

# **Form ADV Part 2A: Firm Brochure**

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## **Martin Investment Management, LLC**

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**March 2023**

This brochure provides information about the qualifications and business practices of Martin Investment Management, LLC (“MIM”). MIM is registered as an Investment Adviser with the United States Securities and Exchange Commission (SEC). Registration with the SEC alone does not imply a certain level of skill or training. For information on the background and qualifications of MIM’s Portfolio Managers, please reference the Brochure Supplement. If you have any questions about the contents of this brochure, please contact us at (847) 424-9124. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about Martin Investment Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Material Changes**

Since the last annual amendment on March 30, 2022, this brochure has been revised to reflect the risks pertaining to the each strategy we offer.

## **Advisory Business**

Martin Investment Management, LLC (“MIM” or the “Firm”) is registered with the U.S. Securities and Exchange Commission as an investment adviser. It is the successor to Martin & Co., which began business in March of 1989. MIM is an independent, majority female, employee-owned firm. Sandra S. Martin beneficially owns, directly and through a trust, a majority of the ownership interests in MIM. Patrick A. Martin and Mary Ellen Martin Zellerbach, directly and through trusts, beneficially own the remainder of MIM’s ownership interests.

MIM is an equity-oriented investment adviser. We believe in fundamental investing as the foundation in evaluating investments. The Firm’s long-term equity strategy reflects a belief in the upward bias of the stock market and the long-term vitality of the global economy. We believe that our performance, disciplined investment process, the professional experience of the team, and our commitment to clients sets our firm apart from other investment advisers.

In conjunction with each client, we determine an appropriate investment strategy based on general guidelines and objectives. These general guidelines and objectives cover such things as the relative asset allocation, degree of risk that the client wishes to assume, and the types and amount of securities to constitute the portfolio. Once the strategy is mutually agreed upon, the investment process commences. Specific investments are selected in keeping with the investment strategy, taking into account any investment restrictions that may be imposed upon the portfolio by the client. In short, portfolios are specifically managed in a manner that is designed to meet the individual objectives of each particular client. See page 6, “Methods of Analysis, Investment Strategies, and Risk of Loss”, for detailed discussion.

The composition of an investment portfolio is dependent upon the investment goals of each client. Without limiting the types of securities, the portfolio may be comprised of one or more of the following security types:

Equity Securities (exchange listed and OTC)	Certificates of Deposit
Municipal Securities	Option Contracts
Corporate Debt	Partnerships investing in Oil and Gas
United States Government Securities	Partnerships investing in publicly traded and privately placed securities
Mutual Funds/Exchange Traded Funds	Commercial Paper

We are dedicated to providing a high level of service for a limited number of individual clients and institutions, both directly and as a sub-adviser. All accounts are individually managed and

tailored to the needs and objectives of our clients. We are small and flexible – in our view, a major advantage today. We believe our portfolio managers are well qualified to assess individual client needs, they adhere to sound fiduciary principles, and they conduct the business of managing client portfolios accordingly. Additionally, we participate as a portfolio manager in the Concourse Financial Group Securities, Inc. Advisor’s Choice and Wedbush Securities Inc. Managed Asset Program wrap fee programs and we receive a portion of the wrap fee for our services. We also participate in the Pershing Dual Contract Managed Connect Program. Our management as part of those programs does not differ materially from the way in which we manage other accounts. Finally, we license all of our investment strategies, as described below under “Methods of Analysis, Investment Strategies, and Risk of Loss,” to platforms that operate other investment model programs. Pursuant to these licenses, third-party asset managers may apply our investment strategies to assets that they manage.

As of December 31, 2022, MIM had over \$879.37 million in client assets under management. All of these assets are managed on a discretionary basis except for two non-discretionary accounts of approximately \$4.34 million.

## **Fees and Compensation**

We are customarily compensated on the basis of fees calculated as a percentage of assets under management. In some cases, there is a fixed fee.

Our standard fee schedule is 1.5% of the value of a client account, however the fees charged to a particular account may be subject to negotiation and could vary from this schedule. Since the inception of our business, we have discounted our standard fee for various clients. The amount of the discount depends on a number of factors, including the nature and complexity of the services offered and the size of account. With the exception of certain sub-advisory relationships, the range of fees paid by existing unaffiliated clients is from 1.0% to 1.5% annually, with fees on amounts above \$5 million discounted to 0.75% for some accounts. New clients may pay more or less in fees than existing clients, depending on the individual circumstances presented by each such new client.

Certain accounts may be charged a minimum annual fee. The license fees we receive from licensing certain of our investment strategies to other asset managers vary and are based on the assets of that manager that are allocated to the investment strategies we provide.

Our fees are normally assessed and payable quarterly in advance. Fees will also be prorated for the addition or withdrawal of assets greater than 10% of the value of the client account. Our clients may elect to pay us directly or choose to have their custodian charge their account and pay MIM accordingly. This election is made when an account is initiated with us. A client may terminate our services upon giving written notice. Upon receiving such a notice, we will cease

managing the account, will prorate any fees in accordance with the termination terms and conditions outlined in the investment advisory agreement and will promptly refund any unearned fees to the terminating client.

In addition, in certain cases we provide investment advisory services to clients exclusively through a web-based advisory platform. Such clients will be charged an annualized fee of 0.60% on their assets under management. The advisory fees for these web-based services will be calculated on a continuous basis, with the advisory fee being equal to the total of the daily fees calculated during that month (less any deductions or fee waivers). Our fee will then be deducted from the client's account no later than the tenth business day of the following month.

On occasion, we will consult with a client on a negotiated fixed fee or hourly basis. In these cases, the fee will be negotiable and will be dependent on the time involved and the complexity of the services provided. These fees will be billed in arrears.

All fees we charge are separate and distinct from the fees and expenses charged by mutual funds, partnerships, REITs or similar collective investment vehicles to their interest holders. Custodial fees, transaction costs, and other expenses associated with the management of a client portfolio are paid by the client as further described within this document under Brokerage Practices. Accordingly, clients should consider both the fees charged by these funds and the fees charged by MIM to fully understand the total amount of fees paid.

We do not receive any fee or commission from the sale of investment products that we recommend to our clients.

### **Performance-Based Fees and Side-by-Side Management**

MIM may enter into performance-based fee arrangements for certain clients in lieu of the asset-based fees MIM typically charges clients. For these arrangements, MIM charges a fee that is determined by the amount of the increase in value of an account over an agreed upon base line. MIM's standard performance-based fee is 20% of the increase over the agreed upon base line.

Potential conflicts of interest are raised when MIM manages asset-based fee accounts alongside performance-based fee accounts. Performance-based fees increase as performance increases, which creates an incentive to favor these accounts in trade execution or investment allocation, or to take excessive risk. MIM could focus on higher-fee accounts or performance fee accounts due to a personal stake in compensation.

MIM has adopted policies and procedures and a Code of Ethics that are designed to mitigate these conflicts of interest. The MIM Code of Ethics requires employees to place their clients' interests ahead of their own. These potential conflicts are also addressed in the trade aggregation and allocation policies and procedures and are designed to prevent the giving of special treatment to

performance-based fee accounts, proprietary accounts or higher-fee accounts. Trade aggregation, allocation and side-by-side trading are monitored for possible account favoritism over time by compliance personnel.

## **Types of Clients**

We provide investment management services to individuals, high net worth individuals, trusts, pension plans, other asset managers, pooled investment vehicles and charitable organizations.

In order to ensure the highest level of personalized service, our minimum account size for new clients is typically \$500,000 in investable assets. We do work with clients with accounts of lesser value on a case-by-case basis.

## **Methods of Analysis, Investment Strategies, and Risk of Loss**

Our portfolio managers employ various methods of security analysis, primarily fundamental and technical, to assist us in formulating investment strategies.

Our core “Best Ideas” strategy, Growth with a Value Discipline, is actively managed with a focused portfolio of approximately twenty-five mid to large cap U.S. domestic equities and international ADRs. We invest in stocks that we view as high quality with above average growth rates that are purchased at favorable price/earnings ratios. We believe that holding a focused portfolio of approximately twenty-five stocks improves our probability of outperforming the market over time. Portfolios are separately and individually managed on the basis of each client’s situation and objectives as well as reasonable restrictions. The market capitalization for the portfolios is mid to large. Our investment focus has remained consistent since we began operations. Our record was achieved in good markets as well as terrible markets. Our investment strategy has a quality emphasis and is based on fundamental valuation methods and academic research.

Our Eco-Investing strategy combines our Growth with a Value Discipline approach with investing in global businesses that have a goal of positively impacting the environment. This strategy invests in the securities of a variety of corporations that embrace good stewardship, recycling, open space, water purification, and clean energy sources. The investment approach is similar to our other portfolios except for the qualification to include only those companies that we believe have established themselves as environmentally friendly through their product and service offerings. This advisory strategy is actively managed with a focused portfolio of approximately twenty-five mid to large cap global equities. We base our stock selection on our judgment of how these global companies engage in environmental best practices as well as our research and analysis of the economics of the businesses, and their ability to achieve a satisfactory return on investment. This strategy is subject to the risk that we may be incorrect in our judgments about

the environmentally friendly characteristics of companies or that such characteristics will lead to increased share price.

Our international advisory strategy, Tortue Capital™, invests in a range of non-U.S. companies likely to benefit from country, regional, and global trends and fundamentals. The Tortue Capital™ strategy is actively managed with a focused portfolio of approximately twenty-five mid to large cap international equities. As with all of our strategies, the client's account is individually managed on the basis of each client's situation and objectives and in accordance with any reasonable restrictions imposed.

The strategy of Tortue Capital™ combines our Growth with a Value Discipline approach to investing with investing in a range of non-U.S. companies with improving fundamentals, attractive valuations, and good management. In addition to individual company analysis, we base our stock selection by identifying broad regional themes and assessing country fundamentals such as economic vitality, monetary and fiscal policies, regulatory issues, and ability to attract foreign investment. Liquidity is also a criterion for investments, and positions are monitored to ensure ease of sale. Currencies are not hedged. The investing strategy for this approach will be similar to our other strategies of Growth with a Value Discipline and Eco-Investing with a long-term objective of a three-to-five-year market cycle to achieve a satisfactory return on investment.

With the Tortue Capital™ strategy, we seek to invest in non-U.S. companies with strong fundamentals and attractive valuations. We look for companies in developed markets with under-appreciated growth prospects, using both macro-economic and individual company analysis, to provide our investors an opportunity to invest internationally and focus on the long-term growth of capital in these markets. Public information may be limited with respect to foreign markets issuers; foreign markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. There may also be less government supervision and regulation of foreign and emerging markets securities exchanges, and less liquidity and higher volatility than securities of comparable domestic issuers. Brokerage commissions and other transaction costs on foreign markets securities exchanges are generally higher than in the U.S. These securities are also subject to foreign currency risk.

Our Martin Signature strategy combines our Growth with a Value Discipline approach with investing in global businesses that encourage and support women to be leaders, entrepreneurs, investors and decision makers.. The firm determines a company's ranking on women in leadership factors using its proprietary databases.

Martin Signature Investing is an active strategy based on a bottom-up fundamental approach coupled with a disciplined valuation process. The strategy seeks to invest in growing companies, which generate positive cash flow, maintain low leverage, and have quality practices, products, and services. The portfolio managers prefer to buy stocks at a discount to the present value of its future earnings stream. The portfolio benefits from a long investment horizon with annual turnover typically less than 20%.

The investment approach is similar to our other portfolios except for the qualification to include only those companies that we believe have established themselves with women in leadership factors. This advisory strategy is actively managed with a focused portfolio of approximately twenty-five mid to large cap global equities.

Regardless of which strategy each client chooses, we believe that investment portfolios should be custom managed to meet the specific investment goals, risk tolerances, and other constraints that are unique to each client. To meet these goals, we are able to create portfolios for clients which include elements of two or more of the strategies described above. Our approach is conservative in nature, however risk is inherent in any investment program and, as a result, the investment returns in client portfolios will fluctuate and accounts may lose value.

The Firm manages investment strategies that consider many factors, including some that could be classified as ESG (Environmental, Social, and Governance). In considering its ESG approach, the Firm considers, without limitation, a company's stewardship. These include factors such as sound environmental stewardship practices including active conservation programs limiting air, water, and land pollution. Other considerations may include companies that use less energy; water and materials in making products, or those products requiring fewer resources when they are used in the home; the increasing use of sustainably sourced, renewable materials; and renewable energy in a company's products and operations. For certain accounts "women in leadership" factors may be applicable. For these accounts, the factors may include the percentage of women being employed, women in middle and senior management, and women board members.

The Firm believes that an increasingly robust analysis of ESG-related issues is fundamental to understanding the long-term sustainability of companies, their profitability and return on investment. However, it is important to note that ESG factors are just one input into the Firms' investment process, not an objective. The Firm's objective remains to make financial judgments on the risk and rewards of investments. Investment decisions in broad-based portfolios will thus be made on an aggregate basis, taking all elements of the Firm's bottom-up research and evaluation process into consideration.

In consideration of specific client objectives, separate accounts or specialized funds may consider ESG as a client-direct, first priority and would conform with clearly specified, ESG-related guidelines. As such, the Firm may develop investment strategies based on positive, proactive capital allocation where there is potential for the dual benefit of directing capital to crucial areas while earning attractive investment returns.

Each of the aforementioned strategies carries the risk of loss and there is no guarantee that the investment strategy will meet its objective. It is impossible to name all possible types of risks; however, please note the following risks:

**Best Ideas – Long Term Growth with a Value Discipline Managed Account:**



The objective of the Strategy is long-term capital appreciation. The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. All investments involve risk, including the possible loss of principal. Equity markets can be volatile, and stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments. As this Strategy is invested in a relatively small number of equity securities, adverse impacts on any invested security may have a significant impact on the performance of the Strategy. Additional risks of investing in this Strategy include stock market risk, management risk, recent market events risk, non-diversification risk, company and sector risk, large cap company risk, and growth stock risk. There is a risk of loss inherent in any investment; past performance is no guarantee of future results.

#### **Best Ideas – Long Term Growth with a Value Discipline Managed Account (Legacy):**

The objective of the Strategy is long-term capital appreciation. The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. All investments involve risk, including the possible loss of principal. Equity markets can be volatile, and stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments. As this Strategy is invested in a relatively small number of equity securities, adverse impacts on any invested security may have a significant impact on the performance of the Strategy. Additional risks of investing in this Strategy include stock market risk, management risk, recent market events risk, non-diversification risk, company and sector risk, large cap company risk, and growth stock risk. There is a risk of loss inherent in any investment; past performance is no guarantee of future results.

#### **Global Eco-Investing Managed Account:**

The objective of the Strategy is long-term capital appreciation. The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. All investments involve risk, including the possible loss of principal. Equity markets can be volatile, and stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments. Investments in foreign securities involve risks beyond those inherent in domestic investments. This Strategy also focuses on the environmental impact of the companies invested in, which may result in limiting the universe of securities in which the Strategy may invest. The use of these factors could result in selling or avoiding investments that subsequently perform well or purchasing investments that subsequently underperform. As a result, an account could underperform similar accounts that do not take into account environmental factors. As this Strategy is invested in a relatively small number of equity securities, adverse impacts on any invested security may have a significant impact on the performance of the Strategy. Additional risks of investing in this Strategy include stock market risk, management risk, recent market events risk, non-diversification risk, company and sector risk, large cap company risk, growth stock risk, foreign exchange risk, and international risks. There is a risk of loss inherent in any

investment; past performance is no guarantee of future results.

### **Tortue Capital International Managed Account:**

The objective of the Strategy is long-term capital appreciation. The Strategy is designed for long-term investors who are willing to accept short-term market price fluctuations. All investments involve risk, including the possible loss of principal. Equity markets can be volatile, and stock prices rise and fall based on changes in an individual company's financial condition and overall market conditions. Stock prices can decline significantly in response to adverse market conditions, company-specific events, and other domestic and international political and economic developments. Investments in foreign securities involve risks beyond those inherent in domestic investments. As this Strategy is invested in a relatively small number of equity securities, adverse impacts on any invested security may have a significant impact on the performance of the Strategy. Additional risks of investing in this Strategy include stock market risk, management risk, recent market events risk, non-diversification risk, company and sector risk, large cap company risk, growth stock risk, foreign exchange risk, and international risks. There is a risk of loss inherent in any investment; past performance is no guarantee of future results.

In limited circumstances, MIM may employ options in an effort to achieve specified investment objectives mandated by its clients. Options carry a high level of risk and are not suitable for all investors.

MIM may be authorized to use margin in the management of a client's investment portfolio. While the use of margin borrowing can substantially improve returns, it may also increase overall portfolio risk.

### **Disciplinary Information**

Neither the firm nor members of the firm's management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of our business or the integrity of our management.

### **Other Financial Industry Activities and Affiliations**

None.

### **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

MIM and our related persons may recommend or purchase on behalf of clients securities or investment products which we and/or our related persons also invest. Our personal trading policy precludes us and our related persons from purchasing securities that we recommend or purchase

on behalf of clients if it would be prohibited under federal securities laws and, in any event, requires us to maintain a written record of such transactions.

As a registered investment adviser, MIM complies with federal regulations regarding transactions in the personal accounts of all of its employees. Under our personal trading policy, all employees must cause their brokers to submit duplicate confirmations of all trades to our Chief Compliance Officer. These will include the name and the amount of the securities involved and the name of the broker that executed the transaction.

We are required to maintain records of all transactions for all of our clients' portfolios. We also have a record of all transactions made for the accounts of our employees because of the personal trading policy. The statements of employee transactions are maintained as part of the firm's books and records. It is our policy that no employee transaction will be placed in advance of a client's transactions and shall not be on a more favorable basis than a client's.

MIM has adopted a Code of Ethics which applies to all of its supervised persons. A copy of our Code of Ethics is available to any client or prospective client upon request. The Code of Ethics is predicated upon the following principles:

- Supervised persons of MIM shall always place the interest of clients ahead of the interest of the firm or its employees.
- Personal securities transactions shall be conducted in a manner as to avoid any actual or apparent conflict of interest, or any abuse of an individual's position of trust and responsibility.
- Supervised persons shall always be aware of how their actions may look in hindsight, and never take inappropriate advantage of their positions.

The Code of Ethics further provides that supervised persons must comply with all applicable federal securities laws. It also imposes certain trading restrictions on persons who are likely to know about our trading activity. It is common for our employees to own securities that are also owned by the firm's clients. In addition to our personal transaction policy, in order to avoid conflicts of interest related to this common ownership, we have trading preclearance procedures in place. These procedures include limitations on the purchase or sale of most equity securities on the same day as those same securities may be purchased or sold by any client, unless the purchase or sale is aggregated with client trades.

## **Brokerage Practices**

We consider numerous factors in determining the brokers through which we execute securities transactions on behalf of our clients, including best price and execution, the quality of the research and services provided by the broker, the size of the transaction, and our commission

budget. We expect not to pay any commissions that would surpass generally accepted commission schedules and that our negotiated rates will be less than the brokerage firms' printed rate schedules. However, we may pay a brokerage commission in excess of that another broker might have charged for effecting the same transactions, in recognition of the value of the research services provided by the broker. By using brokerage commissions to obtain research we receive a benefit because we do not have to pay for those products or services.

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

It is our policy to seek the best execution at the best security price available with regard to each transaction, in light of the overall quality of brokerage and research services provided to us or our clients. The best price means the best net price without regard to the mix between purchase or sale price and commissions. Receipt of products or services other than brokerage or research is not a factor in determining how we allocate brokerage. We do consider the quality of the research provided by brokers to be of great importance.

Research products and services paid for with soft dollars are generally of the type described in Section 28(e) of the Securities and Exchange Act of 1934. These products and services provide assistance to us in the performance of our investment decision-making responsibilities and are designed to augment our own internal research and investment strategy capabilities.

We receive both proprietary and non-proprietary research, and these services include a wide variety of written reports on individual companies and industries, current and historical statistical information, comparative performance evaluation, technical measurement data, general economic data, information on federal and state legislative developments, and changes in accounting practices. These services may also include direct access to research analysts, corporate management personnel, industry experts, and economists.

These research services are used to carry out our investment management responsibilities with respect to all of our client accounts. Accordingly, we do not seek to allocate soft dollar benefits to client accounts proportionately to the credits the accounts generate.

In selecting brokers that provide these services, we may cause our clients to pay higher commissions than those charged by some other brokers. Also, because we could pay for these services out of our own assets, we may have an incentive to select or recommend a broker based on receiving these research services, rather than based on your interest in receiving best execution. Nonetheless, it is our policy and intention to select brokers based solely on what is in the best interests of our clients.

Our policy regarding trading errors is that they shall be corrected upon discovery. An "error account" will be maintained on behalf of MIM for the purpose of holding erroneous trades. We will bear gain or loss with this account. The use of soft dollars or promise of future commissions to induce a broker to absorb an error is prohibited.

### ***Bundled Trades and Directed Brokerage***

MIM strives to treat all clients in a fair and equitable manner in all dealings, including trade-related activities. In situations where securities are purchased or sold for more than one client portfolio, the trades for those portfolios may be aggregated and executed through one or more brokerage firms. Client orders may be aggregated to achieve best execution. Orders that are aggregated will receive an average price per share with transaction costs shared on a pro rata basis, except that there may be a minimum charge per client per transaction imposed by the broker.

In general, when a brokerage firm acts as the custodian for a client's assets, and we are otherwise satisfied with the qualitative execution capabilities of such firm, we will place trades through such brokerage firm to avoid a trade-away transaction fee. Orders for such clients or for clients who direct orders to specific brokers may not be aggregated, and these orders may be disadvantaged. Some clients, who direct brokerage, may receive soft dollar benefits from the brokers to whom brokerage is directed.

In placing trades with brokerage firms, we employ a trade rotation system that is designed to treat all clients fairly over time. Trades for clients who direct orders to specific brokers may follow after the accounts that are part of the trade rotation system. Because of this rotation system, clients may receive a different execution price based on the time or the day on which an order is filled.

We are not affiliated with any broker-dealer.

### **Review of Accounts**

Each investment advisory account is reviewed on an ongoing basis by the reviewer assigned to the account. Reviews focus on asset mix (to ensure compliance with established objectives and guidelines) and the individual assets (stocks and bonds) in each account. Complete reviews are performed quarterly and usually include meetings with clients to review objectives and guidelines. At the present time, there is one senior reviewer at MIM, the Managing Director, Patrick A. Martin. He is assisted in the review process by the other Managing Directors, Sandra S. Martin and Mary Ellen M. Zellerbach.

Clients will be furnished with quarterly statements showing the securities held, the cost basis of each security, the market value of each security, and the total market value of all assets in the account. We encourage our clients to compare the account statements received from the custodian with those received from us to ensure that all account transactions are accurate.

## **Client Referrals and Other Compensation**

We have entered into solicitation and referral arrangements with Ausdal Financial Partners (“Ausdal”) pursuant to which Ausdal has agreed to provide us with leads and referrals of certain clients for our investment advisory services. Under the terms of the agreement, upon successful referral, we have agreed to pay Ausdal an ongoing fee equal to a percentage of the value of the investment accounts of clients solicited by Ausdal, as applicable.

The Firm’s advisory fee charged to the client is not affected by the use of a third-party solicitor in connection with the Client’s account(s), and clients will not be assessed any additional charges because of a referral fee paid by us. Our business practices prohibit the solicitation and the payment of any fees in the cases that a prospective client prohibits the use of a solicitor. These arrangements and the related agreements are structured to be in compliance with all legal and regulatory requirements applicable to relationships of this type.

We may pay our employees for client referrals in a similar manner to the fees payable to third party solicitors described above. We do not charge these referred clients a higher advisory fee than the fees charged to other similarly situated clients of the Firm.

Our financial professional compensation includes base salary, discretionary bonus and compensation based on asset management fee revenues generated on client accounts. Our financial professionals have a financial interest to recommend clients invest more assets with us or recommend a service to clients that generates higher revenue for our Firm in order to generate higher amounts of compensation for themselves.

## **Custody**

MIM does not serve as custodian for any of our unrelated client assets. Thus, our clients retain a third-party custodian to serve this role on their behalf. The custodian must be a bank, broker-dealer, or other qualified institution.

We generally have the ability to deduct advisory fees directly from client accounts. In general, clients receive account statements from the custodian of their assets (a bank, broker- dealer or other qualified custodian) on a monthly basis. Certain custodians will send statements quarterly if there is little or no activity in an account.

Clients receive statements from us on a quarterly basis, or as otherwise agreed upon between us and the client. We encourage our clients to compare the account statements received from the custodian with those received from us to ensure that all account transactions are accurate.

A client’s custodian may request us to enter into a Standing Letter of Authorization (“SLOA”) on

behalf of the client. We have procedures in place to ensure we do not inadvertently accept custody based on this type of arrangement. Our authority is limited through the SLOA and custodial agreement and does not permit the Firm to instruct the custodian to disburse, or transfer, funds or securities without written and signed consent from the client.

On an annual basis, an independent public accountant may conduct a surprise audit of a partnership for which MIM may be deemed to have custody.

### **Investment Discretion**

MIM accepts discretionary authority to manage securities accounts on behalf of its clients. MIM's clients are permitted to impose reasonable limitations on this authority. Such authority is generally documented in the client agreement. Clients are required to execute an investment advisory agreement and limited power of attorney that, among other things, grants the Firm authority to manage your assets on a discretionary basis.

MIM's discretionary investment management contract grants the firm full discretionary power in placing orders for the purchase or sale of securities on behalf of a client. Members of our firm may not exercise any discretionary power without first obtaining this written authority from the client.

### **Voting Client Securities**

Generally, we do not advise or instruct custodians on the voting of proxies on behalf of clients. However, we do agree to vote proxies on behalf of particular clients.

If a client wishes to have us vote proxies on its behalf, this will be specified in the client's investment management agreement. In all cases, our guiding principle is to vote each proxy in the best interest of our clients. As a general matter, we purchase securities based on the belief that the issuer and its management will maximize shareholder value. When we no longer believe management is able to meet this goal, we typically sell the security. Therefore, as to most questions coming before shareholders, we generally vote in accordance with management's recommendations. There are rare circumstances, however, when we will vote against management's recommendations or decide that the best course of action is not to vote a proxy. This is because, in each case, we vote the proxies of our clients based upon our judgment regarding that particular question before the shareholders. A copy of our proxy voting policies and procedures is available upon request, and a client may obtain information on how their proxies were voted by contacting us.

## **Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. We have no financial commitment or circumstance that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.