

## Part 2A of Form ADV: Firm Brochure

### ***Applied Portfolio Management, Inc.***

(Minton Investment Management)

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This brochure provides information about the qualifications and business practices of Applied Portfolio Management Inc. If you have any questions about the contents of this brochure, please contact us at (973) 729-4041. 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 Applied Portfolio Management Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) . While Applied Portfolio Management Inc. is a registered investment advisor firm, registration does not imply a certain level of skill or training.

January 9, 2012

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**Material Changes**

Discuss changes to your previous filed brochure. State clearly that you are discussing only material changes since the last annual update of your brochure, and provide date of last brochure.

There have been no material changes in this brochure since the last annual update dated 1/12/2011.

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## **Advisory Business**

Describe your advisory firm, including how long you have been in business. Identify principal owners.

Applied Portfolio Management, Inc (hereinafter referred to as Minton Investment Management) is a private, independent firm specializing in the active management of structured investment grade bond portfolios. The firm was founded in 1988 by its current President and Chief Investment Officer, Lee W. Minton, who is the sole owner. Prior to forming the firm, Mr. Minton, was President of Minton/Newbold's Capital Management in Philadelphia, PA from 1981 to 1988. Before forming Minton/Newbold's, Mr. Minton, Jr. was Chief Institutional Investment Officer at Fidelity Bank, also in Philadelphia. The firm and its predecessor firm have been specializing in the management of bond portfolios since the early '80s.

Describe the types of advisory services you offer.

Minton Investment Management provides portfolio management for businesses and institutional clients. The firm offers a proprietary form of duration-neutral active management called MIMdex for "core" type assignments, as well as traditional dedicated portfolio management (liability-matching). The firm also offers Intermediate Reserve Portfolio Management, an approach specifically defined to match and potentially enhance the risk and return characteristics of the short sector of the Treasury and high grade credit market.

Explain whether you tailor your advisory services to the needs of clients. Explain whether clients may impose restrictions on investing.

We only accept management assignments when there can be agreement with the client on a known and explicit objective. For example, the Barclays Government Corporate Index would be a satisfactory target index. Custom indexes that are based on pension plan liabilities can also satisfy this requirement. In short, any target for the portfolio would necessarily have to reduce to a weighted average duration to be agreed to.

We would also agree to credit quality minimums that are in keeping with our approach to the credit sector.

If you participate in wrap fee programs, describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts. Explain that you receive a portion of the wrap fee for your services.

Minton Investment Management does not participate in wrap fee programs.

Disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Include the date of this information.

Minton Investment Management only manages client assets on a discretionary basis. The total amount of client assets the firm manages on a discretionary basis is \$264,598,933.38 as of December 31, 2011.

## Fees and Compensation

Describe how you are compensated for your advisory services. Provide fee schedule.  
Are fees negotiable?

Compensation for our investment advisory services is a percentage of assets under management. Fees are billed quarterly in arrears and are not negotiable. Fees are based on a client's TOTAL MARKET Value before Accrued Balance. If there has been a substantial increase or decrease in a client's TOTAL caused by deposits or withdrawals, then a 3-month average is used. The fees are charged as follows:

1st \$10,000,000	0.30%
Next \$20,000,000	0.20%
Next \$50,000,000	0.15%
Balance	0.125%

Describe whether you deduct fees from clients' assets or bill clients for fees incurred.  
Can clients choose method? How often are clients billed?

Clients are billed quarterly. We have no access to client accounts so deductions are not possible nor is the authority acceptable.

Describe any other types of fees or expenses clients may pay. Disclose that clients will incur brokerage and other transaction costs.

Clients are not subject to additional fees or expenses other than what they are billed as outlined above. All transactions are completed in the over the counter dealer market and are "net" without explicit brokerage fees. Transaction costs and/or dealer mark ups if any are included in the net price and are not known.

If clients pay in advance, disclose. How can clients receive a refund of a pre-paid fee if services are terminated before the end of a billing period?

Clients do not pre-pay fees under any circumstances.

If you or any of your supervised persons accepts compensation for the sale of securities or other investment, disclose. (See 4 sub points in questionnaire.)

Neither Minton Investment Management nor its employees accepts compensation for the sale of securities or other investments.

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**Performance-Based Fees and Side-By-Side Management**

If you accept performance-based fees, disclose

Minton Investment Management does not accept performance-based fees.



## **Types of Clients**

Describe types of client you have. Include account size requirement minimum to take on a new account.

Minton Investment Management's clientele includes pension and profit sharing plans and corporations. These clients are tax-exempt and are a mix between corporate, public, multi-employer/union and healthcare organizations. Minton Investment Management does not maintain a minimum account size requirement.

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

Describe your methods of analysis and investment strategies you use for investment advice and managing assets. Include that investing in securities involves risk of loss that clients should be prepared to bear.

It is Minton Investment Management's philosophy that active management can enhance the return of a bond portfolio through traditional bond management methods applied within a specific duration range selected by the client to achieve a desired combination of return and volatility.

Minton Investment Management does not guarantee results. Investing in securities involves a certain level of risk of loss that clients should be prepared to bear.

For each significant investment strategy you use, explain the material risks involved.

Minton Investment Management defines investment risk in terms of variation from the benchmark target duration, variance from the benchmark cash flow structure, and variance from benchmark sector exposures. The software we developed over the years is specifically designed to facilitate the management of these risk factors.

If you recommend primarily a particular type of security, explain the material risk involved.

Minton Investment Management only invests in Treasury, Agency and high grade corporate issues. The material risk in such securities is that interest rates may change adversely.

## **Disciplinary Information**

If there are legal or disciplinary events that are material to a client's or perspective client's evaluation of your advisory business or the integrity of your management, disclose.

There are not, nor have there been, any legal or disciplinary events involving Minton Investment Management or its employees.

Discuss a criminal or civilian action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person is/was involved.

Neither Minton Investment Management nor its employees have been involved in any criminal or civil action.

Discuss an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financing regulatory authority in which your firm or a management person is/was involved.

Neither Minton Investment Management nor its employees have been involved in an administrative proceeding before the SEC or any other regulatory agency.

Discuss any self-regulatory organization (SRO) proceeding in which your firm or a management person is/was involved.

Neither Minton Investment Management nor its employees have been involved in a self-regulatory organization proceeding.

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

Disclose if you are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Minton Investment Management nor its employees are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Disclose if you are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Neither Minton Investment Management nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Describe any relationship or arrangement that is material to your advisory business or to your clients that you have with any related person.

Neither Minton Investment Management nor its employees have any relationship or arrangement with any related person that is material to its business or to its clients.

If you recommend or select investment advisors for your clients and you receive compensation directly or indirectly from those advisors or if you have other business relationships with those advisors that create a material conflict of interest, describe the practices and how you address the.

Neither Minton Investment Management nor its employees receive compensation directly or indirectly from other investment advisors. The firm does not maintain business relationships with other advisors that may create a conflict of interest.

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

Briefly describe your code of ethics as an SEC-registered advisor. Explain that you will provide a copy of your code of ethics to any client or perspective client upon request.

It is the explicitly stated policy of Minton Investment Management that the firm is in business to serve its clients. Any activity by any owner or employee of the firm that endangers this stated objective is expressly prohibited. Included in the group of prohibited activity is any violation of the Federal or State Securities laws, any violation of other laws that might reasonably be expected to reflect on the firm, and any violation of firm ethics as specifically outlined in the Ethics, Conduct, Policy and Procedures Manual. Minton Investment Management maintains a strict code of ethics as outlined in this Manual. This document is available to any client or perspective client upon request.

Lee W. Minton, Jr. serves as Compliance Officer pursuant to appointment by the Board of Directors.

If you or a related person recommends to clients, or buys or sells for client accounts securities in which you have a material financial interest, describe your practice and discuss the conflicts it presents. Describe generally how you address conflicts that arise.

It is the policy of Minton Investment Management that no employee or related person may own any of the specific securities held in client accounts or in any securities of a client. Since the client holdings are entirely fixed income, however, there may be times when an employee or related person may hold common stock of the issuer of a client's fixed income holding. The specific holdings of each employee of Minton Investment Management are reviewed against this policy at the same time the holdings are reviewed as part of the review for Misuse of Non Public Information. The specifics of this policy and others are contained in the applicant's Compliance Manual – Ethics, Conduct, Policy and Procedures, a copy of which is offered to all clients and is available to prospective clients upon request.

If you or a related person invests in the same securities that you recommend to clients, describe your practice and discuss conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Neither Minton Investment Management nor its employees invests in the same securities that they recommend to clients.

If you or a related person recommends securities to clients or buys or sells securities for client accounts at or about the same time that you buy or sell the same securities for your own account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Neither Minton Investment Management nor its employees invests in the same securities that they recommend to clients.

## **Brokerage Practices**

Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

Minton Investment Management uses a small group of leading dealers for client transactions. The distribution of activity within this group is usually determined by best price execution. When called for, Minton Investment Management may select a dealer with relevant expertise to execute an order based on the manager's opinion of a desirable price.

Research and Other Soft Dollar Benefits: If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions, disclose your practices and discuss the conflicts of interest they create.

Minton Investment Management does not require research or other services in exchange for client securities transactions.

Brokerage for Client Referrals: If you consider in selecting or recommending broker-dealers whether you receive client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Minton Investment Management does not accept client referrals in exchange for client transactions.

Directed Brokerage: If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. If you permit a client to direct brokerage, describe your practice.

Minton Investment Management does not accept brokerage direction from clients.

### **Review of Accounts**

Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the person who conducts the review.

Minton Investment Management reviews client accounts and holdings on a continual basis because the reviews are essentially security related. Monthly accounting reports are also produced to insure that accounts are keeping with specific objectives defined by the client.

Lee W. Minton, Jr., President and Chief Investment Officer of Minton Investment Management, conducts all reviews.

If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Minton Investment Management reviews client accounts on a continual basis. At a client's request, the firm will conduct a specific review.

Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts.

Minton Investment Management provides written monthly statements for all clients. These reports include a summary of investments, transactions, and holdings. Additionally, the firm provides a Quarterly Report of market fundamentals and relative performance for each client.



### **Client Referrals and Other Compensation**

If someone who is not a client provides an economic benefit (including any sales awards or other prizes) to you for providing investing advice or other advisory services to your client generally describe the arrangement, conflict of interest and how you address it.

Neither Minton Investment Management nor its employees accepts compensation outside of the client fee agreement for providing investing advice or advisory services.

If you directly or indirectly compensate any person who is not your supervised person for client referrals, describe the arrangement and compensation.

Neither Minton Investment Management nor its employees directly or indirectly compensate any person for client referrals.

## **Custody**

Explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. Include a statement urging clients to compare our account statements with those they receive from the qualified custodian.

Clients will receive monthly account statements from the broker-dealer, bank or other custodian that *they* have selected. Clients are advised to carefully review those statements and are urged to compare Minton Investment Management statements with those they receive from their custodian. Minton Investment Management reconciles their statements with client custodians on a monthly basis and daily with respect to transactions and cash.

## **Investment Discretion**

Disclose if you accept discretionary authority to manage securities accounts on behalf of clients. Describe any limitations clients may place on this authority. Describe procedures you follow before assuming this authority.

Minton Investment Management only accepts discretionary authority to manage securities on behalf of clients.

### **Voting Client Securities**

If you have or will accept authority to vote client securities describe your voting policies and procedures including those pursuant to SEC rule 206(4)-6.

Fixed income securities are not voting securities.

If you do not have authority to vote client securities, disclose that fact.

Fixed income securities are not voting securities.

### **Financial Information**

If you require or solicit prepayment of more than \$1,200 in fees per client, 6 months or more in advance, include a balance sheet for your most recent fiscal year.

Minton Investment Management does not require or solicit prepayment of any fees.

If you have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client, 6 months or more in advance, disclosure any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Minton Investment Management does not require or solicit prepayment of any fees.

Disclose if you have been subject to bankruptcy in the past 10 years.

Minton Investment Management has never been subject to bankruptcy.

### **Requirements of State-Registered Advisors**

(If you are registered with one or more state securities authorities you must respond to the following.)

n/a

Identify your formal education and business background.

The President of Minton Investment Management, Mr. Lee W. Minton, Jr., graduated from Princeton University with a Bachelor's degree in economics. He founded Minton Investment Management in 1988. Prior to forming the firm, Mr. Minton, Jr. was President of Minton/Newbold's Capital Management in Philadelphia, PA from 1981 to 1988. Before forming Minton/Newbold's, Mr. Minton, Jr. was Chief Institutional Investment Officer at Fidelity Bank, also in Philadelphia.

Describe any business in which you are activity engaged and the approximate amount of time spent on that business.

Minton Investment Management is solely engaged in the management of fixed income portfolios

If you are compensated for advisory services with performance-based fees explain how fees are calculated. Disclose that a performance-based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client.

Minton Investment Management does not accept performance-based fees.

Have you been found liable in an arbitration with damages in excess of \$2,500 or a civil proceeding?

Neither Minton Investment Management nor its employees have been found liable in an arbitration or a civil proceeding.

Describe any relationship or arrangement that you have with any issuer of securities that is not listed in Item 10 C.

None

## Part 2A of Form ADV: Brochure Supplement

***Lee W. Minton, Jr.***

President & Chief Investment Officer

***Minton Investment Management***

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This brochure supplement provides information about Lee W. Minton, Jr. that supplements the Minton Investment Management firm brochure. You should have received a copy of that brochure. Please contact Minton Investment Management if you did not receive the firm brochure or if you have any questions about the contents of this brochure supplement.

Additional information about Lee W. Minton, Jr. is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

January 9, 2012

## **Educational Background and Business Experience**

Disclose supervised person's name, age or year of birth, formal education after high school, and business background (including specific positions held) for the proceeding five years. You may include professional designations but must provide an explanation of minimum qualifications required for the designations to allow clients to understand the value of the designation.

The President of Minton Investment Management, Mr. Lee W. Minton, Jr., graduated from Princeton University with a Bachelor's degree in economics. He founded Minton Investment Management in 1988. Prior to forming the firm, Mr. Minton, Jr. was President of Minton/Newbold's Capital Management in Philadelphia, PA from 1981 to 1988. Before forming Minton/Newbold's, Mr. Minton, Jr. was Chief Institutional Investment Officer at Fidelity Bank, also in Philadelphia. The firm and its predecessor firm have been specializing in the management of bond portfolios since the early '80s, Mr. Minton was born in 1946 in Philadelphia.



### **Disciplinary Information**

Disclose any disciplinary events.

There are no legal or disciplinary events associated with Mr. Lee W. Minton, Jr. or Minton Investment Management.

### **Other Business Activities**

Disclose if the supervised person is activity engaged in any investment-related business or occupation.

Mr. Minton is not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, futures commissions merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated person of an FCM, CPO, or CTA and is not engaged in any other business.

### **Additional Compensation**

Discuss economic benefits you receive outside of the client fee agreement for providing advisory services (i.e. sales awards, prizes, bonuses, etc.)

Neither Minton Investment Management nor its employees accepts compensation outside of the client fee agreement for providing investing advice or advisory services.

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**Supervision**

Explain how you supervise the supervised person, including how you monitor the advice the supervised person provides to clients. Provide contact information of the supervisor.

n/a

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**Requirements for State-Registered Advisors**

(If you are registered with one or more state securities authorities, you must respond to the following additional Item.)

n/a

If the supervised person has been involved in one of the events listed below, disclose all material facts regarding the event.

There are no legal or disciplinary events associated with Mr. Lee W. Minton, Jr. or Minton Investment Management.

Disclose if the supervised person has been the subject of a bankruptcy petition

Neither Lee W. Minton, Jr. nor Minton Investment Management has ever been subject to bankruptcy.