share of the foreign taxes paid by the Fund. These taxes will be taken as a deduction by such Fund.

Each Fund will be required in certain cases to backup withhold at applicable withholding rates and remit to the United States Treasury the amount withheld on amounts paid to any Shareholder who (i) has provided either an incorrect tax identification number or no number at all, (ii) who is subject to withholding by the IRS for failure to properly include on their return payments of interest or dividends, (iii) who has failed to certify to the Fund such Shareholder is not subject to backup withholding, or (iv) has failed to certify to the Fund that they are a U.S. person (including a resident alien). Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

A Fund may invest in complex securities that may be subject to numerous special and complex tax rules such as MLPs or Treasury Inflation Protected Securities ("TIPS"). These rules could affect whether gains and losses recognized by a Fund are treated as ordinary income or capital gain, accelerate the recognition of income to a Fund and/or defer a Fund's ability to recognize losses. In turn, those rules may affect the amount, timing, or character of the income distributed to you by a Fund.

Distributions paid by a Fund from its investment company taxable income, which includes realized net short-term capital gain, generally are taxable to U.S. shareholders as ordinary income to the extent of the Fund's earnings and profits, whether paid in cash or in Shares. Such distributions (if designated by the Fund) may qualify (provided holding period and certain other requirements are met) (i) for the dividends received deduction available to corporations, but only to the extent that a Fund's income consists of dividends received from U.S. corporations, excluding distributions from REITs and certain other entities and (ii) in the case of non-corporate U.S. shareholders, as qualified dividend income eligible to be taxed at the reduced maximum rate of generally 20% (0% or 15% for such shareholders in lower tax brackets) to the extent that the Fund receives qualified dividend income, and provided in each case certain holding period and other requirements are met. Qualified dividend income is, in general, dividend income from taxable domestic corporations and certain qualified foreign corporations (*e.g.*, generally, foreign corporations incorporated in a possession of the United States or in certain countries with a comprehensive tax treaty with the United States, or the stock of which is readily tradable on an established securities market in the United States). A qualified foreign corporation generally excludes any foreign corporation which for the taxable year of the corporation in which the dividend was paid, or the preceding taxable year, is a passive foreign investment company.

Distributions of a Fund's net capital gain (which generally is its realized net long-term capital gains in excess of realized net short-term capital losses), properly designated by the Fund as capital gain dividends, if any, are taxable to U.S. shareholders at rates applicable to long-term capital gain, whether paid in cash or in Shares, and regardless of how long the U.S. shareholder held the Fund's Shares. Capital gain dividends are not eligible for the dividends received deduction. The maximum tax rate on net capital gain of non-corporate U.S. shareholders is generally 20% (0% or 15% for such non-corporate shareholders in lower brackets). Distributions in excess of the Fund's earnings and profits, which represents a "return of invested principal," first reduce the adjusted tax basis of a U.S. Shareholder's Shares and, after such adjusted tax basis is reduced to zero, constitutes capital gain to such U.S. stockholder (assuming the stockholder's Fund Shares are held as a capital asset). For non-corporate taxpayers, distributions of investment company taxable income (other than qualified dividend income) may currently be taxed at a maximum federal rate of 37%, while net capital gain generally will be taxed at a maximum federal rate of 20%. For corporate taxpayers, both investment company taxable income and net capital gain are taxed at a maximum federal rate of 21%. To the extent that a distribution from a Fund is taxable, it is generally included in a Shareholder's gross income for the taxable year in which the Shareholder receives the distribution. However, if a Fund declares a dividend in October, November, or December but pays it in January, it will be taxable to the Shareholders as if the dividend was received in the calendar year it was declared. Every year, each Shareholder will receive a statement detailing the tax status of any Fund distributions for that year.

As noted in its prospectus, the Nebraska Tax-Free Fund intends to pay income exempt from both federal and Nebraska income tax and will not invest more than 10% of its assets in the types of municipal securities that pay interest subject to

alternative minimum tax (“AMT”). Income derived from certain “private activity bonds” issued after August 7, 1986, will generally be an item of tax preference and therefore potentially subject to the AMT for both corporate and non-corporate taxpayers as provided by Section 55 of the Internal Revenue Code.

Any gain or loss recognized on a sale, exchange, or redemption of Shares by a Shareholder who is not a dealer in securities will generally, for individual Shareholders, be treated as a long-term capital gain or loss if the Shares have been held for more than twelve months and otherwise will be treated as a short-term capital gain or loss. However, if Shares on which a Shareholder has received a net capital gain distribution are subsequently sold, exchanged, or redeemed and such Shares have been held for six months or less, any loss recognized will be treated as a long-term capital loss to the extent of the net capital gain distribution. In addition, the loss realized on a sale or other disposition of Shares will be disallowed to the extent a Shareholder repurchases (or enters into a contract to or option to repurchase) Shares of the same Fund within a period of 61 days (beginning 30 days before and ending 30 days after the disposition of the Shares). This loss disallowance rule will apply to Shares received through the reinvestment of dividends during the 61-day period. The disallowed loss will be added to the cost basis of the new Shares acquired.

Under the Act “each Fund is permitted to carry forward capital losses for an unlimited period and retain their character as either short-term or long-term capital losses, and will not be considered exclusively short-term as under previous law. However, any losses incurred during the fiscal year ended March 31, 2012 or later years will be required to be utilized prior to the losses incurred prior to the Act. As a result of this ordering rule, capital loss carry forwards incurred prior to the Act may be more likely to expire unused.

At March 31, 2023, the following Funds had net capital loss carry forwards available for U.S. federal income tax purposes to offset future net realized capital gains. Details of the capital loss carry forwards are listed in the table below.

| Fund                         | No Expiration |              |              |
|------------------------------|---------------|--------------|--------------|
|                              | Short Term    | Long Term    | Total        |
| Short-Intermediate Bond Fund | \$ 869,313    | \$ 3,794,985 | \$ 4,664,298 |
| Income Fund                  | \$ 1,241,999  | 2,058,082    | \$ 3,300,081 |
| Nebraska Tax-Free Fund       | \$ 59,151     | 393,651      | \$ 452,802   |
| Balanced Fund                | \$ 0          | 0            | \$ 0         |
| Small/Mid Cap Fund           | \$ 0          | 0            | \$ 0         |
| Small Company Fund           | \$ 0          | 0            | \$ 0         |

#### State Taxes

Distributions by a Fund to Shareholders and the ownership of Shares may be subject to state and local taxes. Rules of state and local taxation of dividend and capital gains distributions from RICs often differ from the rules for federal income taxation described above. Shareholders are urged to consult their tax adviser regarding state and local tax rules affecting an investment in Fund Shares.

Many states grant tax-free status to dividends paid to you from interest earned on direct obligations of the U.S. government, subject in some states to minimum investment requirements that must be met by a Fund. Investment in Ginnie Mae or Fannie Mae securities, bankers’ acceptances, commercial paper, and repurchase agreements collateralized by U.S. government securities do not generally qualify for such tax-free treatment. The rules on exclusion of this income are different for corporate Shareholders.

**Information in the Prospectus and this SAI relating to federal taxation is only a summary of some of the important federal tax considerations generally affecting purchasers of Shares. No attempt has been made to present a detailed explanation of the federal income tax treatment of a Fund or its Shareholders and this discussion is not intended as a substitute for careful tax planning. Accordingly, potential purchasers of Shares are urged to consult their tax advisers with specific reference to their own tax situation. In addition, the tax discussion in the Prospectus and this SAI is based on tax laws and regulations which are in effect on the date of the Prospectus and this SAI; such laws and regulations may be changed by legislative or administrative action.**

#### Miscellaneous

The Prospectus and this SAI omit certain of the information contained in the Company’s Registration Statement filed with the SEC. Copies of such information may be obtained from the SEC upon payment of the prescribed fee.

The Prospectus and this SAI are not an offering of the securities herein described in any state in which such offering may not lawfully be made. No salesman, dealer, or other person is authorized to give any information or make any representation other than those contained in the Prospectus and this SAI.

## **Financial Statements**

The following audited financial statements for all Funds are contained in the Funds' Annual Report, which is incorporated herein by reference, and considered legally part of, this SAI. The financial statements and related report of the Funds' independent registered public accounting firm included in the Funds' annual report for the fiscal year ended March 31, 2023 are incorporated by reference into this SAI. Copies of the Annual Report may be obtained, free of charge, by writing to the Company at P.O. Box 219022, Kansas City, MO 64141-6022, or by telephoning toll free (800) 662-4203.

1. Schedules of Portfolio Investments as of March 31, 2023
2. Statements of Assets and Liabilities as of March 31, 2023
3. Statements of Operations for the period ended March 31, 2023
4. Statements of Changes in Net Assets for the periods ended March 31, 2023 and 2022
5. Financial Highlights
6. Notes to Financial Statements
7. Report of Independent Registered Public Accounting Firm

Investment Grade Debt Securities. As stated in the Prospectus, each Fund may invest in debt securities rated at purchase Baa3 or better by Moody's Investors Service, Inc. ("Moody's"), or the equivalent rating or better by nationally recognized statistical rating organization ("NRSRO"), or if unrated, considered by the Fund's Adviser to be of comparable quality ("Investment Grade Debt Securities"). The Short-Intermediate Bond Fund and the Income Fund may invest up to 20% of their assets in fixed income securities rated below "Investment Grade," but no lower than a B rating by an NRSRO at the time of purchase. The Balanced Fund may invest up to 20% of the fixed income portion of the Fund in fixed income securities rated below "investment grade," but not lower than a B rating by an NRSRO at the time of purchase.

As with other fixed-income securities, Investment Grade Debt Securities are subject to credit risk and market risk. Market risk relates to changes in a security's value as a result of changes in interest rates. Credit risk relates to the ability of the issuer to make payments of principal and interest. Because certain Investment Grade Securities are traded only in markets where the number of potential purchasers and sellers, if any, is limited, the ability of a Fund to sell such securities at their fair value either to meet redemption requests or to respond to changes in the financial markets may be limited. Particular types of Investment Grade Debt Securities may present special concerns. Some Investment Grade Debt Securities may be subject to redemption or call provisions that may limit increases in market value that might otherwise result from lower interest rates while increasing the risk that a Fund may be required to reinvest redemption or call proceeds during a period of relatively low interest rates.

The credit ratings issued by NRSROs are subject to various limitations. For example, while such ratings evaluate credit risk, they ordinarily do not evaluate the market risk of Investment Grade Debt Securities. In certain circumstances, the ratings may not reflect in a timely fashion adverse developments affecting an issuer. For these reasons, the Advisers conduct their own independent credit analysis of Investment Grade Debt Securities. Should subsequent events cause the rating of a debt security purchased by one of the Funds to fall below the fourth highest rating category, as the case may be, the Fund's Adviser will consider such an event in determining whether that Fund should continue to hold that security. The Advisers expect that they would not retain more than 5% of the assets of any Fund in such downgraded securities. In no event, however, would that Fund be required to liquidate any such portfolio security where the Fund should suffer a loss on the sale of such securities.

Commercial Paper Ratings. Moody's commercial paper rating reflects opinions of the ability of issuers to repay punctually senior debt obligations which have an original maturity not exceeding one year. The rating Prime1 is the highest commercial paper rating assigned by Moody's. Issuers rated Prime1 (or supporting institutions) are considered to have a superior capacity for repayment of senior short-term debt obligations. Prime1 repayment ability will often be evidenced by many of the following characteristics: leading market positions in well established industries; high rates of return on funds employed; conservative capitalization structure with moderate reliance on debt and ample asset protection; broad margins in earnings coverage of fixed financial charges and high internal cash generation; and well-established access to a range of financial markets and assured sources of alternate liquidity. Issuers rated Prime2 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics of Prime1 rated issuers, but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variations. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternative liquidity is maintained. Issuers rated Prime3 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. The effects of industry characteristics and market composition may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and the requirement for relatively high financial leverage. Adequate alternate liquidity is maintained. Commercial paper rated Prime3, Prime2, or Prime1 by Moody's is considered to be "investment grade."

Commercial paper rated F1+ by Fitch Inc. ("Fitch") is regarded as having the strongest degree of assurance for timely payments. Commercial paper rated F1 by Fitch is regarded as having an assurance of timely payment only slightly less than the strongest rating, *i.e.*, F1+. Commercial paper rated F2 by Fitch is regarded as having a satisfactory degree of assurance of timely payment, but the margin of safety is not as great as for issues assigned F1+ or F1 ratings. Commercial paper rated F1+, F1, or F2 by Fitch is considered to be "investment grade." While commercial paper rated F3 by Fitch is regarded as having characteristics suggesting that the degree of assurance for timely payment is adequate, and is considered "investment grade," near-term adverse changes could cause this commercial paper to be rated below "investment grade." Commercial paper rated FS by Fitch is regarded as having characteristics suggesting a minimal degree of assurance for timely payment and is vulnerable to near term adverse changes in financial and economic conditions. Commercial paper rated D by Fitch is in actual or imminent payment default.

The plus (+) sign is used after a rating symbol to designate the relative position of an issuer within the rating category.

Corporate Debt Ratings. The following summarizes the four highest ratings used by Moody's for corporate debt. Bonds that are rated Aaa by Moody's are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues. Bonds that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group, they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities. Bonds that are rated A by Moody's possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future. Bonds that are rated Baa by Moody's are considered as medium grade obligations, *i.e.*, they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. Corporate debt rated Baa, A, Aa, and Aaa by Moody's is considered to be "investment grade" corporate debt.

Moody's applies numerical modifiers (1, 2, and 3) with respect to bonds rated Aa through Baa. The modifier 1 indicates that the bond being rated ranks in the higher end of its generic rating category; the modifier 2 indicates a midrange ranking; and the modifier 3 indicates that the bond ranks in the lower end of its generic rating category.

The following summarizes the four highest long-term debt ratings by Fitch (except for AAA ratings, plus or minus signs are used with a rating symbol to indicate the relative position of the credit within the rating category). Bonds rated AAA are considered to be of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and repay principal, which is unlikely to be affected by reasonably foreseeable events. Bonds rated AA are considered to be of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated AAA. Because bonds rated in the AAA and AA categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issues is generally rated F-1+. Bonds rated as A are considered to be of high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings. Bonds rated BBB are considered to be of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore, impair timely payment. The likelihood that the ratings for these bonds will fall below "investment grade" is higher than for bonds with higher ratings.

#### Municipal Obligations Ratings

The following summarizes the three highest ratings used by Moody's for state and municipal short-term obligations. Obligations bearing MIG1 or VMIG1 designations are of the best quality, enjoying strong protection by established cash flows, superior liquidity support, or demonstrated broadbased access to the market for refinancing. Obligations rated MIG2 or VMIG2 denote high quality with ample margins of protection although not so large as in the preceding rating group. Obligations bearing MIG3 or VMIG3 denote favorable quality. All security elements are accounted for but there is lacking the undeniable strength of the preceding grades. Liquidity and cash flow protection may be narrow and market access for refinancing is likely to be less well established.

The following summarizes the four highest ratings used by Moody's for state and municipal bonds:

"Aaa": Bonds judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

"Aa": Bonds judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as



large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

“A”: Bonds which possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment sometime in the future.

“Baa”: Bonds which are considered as medium grade obligations, *i.e.*, they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

#### Definitions of Certain Money Market Instruments

*Commercial Paper.* Commercial paper consists of unsecured promissory notes issued by corporations. Issues of commercial paper normally have maturities of less than nine months and fixed rates of return.

*Certificates of Deposit.* Certificates of Deposit are negotiable certificates issued against funds deposited in a commercial bank or a savings and loan association for a definite period of time and earning a specified return.

*Bankers' Acceptances.* Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are “accepted” by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity.

*U.S. Treasury Obligations.* U.S. Treasury Obligations are obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the U.S. government. These obligations may include Treasury bills, notes and bonds, and issues of agencies and instrumentalities of the U.S. government, provided such obligations are guaranteed as to payment of principal and interest by the full faith and credit of the U.S. government.

*U.S. Government Agency and Instrumentality Obligations.* Obligations of the U.S. government include Treasury bills, certificates of indebtedness, notes and bonds, and issues of agencies and instrumentalities of the U.S. government, such as the Government National Mortgage Association, the Tennessee Valley Authority, the Farmers Home Administration, the Federal Home Loan Banks, the Federal Intermediate Credit Banks, the Federal Farm Credit Banks, the Federal Land Banks, the Federal Housing Administration, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation. Some of these obligations, such as those of the Government National Mortgage Association, are supported by the full faith and credit of the U.S. Treasury; others, such as those of the Federal National Mortgage Association, are supported by the right of the issuer to borrow from the Treasury; others, such as those of the Federal Farm Credit Banks, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. government would provide financial support to U.S. government-sponsored instrumentalities if it is not obligated to do so by law.

**PROXY VOTING POLICIES AND PROCEDURES**

**Proxy Voting Policies and Procedures of Tributary Funds, Inc.**

It is the policy of the Board of Directors of Tributary Funds, Inc. (the “Board”) to delegate the responsibility for voting proxies relating to portfolio securities to each investment adviser as a part of the adviser’s general management of the portfolio, subject to the Board’s continuing oversight. The following are the guidelines adopted by the Board for the administration of this policy:

**Fiduciary Duty.** The right to vote a proxy with respect to portfolio securities held in portfolios of Tributary Funds, Inc. (the “Funds”) is an asset of the Funds. Each adviser/sub-adviser to whom authority to vote on behalf of the Funds is delegated acts as a fiduciary of the Funds and must vote proxies in a manner consistent with the best interest of the Funds and its shareholders.

**Review of Policies & Procedures.** Each adviser must present to the Board its policies, procedures and other guidelines for voting proxies at least annually, and must notify the Board promptly of material changes to any of these documents. The Board shall review the policies, procedures and other guidelines presented by each adviser to determine that they meet the requirements of this policy.

**Reporting.** The adviser’s annual proxy report must include a separate report of proxies with respect to which the adviser or its affiliates have a relationship with the companies issuing the proxy that gives rise to a conflict of interest between the adviser and the Funds. The report must indicate the nature of the conflict of interest between the adviser and the Funds and how that conflict was resolved with respect to the voting of the proxy.

**Sub-Advisers.** The adviser may, but is not required to, further delegate the responsibility for voting proxies relating to portfolio securities to a sub-adviser retained to provide investment advisory services to portfolios of the Funds. If such responsibility is delegated to a sub-adviser, the sub-adviser shall assume the reporting responsibilities of the adviser under these policy guidelines.

**Record Retention.** Each adviser/sub-adviser will maintain such records with respect to the voting of proxies as may be required by the Investment Advisers Act of 1940, as amended, and the rules promulgated thereunder or by the Investment Company Act of 1940, as amended, and the rules promulgated thereunder.

**Revocation.** The delegation of authority by the Board to vote proxies relating to portfolio securities of the Funds is voluntary and may be revoked by the Board, in whole or in part, at any time.

**Tributary Capital Management, LLC**

**Proxy Voting**

**Policy**

Tributary, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our Firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our Firm’s proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

**Background**

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser’s interests and those of its clients; (b) to disclose to clients

how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

### **Responsibility**

The Director of Operations has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

### **Procedure**

Tributary has adopted procedures to implement the Firm's policy and reviews to monitor and ensure the Firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

#### **Voting Procedures**

Unless otherwise directed, Tributary votes proxies on the client's behalf. In order to meet this fiduciary responsibility and to avoid conflicts of interest, Tributary has hired an independent, third party service provider (Glass Lewis & Company) to review all proxy voting matters and offer a recommendation. Tributary has adopted procedures to implement the Firm's policy and reviews to monitor and ensure the Firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

- The holdings of each client account are linked to Tributary's Proxy Edge ID. Tributary monitors Proxy Edge for upcoming proxy votes. All votes are populated by Glass Lewis. Portfolio Managers review each vote and if they wish to deviate from the Glass Lewis Guidelines, the vote is manually updated. All proxy votes are completed in a timely and appropriate manner.
- If the client's custodian is unable to send the holdings to Proxy Edge, the Director of Operations will receive and vote these proxies manually according to the Voting Guidelines below unless otherwise directed by the Portfolio Manager;
- The CCO or designee will perform tests at least annually to determine if the Firm has established effective proxy voting policies and procedures. The testing will include, among other things, whether proxies are being received and voted in a timely manner and whether votes are being cast according to the proxy policy.

#### ***Disclosure***

- The CCO will include a statement in the Disclosure Document that clients may request information regarding how Tributary voted client proxies, and that clients may request a copy of the Firm's proxy policies and procedures.

#### ***Client Requests for Information***

- All client requests for information regarding proxy votes, or policies and procedures, received by any Supervised Person should be forwarded to the Director of Operations.
- In response to any request, the Director of Operations will prepare a written response to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how Tributary voted the client's proxy with respect to each proposal about which client inquired.

#### ***Conflicts of Interest***

- Tributary will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of Tributary with the issuer of each security to determine if Tributary or any of its Supervised Persons has any financial, business or personal relationship with the issuer.

- If a material conflict of interest exists, Tributary will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
- Tributary will maintain a record of the voting resolution of any conflict of interest.

### ***Recordkeeping***

Tributary shall retain the following proxy records in accordance with the Books and Records policy.

### **Glass Lewis Voting Guidelines**

#### ***Election of Directors***

In analyzing directors and boards, Glass Lewis' Investment Manager Guidelines generally support the election of incumbent directors except when a majority of the company's directors are not independent or where directors fail to attend at least 75% of board and committee meetings. In a contested election, we will apply the standard Glass Lewis recommendation.

#### ***Auditors***

The Glass Lewis Investment Manager Guidelines will generally support auditor ratification except when the non-audit fees exceed the audit fees paid to the auditor.

#### ***Compensation***

Glass Lewis recognizes the importance in designing appropriate executive compensation plans that truly reward pay for performance. We evaluate equity compensations plans based upon their specific features and will vote against plans that would result in total overhang greater than 20% or that allow the repricing of options without shareholder approval.

The Glass Lewis Investment Manager Guidelines will follow the general Glass Lewis recommendation when voting on management advisory votes on compensations ("say-on-pay") and on executive compensation arrangements in connection with merger transactions (i.e., golden parachutes). Further, the Investment Manager Guidelines will follow the Glass Lewis recommendation when voting on the preferred frequency of advisor compensation votes.

#### ***Authorized Shares***

Having sufficient available authorized shares allows management to avail itself of rapidly developing opportunities as well as to effectively operate the business. However, we believe that for significant transactions management should seek shareholder approval to justify the use of additional shares. Therefore shareholders should not approve the creation of a large pool of unallocated shares without some rationale of the purpose of such shares. Accordingly, where we find that the company has not provided an appropriate plan for use of the proposed shares, or where the number of shares far exceeds those needed to accomplish a detailed plan, we typically vote against the authorization of additional shares. We also vote against the creation of or increase in (i) blank check preferred shares and (ii) dual or multiple class capitalizations.

#### ***Shareholder Rights***

Glass Lewis Investment Manager Guidelines will generally support proposals increasing or enhancing shareholder rights such as declassifying the board, allowing shareholders to call a special meeting, eliminating supermajority voting and adopting majority voting for the election of directors. Similarly, the Investment Manager Guidelines will generally vote against proposals to eliminate or reduce shareholder rights.

#### ***Mergers/Acquisitions***

Glass Lewis undertakes a thorough examination of the economic implications of a proposed merger or acquisition to determine the transaction's likelihood of maximizing shareholder return. We examine the process used to negotiate the transaction as well as the terms of the transaction in making our voting recommendation.

## ***Shareholder Proposals***

We review and vote on shareholder proposals on a case-by-case basis. We recommend supporting shareholder proposals if the requested action would increase shareholder value, mitigate risk or enhance shareholder rights but generally recommend voting against those that would not ultimately impact performance.

## ***Governance***

The Glass Lewis Investment Manager Guidelines will support reasonable initiatives that seek to enhance shareholder rights, such as the introduction of majority voting to elect directors, elimination in/reduction of supermajority provisions, the declassification of the board and requiring the submission of shareholder rights' plans to a shareholder vote. The guidelines generally support reasonable, well-targeted proposals to allow increased shareholder participation at shareholder meetings through the ability to call special meetings and ability for shareholders to nominate director candidates to a company's board of directors. However, the Investment Manager Guidelines will vote against proposals to require separating the roles of CEO and chair.

## ***Compensation***

The Glass Lewis Investment Manager Guidelines will generally oppose any shareholder proposals seeking to limit compensation in amount or design. However, the guidelines will vote for reasonable and properly-targeted shareholder initiatives such as to require shareholder approval to reprice options, to link pay with performance, to eliminate or require shareholder approval of golden coffins, to allow a shareholder vote on excessive golden parachutes (i.e., greater than 2.99 times annual compensation) and to clawback unearned bonuses. The Investment Manager Guidelines will vote against requiring companies to allow shareholders an advisory compensation vote.

## ***Environment***

Glass Lewis' Investment Manager Guidelines vote against proposals seeking to cease a certain practice or take certain action related to a company's activities or operations with environmental implications. Further, the Glass Lewis' Investment Manager Guidelines generally vote against proposals regarding enhanced environment disclosure and reporting, including those seeking sustainability reporting and disclosure about company's greenhouse gas emissions, as well as advocating compliance with international environmental conventions and adherence to environmental principles like those promulgated by CERES.

## ***Social***

Glass Lewis' Investment Manager Guidelines generally oppose proposals requesting companies adhere to labor or worker treatment codes of conduct, such as those espoused by the International Labor Organization, relating to labor standards, human rights conventions and corporate responsibility at large conventions and principles. The guidelines will also vote against proposals seeking disclosure concerning the rights of workers, impact on local stakeholders, workers' rights and human rights in general. Furthermore, the Investment Manager Guidelines oppose increased reporting and review of a company's political and charitable spending as well as its lobbying practices.

## **First National Advisers**

### **Proxy Voting**

#### **Policy**

First National Advisers, LLC, as a matter of policy and as a fiduciary to the Funds and their shareholders, has responsibility for voting proxies for portfolio securities consistent with the best interests of the Fund shareholders. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to Tributary Capital Management (Tributary) about the voting of proxies for their portfolio securities and maintaining relevant and required records.



## **Background**

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised.

Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

The SEC issued guidance, effective September 2019, concerning the proxy voting responsibilities of investment advisers particularly where they use the services of a proxy advisory firm. Supplemental SEC guidance followed in July 2020 that provides further examples of what investment advisers should consider when relying on a proxy advisory firm

## **Responsibility**

The Chief Compliance Officer has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and recordkeeping

## **Procedure**

The Chief Compliance Officer has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and recordkeeping

## **Voting Procedure**

- The FNA Committee has elected to utilize an independent third party (who is contracted by FNBO through Broadridge), Glass Lewis & Company (Glass Lewis), to vote proxies according to a set of predetermined proxy voting guidelines. The Portfolio Managers, however, may choose to override any Glass Lewis proxy vote that they do not believe is in the best interest of the Fund shareholders. The Portfolio Manager that overrides a vote will provide a copy of all documentation that memorializes the decision to the Chief Compliance Officer.
- FNA will periodically sample proxy votes to determine if they are voted in accordance with Glass Lewis' proxy voting guidelines.
- FNA votes shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions Inc. (who is contracted by FNBO), in a timely manner. Additionally, ProxyEdge retains a record of all proxy votes.

## ***Proxy Voting Service Due Diligence***

- FNA will at least annually determine if Glass Lewis has the capacity and competency to adequately analyze proxy issues, including determining if their recommendations are based on materially accurate information; and
- FNA will determine at least annually if Glass Lewis has adequate policies and procedures in place to address any conflicts of interests

## ***Disclosure***

- FNA will at least annually determine if Glass Lewis has the capacity and competency to adequately analyze proxy issues, including determining if their recommendations are based on materially accurate information; and

- FNA will determine at least annually if Glass Lewis has adequate policies and procedures in place to address any conflicts of interests

***Recordkeeping***

First National Advisers, LLC shall retain the following proxy records in accordance with the SEC's five- year retention requirement.

- these policies and procedures and any amendments;
- each proxy statement that First National Advisers, LLC receives;
- a record of each vote that First National Advisers, LLC casts;
- any document First National Advisers, LLC created that was material to making a decision to override Glass Lewis' recommendation; and
- a copy of any Tributary request for information on how First National Advisers, LLC voted shareholder's proxies and a copy of any written response