

MACC PRIVATE EQUITIES INC

Form 40-17G

October 13, 2009

405 Howard Street, Suite 600, San Francisco, CA 94105

October 13, 2009

Sarah Mussard  
Senior Broker  
AON Financial Services Group  
4100 E. Mississippi Avenue Suite 1300  
Denver, CO 80246

Re: MACC Private Equities Inc.  
Mutual Fund Bond  
Policy Number: 287343716  
Expiration Date: 02/15/2010

Dear Ms. Mussard,

We are pleased to enclose Policy Number 287343716 for MACC Private Equities Inc. We trust that this policy meets with the specifications outlined in our quotation (number 6029768001). Please review it carefully to confirm this. Should you detect any problem, please contact me as soon as possible.

If commissions or other compensation are payable hereunder, Insurance Producer will comply with all applicable federal and state laws, rules, regulations and/or orders governing disclosure by an agent, broker or producer to an insured or prospective insured of commissions or other compensation.

We appreciate the opportunity to do business with MACC Private Equities Inc. and with you. If you should have any comments, questions, or concerns, please do not hesitate to contact me.

Sincerely,

Chris Begley

Chris Begley  
Underwriting Consultant  
Phone: (415) 932-7407  
Chris.begley@cna.com

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 405 Howard Street, Suite 600, San  
 Francisco, CA 94105

Declarations  
 INVESTMENT COMPANY FIDELITY BOND

CUSTOMER NUMBER		DATE ISSUED
314722		10/13/2009
POLICY NUMBER	COVERAGE IS PROVIDED BY	PRODUCER NO.
287343716	Continental Insurance Company (herein called 'Underwriter')	712637
NAMED INSURED AND ADDRESS		PRODUCER
Item 1. MACC Private Equities Inc. (herein called 'Insured') 101 Second Street SE, Suite 800 Cedar Rapids, IA 52401		AON Financial Services Group Sarah Mussard 4100 E. Mississippi Avenue Suite 1300 Denver, CO 80246

Item 2. Policy Period: From 12:01 a.m. on 2/15/2009 to 12:01 a.m. on 2/15/2010 standard time.

Item 3. Limit of Liability: \$ 400,000 per Loss.

Provided, however that if specific limits, either greater or lesser, are inserted opposite any specified INSURING CLAUSE, such specific limits shall be applicable to such INSURING CLAUSES in lieu of, and not in addition to, such bond limit. If "NOT COVERED" is inserted below opposite any specified INSURING CLAUSE, such INSURING CLAUSE and any other reference to such INSURING CLAUSE shall be deemed to be deleted from this bond.

INSURING CLAUSE	LIMITED OF LIABILITY	DEDUCTIBLE
Employee	\$400,000	\$10,000
Premises	\$400,000	\$10,000
Transit	\$400,000	\$10,000
Forgery or Alteration	\$400,000	\$10,000
Extended Forgery	\$400,000	\$10,000
Counterfeit Currency	\$400,000	\$10,000
Computer Systems Fraud	\$400,000	\$10,000
Voice Initiated Transfer Fraud	\$400,000	\$10,000
Uncollectible Items of Deposit	\$400,000	\$10,000
Audit Expense	\$50,000	\$5,000

Provided, that there shall be no deductible applicable to any loss under INSURING CLAUSE 1. sustained by any Investment Company.

Item 4. The liability of the Underwriter is also subject to the terms of the following endorsements executed simultaneously herewith:

SR 5109a Adding or Deducting Insureds Rider

PRO-4144-A Growth in Size Provisions

GSL-7207 Trade and Economic Sanctions Endorsement

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INVESTMENT COMPANY FIDELITY BOND

Item 5. Notice of claim should be sent to the Underwriter at: CNA Pro  
Fidelity-Bonding  
40 Wall Street  
New York, New York 10005

IN WITNESS WHEREOF, the Underwriter has caused this bond to be signed by its Chairman and Secretary, at Chicago, Illinois, but the same shall not be binding upon the Underwriter unless countersigned by a duly authorized representative or attorney-in-fact of the Underwriter

Authorized Representative

By: \_\_\_\_\_  
Attorney-in-fact

Countersigned By:

Authorized Representative

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The UNDERWRITER, in consideration of the required premium, and in reliance on the APPLICATION and all other statements made and information furnished to the UNDERWRITER by the INSURED, and subject to the DECLARATIONS made a part of this bond and to all other terms and conditions of this bond, agrees to pay the INSURED for:

#### INSURING CLAUSES

##### 1. EMPLOYEE COVERAGE

Loss resulting directly from Larceny or Embezzlement committed by any Employee, alone or in collusion with others.

##### 2. PREMISES COVERAGE

###### A. PROPERTY

Loss of Property resulting directly from robbery, burglary, common-law or statutory larceny, hold-up, misplacement, mysterious unexplainable disappearance, damage, destruction or abstraction or removal from the possession, custody or control of the INSURED, while such Property is lodged or deposited within any offices or premises located anywhere.

###### B. OFFICES AND EQUIPMENT

Loss of, or damage to furnishings, fixtures, stationery, supplies, equipment, safes or vaults (but excluding all electronic data processing equipment) within any of the INSURED'S offices resulting directly from robbery, burglary, common law or statutory larceny or hold-up of such offices, or attempt thereat, or by vandalism or malicious mischief, or loss through damage to any office resulting directly from robbery, burglary, common law or statutory larceny or hold-up of such office, or attempts thereat, or to the interior of any such office by vandalism or malicious mischief, provided, in any event that the INSURED is the owner of such offices, furnishings, fixtures, stationery, supplies, equipment, safes or vaults or is legally liable for such loss or damage always excepting, however, a loss or damage through fire.

##### 3. TRANSIT COVERAGE

Loss of Property resulting directly from robbery, common law or statutory larceny, misplacement, mysterious unexplainable disappearance, damage to or destruction of, while the Property is in transit anywhere:

- a. in an armored motor vehicle, including loading and unloading thereof,
- b. in the custody of a natural person acting as a messenger of the INSURED, or
- c. in the custody of a Transportation Company and being transported in a conveyance other than an armored motor vehicle provided, however, that covered Property transported in such manner is limited to the following:

- I. written records,
- II. securities issued in registered form which are not endorsed or are restrictively endorsed, or
- III. negotiable instruments not payable to bearer, which are not endorsed or are restrictively endorsed.



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Coverage under this INSURING CLAUSE begins immediately on the receipt of such Property by the natural person acting as a messenger or Transportation Company and ends immediately on delivery to the premises of the addressee or to any representative of the addressee located anywhere.

4. FORGERY OR ALTERATION COVERAGE

Loss resulting directly from:

- a. Forgery or fraudulent material alteration of, on or in any bills of exchange, checks, drafts, acceptances, certificates of deposits, promissory notes, due bills, money orders, orders upon public treasuries, letters of credit, other written promises, orders or directions to pay sums certain in money, or receipts for the withdrawal of Property, or
- b. transferring, paying or delivering any funds or other Property, or establishing any credit or giving any value in reliance on any written instructions, advices, or applications directed to the INSURED authorizing or acknowledging the transfer, payment, delivery or receipt of funds or other Property, which instructions, advices or applications purport to bear the handwritten signature of any customer of the INSURED, or shareholder or subscriber to shares of an Investment Company, or of any banking institution, stockbroker or Employee but which instructions or applications either bear a Forgery or a fraudulent material alteration without the knowledge and consent of such customer, shareholder, subscriber to shares, banking institution, stockbroker, or Employee;

excluding, however, under this INSURING CLAUSE any loss covered under INSURING CLAUSE 5. of this bond, whether or not coverage for INSURING CLAUSE 5. is provided for in the DECLARATIONS of this bond.

A mechanically reproduced facsimile signature is treated the same as a handwritten signature.

5. EXTENDED FORGERY COVERAGE

Loss resulting directly from the INSURED having in good faith, and in the ordinary course of business, whether for its own account or for the account of others, in any capacity:

- a. acquired, accepted or received, sold or delivered, given value, extended credit, or assumed liability in reliance upon any original Securities, documents or other written instruments which prove:

- I. to bear a Forgery or fraudulent material alteration,
- II. to have been lost or stolen, or
- III. to be Counterfeit, or

- b. guaranteed in writing or witnessed any signatures upon any transfers, assignments, bills of sale, powers of attorney, guarantees, endorsements or other obligations upon or in connection with any Securities, documents or other written instruments which pass or purport to pass title to them.

Actual physical possession, and continued actual physical possession, of such Securities, documents or other written instruments by an Employee, Custodian, or a Federal or State chartered deposit institution is a condition precedent to the INSURED having relied on such items. Release or return of such items is an acknowledgment by the INSURED that it no longer relies on such items.

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6. COUNTERFEIT CURRENCY COVERAGE

Loss resulting directly from the receipt by the INSURED, in good faith, of any Counterfeit money orders, currencies or coin of any country.

7. THREATS TO PERSONS COVERAGE

Loss resulting directly from surrender of Property away from an office of the INSURED as a result of a threat communicated to the INSURED to do bodily harm to an Employee as defined in paragraphs (1), (2) and (5) of the definition, a Relative or invitee of such Employee, or a resident of the household of such Employee, who is, or allegedly is, being held captive provided, however, that prior to the surrender of such Property:

- a. the Employee who receives the threat has made a reasonable effort to notify an officer of the INSURED who is not involved in such threat, and
- b. the INSURED has made a reasonable effort to notify the Federal Bureau of Investigation and local law enforcement authorities concerning such threat.

It is agreed that for purposes of the INSURING CLAUSE, any Employee of the INSURED, as set forth in the preceding paragraph, shall be deemed to be an INSURED hereunder, but only with respect to the surrender of money, securities and other tangible personal property in which such Employee has a legal or equitable interest.

8. COMPUTER SYSTEMS COVERAGE

Loss resulting directly from fraudulent entry of data into or change of data elements or programs within the INSURED'S proprietary Computer System or a Computer System operated or used by the INSURED and declared in the APPLICATION, provided that the fraudulent entry or change causes:

- a. Property to be transferred, paid or delivered,
- b. an account of the INSURED, or of its customer, to be added, deleted, debited, or credited, or
- c. an unauthorized account or a fictitious account to be debited or credited.

9. VOICE INITIATED TRANSACTION COVERAGE

Loss resulting directly from a Voice Initiated Transaction directed to the INSURED authorizing the transfer of dividends or redemption proceeds of Investment Company shares from a Customer's account, provided such Voice Initiated Transaction was:

- a. received at the INSURED'S offices by those Employees of the INSURED specifically authorized to receive the Voice Initiated Transaction,
- b. made by a person purporting to be a Customer, and
- c. made by said person for the purpose of causing the INSURED or Customer to sustain a loss or making an improper personal financial gain for such person or any other person.

In order for coverage to apply under this INSURING CLAUSE, all Voice Initiated Transactions must be received and processed in accordance with the Designated Procedures outlined in the APPLICATION furnished to the

UNDERWRITER.

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10. UNCOLLECTIBLE ITEMS OF DEPOSIT COVERAGE

Loss resulting directly from the INSURED having credited an account of a customer, shareholder or subscriber on the faith of any Items of Deposit which prove to be uncollectible, provided that the crediting of said account causes:

- a. redemption's or withdrawals to be permitted,
- b. shares to be issued, or
- c. dividends to be paid,

from an account of an Investment Company.

In order for coverage to apply under this INSURING CLAUSE, the INSURED must hold Items of Deposit for the minimum number of days stated in the APPLICATION before permitting any redemption's or withdrawals, issuing any shares or paying any dividends with respect to such Items of Deposit.

Items of Deposit shall not be deemed uncollectible until the INSURED'S standard collection procedures have failed.

11. AUDIT EXPENSE COVERAGE

Reasonable expense incurred by the INSURED for that part of an audit or examination required by any governmental regulatory authority or self-regulatory organization and actually conducted by such authority, organization or their appointee by reason of the discovery of loss sustained by the INSURED and covered by this bond.

CONDITIONS AND LIMITATIONS

1. EXCLUSIONS

A. GENERAL EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES

This bond does not directly or indirectly cover:

- (1) loss not reported to the UNDERWRITER in writing within thirty (30) days after termination of this bond as an entirety;
- (2) loss due to riot or civil commotion outside the United States of America and Canada, or any loss due to military, naval or usurped power, war or insurrection. However, this exclusion shall not apply to loss which occurs in transit in the circumstances recited in INSURING CLAUSE 3., provided that when such transit was initiated there was no knowledge on the part of any person acting for the INSURED of such riot, civil commotion, military, naval or usurped power, war or insurrection;
- (3) loss resulting from dishonest acts by any member of the Board of Directors or Board of Trustees of the INSURED who is not an Employee, acting alone or in collusion with others;
- (4) loss, or that part of any loss, resulting solely from any violation by the INSURED or by any Employee of any law, or rule, or regulation pursuant to any law regulating:



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- a. the issuance, purchase or sale of securities,
- b. transactions on security or commodity exchanges or the over-the-counter markets,
- c. investment companies, or
- d. investment advisors;

(5) loss of potential income including, but not limited to, interest and dividends not realized by the INSURED or by any customer of the INSURED;

(6) loss resulting from indirect or consequential loss of any nature;

(7) damages of any type for which the INSURED is legally liable, except compensatory damages (but not multiples thereof) arising from a loss covered under this bond;

(8) loss resulting from the effects of nuclear fission or fusion or radioactivity;

(9) loss resulting from the theft of confidential information, material or data;

(10) costs, fees and expenses incurred by the INSURED in establishing the existence or amount of loss under this bond, provided however, this EXCLUSION shall not apply to INSURING CLAUSE 11.;

(11) loss resulting from voice requests or instructions received over the telephone, provided however, this EXCLUSION shall not apply to INSURING CLAUSE 7. or 9.

**B. SPECIFIC EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES EXCEPT INSURING CLAUSE 1.**

This bond does not directly or indirectly cover:

(1) loss caused by an Employee, provided, however, this EXCLUSION shall not apply to loss covered under INSURING CLAUSE 2. or 3. which results directly from misplacement, mysterious unexplainable disappearance, or damage to or destruction of Property;

(2) loss through the surrender of Property away from an office of the INSURED as a result of a threat:

a. to do bodily harm to any person, except loss of Property in transit in the custody of any person acting as messenger of the INSURED, provided that when such transit was initiated there was no knowledge by the INSURED of any such threat, and provided further that this EXCLUSION shall not apply to INSURING CLAUSE 7., or

b. to do damage to the premises or property of the INSURED;

(3) loss involving Items of Deposit which are not finally paid for any reason provided however, that this EXCLUSION shall not apply to INSURING CLAUSE 10.;

(4) loss resulting from payments made or withdrawals from any account involving erroneous credits to such account;

(5) loss of Property while in the mail:



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- (6) loss of Property while in the custody of a Transportation Company, provided however, that this EXCLUSION shall not apply to INSURING CLAUSE 3.;
- (7) loss resulting from the failure for any reason of a financial or depository institution, its receiver or other liquidator to pay or deliver funds or other Property to the INSURED provided further that this EXCLUSION shall not apply to loss of Property resulting directly from robbery, burglary, hold-up, misplacement, mysterious unexplainable disappearance, damage, destruction or abstraction from the possession, custody or control of the INSURED.

C. EXCLUSIONS APPLICABLE TO ALL INSURING CLAUSES EXCEPT INSURING CLAUSES 1., 4., 5.

This bond does not directly or indirectly cover:

- (1) loss resulting from forgery or any alteration;
- (2) loss resulting from the complete or partial non-payment of or default on any loan whether such loan was procured in good faith or through trick, artifice, fraud or false pretenses;
- (3) loss involving a counterfeit provided, however, this EXCLUSION shall not apply to INSURING CLAUSE 5. or 6.

2. DISCOVERY

This bond applies only to loss first discovered by any partner, director,