

Part 2A of Form ADV: Firm Brochure

SMI Management & Research LLC

Registered Investment Advisor

4 Hammond St.

Damariscotta, ME 04543

207-380-5375

mandrews@tidewater.net

www.smi-management.com

March 31, 2011

This brochure provides information about the qualifications and business practices of SMI Management & Research LLC. If you have any questions about the contents of this brochure, please contact us at 207-380-5375 and/or mandrews@tidewater.net. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SMI Management & Research LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please be advised that the firm's status as an SEC "registered investment adviser" does not imply a certain level of skill or training.

Item 2 Material Changes: None

Item 3 Table of Contents

Item 4 Advisory Business P. 2
Item 5 Fees & Compensation P. 2
Item 6 Performance Based Fees P. 3
Item 7 Types of Clients P. 3
Item 8 Methods of Analysis & Risk P. 3
Item 9 Disciplinary Information P. 4
Item 10 Other Industry Affiliations P. 4
Item 11 Code of Ethics P. 4
Item 12 Brokerage Practices P. 5
Item 13 Review of Accounts P. 6
Item 14 Client Referrals & Other Compensation P. 6
Item 15 Custody P. 6
Item 16 Investment Discretion P. 6
Item 17 Voting Client Securities P. 6
Item 18 Financial Information P. 7

Item 4 Advisory Business

A. SMI Management & Research LLC was incepted in 2004 to provide investment management services and financial counsel primarily to individuals, families, trusts and entrepreneurs. Mark E. Andrews is sole owner with licenses including the Series 65 Investment Advisor Representative (IAR) and Series 3 Commodity Trading Advisor (CTA).

B. SMI provides portfolio management using primarily individual securities and Exchange Traded Funds (ETF's) representing primary asset classes including stocks, bonds commodities and foreign currencies. Technical and fundamental analysis are blended in effort to anticipate market direction. Accounts are actively positioned to benefit with anticipation of rising prices. Protective short and inverse ETF positions are used to defend account value if possible during negative market environments. The firm additionally provides strategic financial, retirement, cash flow, tax and estate planning services in conjunction with respective legal and accounting professionals.

C. All services are tailored to the individual needs of each client, particularly in terms of risk management and reduction of volatility when necessitated by individual client objectives. Clients may impose restrictions on investing in certain securities or types of securities if desired.

D. SMI Does not currently administer wrap fee programs.

E. SMI manages \$38.4 million in assets as of 3/31/11 of which \$36.5 million is discretionary with the balance non-discretionary.

Item 5 Fees and Compensation

1. A. Portfolio management and accompanying planning services are provided for a standard fee of 1% of assets under management annually. Fees can be negotiable to accommodate unique circumstances.

B. Fees are generally deducted from client accounts monthly in arrears. Some clients are billed quarterly.

C. Clients will also incur discount brokerage commissions for accounts custodied with Fidelity Investments. Commission rates within this relationship are expected to be either \$17.98 or \$7.98 per equity trade depending upon relationship size.

D. SMI does not bill or collect any fees in advance.

E. SMI does not receive any additional compensation beyond standard asset based fees and occasional incentive fee arrangements. No other fees are collected or associated with the use or recommendation of any specific security or type of investment. We generally do not use mutual funds, and if employed only “no-load” funds are selected.

2. All investment securities utilized in client accounts can be accessed or purchased through other brokers or agents that are not affiliated with SMI.

3. SMI does not receive commissions or any other compensation from the sale of investment products we recommend or utilize in client portfolios.

Item 6 Performance-Based Fees

For clients who may be eligible and desire to participate in separately managed futures trading accounts (currently representing less than 2% of assets under management), a performance fee structure consisting of 10% of any profit realized on a quarterly basis is used. This trading activity is generally limited to pre-market hours, and thus is not expected to encumber our ability to manage conventional client portfolios (representing 98% of assets) during normal equity market trading hours. As a result we do not believe this constitutes a conflict of interest. Of note, futures trading activity is separately regulated by the National Futures Association and CFTC.

Item 7 Types of Clients

SMI provides investment advice primarily to individuals, families, trusts and small business owners. We do not maintain minimum account size requirements.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

A. SMI employs both technical and fundamental analysis in effort to anticipate the direction of major asset classes, particularly equities on an intermediate term basis

(typically 3 to 6 months). This process is applied in the pro-actively management of client portfolios for growth and/or income. Although risk containment is a primary objective of the approach, nearly all investment securities involve the potential for significant risk in value which every client must be aware of and prepared to bear if necessary.

B. There is no assurance that SMI's efforts in managing risk will be successful. An additional risk inherent in the approach is the potential for opportunity cost if accounts are held in a protected state at an inappropriate time. This can prevent portfolios from participating in growth to which a client might otherwise be entitled through a more traditional passive investment approach.

C. Investment portfolios are generally well diversified across major asset classes including stocks, bonds, commodities and foreign currencies. Each class can involve meaningful price risk. This risk is modeled or projected for each client at the inception of a relationship using a target "baseline" asset allocation and historic price behavior or deviation.

Item 9 Disciplinary Information

There are no disciplinary events involving the firm or its principal to report.

Item 10 Other Financial Industry Activities and Affiliations

A. Neither SMI or its principal are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. SMI and Mark Andrews are also registered as commodity trading advisor (CTA).

C. The following are relationships material to SMI's business and clients in administering portfolio management services.

Fidelity Investments Institutional Wealth Services division as a third party serves Registered Investment Advisors and their clients with provision of brokerage and custody services for client relationships. This is not a requirement as clients are free to select alternate custodians as desired. SMI receives no compensation from Fidelity. Fidelity does however provide operational, technology and research support making its resources available to SMI through this relationship.

As applicable to separately managed futures account clients, MF Global and RJ O'Brien are recommended for provision of futures brokerage and custody services.

SMI also works in conjunction with each client's designated legal and accounting professionals to address comprehensive financial, tax and estate planning needs. Recommendations of professionals providing these services are also offered to clients upon request. Typically at least two options are offered in each area.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

SMI's Code of Ethics has been modeled from training provided by Walsh & Associates to assist in appropriately addressing any potential conflicts of interest equitably and transparently. Copies are available and can be furnished upon request.

Neither SMI or its principal currently transact in any securities utilized in client accounts. This policy seeks to avoid potential for conflicts of interest arising from such practices. SMI does not refer clients to other advisory practices or investment managers.

Item 12 Brokerage Practices

1. The factors considered in selecting Fidelity Investments as primary broker-dealer for client transactions and determining the reasonableness of their compensation are as follows:

- Financial stability
- Quality of trade execution
- Commission expense relative to alternatives
- Account resources available to clients

While it is possible that SMI may have incentive to recommend Fidelity based on our interest in receiving research and other resources cited, clients are observed to receive favorable execution at reasonable cost while safeguarding assets with a highly respected financially stable custodian.

2. Brokerage for Client Referrals. SMI does not receive client referrals from Fidelity Investments or any other brokerage source. Additionally there are no persons related to SMI receiving referrals and/or resulting compensation.

3. While clients are free to select their own brokerage services, doing so may prove more expensive for the client relative to the commission expense incurred with Fidelity Investments under the pre-existing arrangement with the Institutional Wealth Services division.

SMI on occasion may aggregate or "block" trades together in the same security and allocate transactions into individual client accounts. This is undertaken when a unilateral investment decision is made impacting multiple accounts in which SMI maintains full discretion. A primary advantage to clients lies in the provision of consistent execution across all involved accounts. Not aggregating may result in some clients receiving less favorable pricing on the same transactions subject to timing considerations beyond SMI's control. Combining trades into an aggregated position in this manner is undertaken whenever possible.

Item 13 Review of Accounts

A. Investment positions in client accounts are generally reviewed at least quarterly with greater frequency more common. Client account balances and cash positions are reviewed at least weekly and in many periods daily. Comprehensive performance reviews and financial plans as appropriate are updated not less than annually. Broader market conditions impacting client positions and account balances are reviewed in considerable depth on both a daily and weekly basis. Mark Andrews as portfolio manager conducts all reviews.

B. Varying and particularly extreme market conditions may result in more frequent reviews across all portfolio asset segments and time intervals.

C. Fidelity Investments as custodian provides monthly account statements and continuous online account access. SMI also provides supplemental performance, portfolio detail reporting and market research customized for each client between monthly and annually.

Item 14 Client Referrals and Other Compensation

A. SMI does not receive compensation from any source other than clients through asset based management and/or performance fees.

Item 15 Custody: *Not Applicable*

Item 16 Investment Discretion

SMI accepts discretionary authority to manage securities accounts on behalf of clients through execution of an agency agreement standard to Fidelity's new account documentation. Any investment decisions are implemented only after a qualified review of the client's financial position and personal objectives. If desired a client may impose certain limitations on this authority including but not limited to excluding certain companies or industry sectors from a portfolio, or requesting addition of securities or companies to which the client may be partial.

Item 17 Voting Client Securities

A. SMI will vote proxies for securities on behalf of clients if desired under a standing instruction in accordance with board recommendations. A client may contact us with direction on a certain voting position for shares they own. Conflict of interest is avoided with reliance on standing instructions. Clients may obtain information about how SMI voted their securities and a copy of our proxy voting policies upon request.

B. Clients can also opt to receive their proxies or other solicitations directly from their custodian or a transfer agent as well, and are welcome to contact SMI with any questions on those.

Item 18 Financial Information: *Not applicable*