

Part 2A of Form ADV: Firm Brochure

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Item 1 - Cover Page

This Brochure provides information about the qualifications and business practices of Marble Harbor Investment Counsel, LLC (hereinafter “Marble Harbor”). If you have any questions about the contents of this Brochure, please contact us at 617-956-6710 or scoleman@marbleharboric.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Marble Harbor also is available via the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 138538.

The SEC’s web site also provides information about any persons affiliated with Marble Harbor who are registered, or are required to be registered, as investment adviser representatives of Marble Harbor.

Marble Harbor is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.



Item 2 - Material Changes

The purpose of this Item is to inform you of any material changes since the last annual update to this Brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

Material Changes Since the Last Update

This annual update to Part 2 of Form ADV does not contain any material changes from Marble Harbor's last annual update which was filed on March 30, 2011.

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Item 4 - Advisory Business

Marble Harbor Investment Counsel, LLC, a Delaware limited liability company, was founded in November 2005 by Managing Member and Principal Owner, Paul R. Davis. We are 100% owned by active Members of the firm. Marble Harbor provides continuous investment advisory services to our clients based on their individual needs. We work closely with each client to become and remain familiar with the client's financial circumstances, investment objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. In addition, we ask our clients to promptly notify us in writing of any material changes to their financial condition including but not limited to; investment objectives, risk tolerance, investment time horizon, net worth and annual income.

Please see *Item 7-Types of Clients* for further information regarding our clients.

Account supervision is guided by the client's individual needs, stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations and risk tolerance. Typically, each client is required to enter into a written Investment Advisory Agreement (the "Advisory Agreement") with Marble Harbor that describes the overall terms of the relationship. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service and generally will include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange-traded funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because all of the above referenced investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity, suitability and eligibility. Investing in securities involves risk of loss that all clients should be prepared to bear.

We may also recommend to appropriate advisory clients:

- Investments in private placement offerings and/or limited investment partnerships i.e. hedge funds, venture capital partnerships; and/or
- Other pooled investment vehicles including those organized and sponsored by Marble Harbor.

Investments in these types of private investment vehicles:

- Are not registered with or regulated by the SEC.
- Are available only to “accredited investors” and/or “qualified purchasers”.
- Typically require investors to lock-up their assets for a period of time.
- May have limited or no liquidity.
- May involve different risks than investing in registered funds and other publicly offered and traded securities.
- Are only recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.
- Additional information about the fees related to such investments is included in the private offering documents provided to prospective investors.
- We rely on the evaluation and performance data provided directly from the private funds. Private funds are often delayed in providing us with this information, which will delay us in reporting this information to clients.

Please see *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss* for further information regarding our investment strategies.

Marble Harbor is not a financial planner nor does it provide financial planning. We do not offer tax, insurance or legal advice, but will gladly work with a client’s tax, insurance, financial planning and/or legal advisor to discuss individual needs and develop investment recommendations.

Currently, Marble Harbor does not participate in any wrap fee programs.

Assets Under Management

As of December 31, 2011, we were actively managing approximately \$345,543,309 of clients’ assets on a discretionary basis plus \$3,136,906 of clients’ assets on a non-discretionary basis.

Item 5 - Fees and Compensation

We provide investment advisory services primarily on a discretionary basis and based on a market value fee. Our clients pay a fee for services rendered based on the market value of the account at the time of the charge. No termination fee will be levied at the time of closing of the account.

Unless otherwise specified in the client Advisory Agreement, the annual fee for our investment advisory services will be charged as a percentage of assets under management, as follows:

Assets Under Management	Annual % Fee
\$0-\$5,000,000	1.00 %
\$5,000,001-\$15,000,000	.75%
\$15,000,001-\$25,000,000	.60%
\$25,000,001-\$50,000,000	.50%
Over \$50,000,000	.40%

On a case-by-case basis, Marble Harbor determines an appropriate fee structure based on the size, complexity and investment objectives of the client's account. Fee arrangements may include a combination of a management fee and incentive fee, or may be solely limited to a management fee or an incentive-based fee. We may also charge a "flat" dollar fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an Advisory Agreement.

Account Management Fees: Typically, we charge a fee for account management that is calculated and paid as a percentage of the assets under management. Our advisory fee is generally charged on a quarterly basis.

In addition, our advisory fee will be prorated for any period of less than a quarter, but the fee shall be due for each such quarter during any part of which we provide investment advisory services for an account.

Clients will be invoiced in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of that quarter.

The specific manner in which fees are charged by Marble Harbor is established in a client's Advisory Agreement. A client may elect to be billed directly via written invoice, or may authorize us to directly debit fees from their qualified custodial account.

If a client authorizes us to directly debit fees from its custodial account, it is the client's responsibility, not the custodian, to verify that our fees were calculated correctly. The deduction of our fees will be reflected in the account statement sent by the qualified custodian directly to the client. We provide a copy of the invoice to the client for review.

Although we do not impose a minimum dollar value of assets under management for investment advisory accounts, we charge an annual minimum investment advisory fee of \$10,000 for each account (or group of related accounts).

Private Fund Fees: Marble Harbor may receive a performance-based compensation ("Incentive Fees") from "accredited investors" or "qualified purchasers" who invest in our pooled investment vehicles ("Private Funds").

The Incentive Fees are calculated based on a percentage of the net profits of the account(s) as indicated in the offering documents of the respective Private Funds.

Marble Harbor's incentive fee is typically 20% of the net profits.

All incentive fees charged by Marble Harbor will be in compliance with Rule 205-3 of the Investment Advisers Act of 1940.

All discussions regarding the particular fee schedules, expenses and risks for the Private Funds are qualified in their respective private offering documentation.

Please see *Item 6 - Performance-Based Fees and Side-By-Side Management* and *Item 10 - Other Financial Industry Activities and Affiliations* for additional information regarding the Private Funds.

Limited Negotiability of Advisory Fees: Although Marble Harbor has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client's account, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in our Advisory Agreement with each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Mutual Fund Fees: All fees paid to Marble Harbor for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

For additional information, please see *Item 12 – Brokerage Practices*.

Advisory Fees in General: Although we believe our advisory fees are competitive, similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Termination of the Advisory Relationship: Typically, an Advisory Agreement may be canceled

at any time, by either party, for any reason upon receipt of 60 days written notice. Compensation is not normally payable in advance. However, if such a client terminated its relationship with Marble Harbor, any prepaid, unearned compensation would be prorated to the date of the termination and promptly reimbursed.

Item 6 - Performance-Based Fees and Side-By-Side Management

As previously disclosed in *Item 5 - Fees and Compensation*, our performance based-fee is limited to our Private Funds. We generally require that all investors in our Private Funds are “accredited investors” as defined in Regulation D under the Securities Act of 1933 or “qualified purchasers” as defined in the Investment Company Act of 1940.

Such a performance-based fee is calculated based on a share of capital gains on or capital appreciation of the assets invested in the Private Fund.

Clients should be aware that a performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Clients who invest in a Private Fund are not charged a management fee on the funds invested in a Private Fund. Only when there is a liquidity event (e.g. sale or IPO) is the incentive fee charged. This harmonizes our interests with the clients’ and negates the incentive to recommend investments not in the best interest of the client.

Marble Harbor has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

All incentive fees charged by Marble Harbor will be in compliance with Rule 205-3 of the Investment Advisers Act of 1940.

Item 7 - Types of Clients

Typically, Marble Harbor provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Trusts
- Endowments
- Estates
- Foundations
- Charitable organizations
- Corporations and other business entities
- Pooled investment vehicles

Please see *Item 5 - Fees and Compensation* for information regarding minimum account size.

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

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Investment Strategies

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

Portfolios of individual equities are constructed primarily of U.S.-based companies that have the ability to sustain their growth. We are cognizant of the risk in overpaying for better-quality companies and so endeavor to initiate purchases at attractive valuations.

The companies in which we invest vary in size but are predominantly mid- and larger-sized companies. Portfolios are fairly concentrated, generally consisting of fewer than 40 companies.

Turnover in portfolios is generally less than 25% per year, as Marble Harbor has a long-term investment horizon.

Portfolios are constructed taking into account the overall risk and investment profile of the client.

Clients retain individual ownership of all securities and maintain them at a qualified custodian.

With respect to fixed income investing, we generally construct portfolios of laddered bonds that are traded infrequently. By holding bonds to maturity, we avoid costly trading activity in inefficient bond markets. Bond maturities are usually ten years or less, and portfolios are constructed with securities that are judged by us to be high-quality credits.

When appropriate to the needs of a client, we may recommend the use of trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We may purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We may borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

Put writing. We may use put writing to either generate income or to attempt to purchase a security at a price lower than what is currently available in the market.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the right to sell an asset at a certain price within a specific period of

time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We will also use options to “hedge” a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use “covered calls”, in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a “spreading strategy”, in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

We may use other option strategies or combinations thereof, as appropriate.

Cash Balances. We generally invest client’s cash balances in money market funds.

Risk of Loss. These investment strategies carry different levels of risk. You may experience loss of principal and your account may decline in value. Investment performance is not guaranteed. We ask that you work with us to help us understand your tolerance for risk.

Item 9 - Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management. We have determined that our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Marble Harbor is under common ownership and is the Manager of MHIC Venture Manager, LLC.

MHIC Venture Manager, LLC serves as the Manager of the following Private Funds: MHIC Ventures I, LLC, MHIC Glover Partners, LLC, MHIC Fort Sewall Partners, LLC and MHIC Devereux Partners, LLC.

Members of Marble Harbor may also be member(s) of our Private Funds.

As appropriate, our eligible clients may be solicited to invest in such Private Funds. Related persons of our firm do not receive investment advisory compensation in relation to these investments.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.

Related persons of our firm may spend as much as 5% of their time on these related activities.

If deemed constructive towards realizing the best investment outcome, Members of Marble Harbor may serve as a director of an underlying company in one or several of the Private Funds. We

believe that our Code of Ethics and Inside Information Statement addresses the potential risk of such person obtaining material non-public information in his/her role as director of an underlying company.

No client is obligated to invest in such Private Funds or any other Marble Harbor sponsored investment vehicle.

The information contained in this Brochure does not constitute an offer to sell or the solicitation of an offer to invest in any of our Private Funds. Such an offer may be made only by means of the respective Private Fund's offering documents and only in those jurisdictions where permitted by law. Such offering documents contain information specific to the respective Private Funds, risks, fees and expenses, and among other things.

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

Marble Harbor has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Our Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information.

Individuals associated with Marble Harbor may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is our expressed policy that no person employed by the firm shall prefer his or her own interest to that of any client or make personal investment decisions based on the investment decisions of our clients.

To supervise compliance with our Code of Ethics, we require that all employees direct their broker(s) to supply to our Chief Compliance Officer duplicate confirmations and periodic account statements for each employee's personal account.

Employees are required to report all personal security transactions on a quarterly basis, to submit a security holdings report on an annual basis, and to certify annually that they have read and understand our Code of Ethics. Periodic training sessions on the Code of Ethics are held for all employees.

Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

We desire that all individuals comply with all applicable Federal and State regulations governing our investment advisory practices.

Marble Harbor and its supervised persons engage in a broad range of activities, including investment activities for our own account (though we do not act as principal for our own account, purchase investments from, or sell investments to, our advisory clients) and for the account of our advisory clients. In the ordinary course of conducting such activities, the firm's interests or the interests of its supervised persons, and clients may conflict with the interests of the advisory clients or their investors.

We deal with conflicts of interest using our best judgment, but in our sole discretion. In resolving such conflicts, we may take into account the interests of other clients, including the interests taken

as a whole of accounts currently or in the future advised by us, which interests may differ from the best interests of a particular advisory client.

Marble Harbor's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. Any individual not in observance of the above may be subject to discipline.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. To request a copy, please contact Suzanne Coleman at (617) 956-6710 or write to Marble Harbor, 101 Federal Street, Suite 2505, Boston, MA 02110.

Marble Harbor is under common ownership and is the Managing Member of MHIC Venture Manager, LLC. MHIC Venture Manager, LLC serves as the Manager of the Private Funds noted in *Item 10* above.

The Manager has designated Marble Harbor as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, pertaining to the Private Funds. Marble Harbor and our members and employees will devote to the Private Funds as much time as we deem necessary and appropriate to manage the Private Funds' business. Marble Harbor is not restricted from forming additional investment vehicles, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Private Funds and/or may involve substantial time and resources of our firm.

Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our investment personnel and employees will not be devoted exclusively to the business of our advisory accounts, but could be allocated between the businesses of the Private Funds and other of our business activities.

Investments in the Private Funds may be recommended to advisory clients for whom private placements may be more suitable than would a separate advisory account managed by our firm.

The Private Funds are not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered.

MHIC Venture Manager, LLC manages the Private Funds on a discretionary basis in accordance with the terms and conditions of the Private Funds' offering and organizational documents.

Item 12 - Brokerage Practices

Marble Harbor executes client transactions through either a broker-dealer that we select or a broker-dealer designated by the client. Generally, in the absence of specific instructions to the contrary, Marble Harbor has complete discretion with respect to client accounts without any limitations on its authority. This discretion includes the authority to buy or sell securities for client accounts and establish and effect securities transactions through accounts with broker-dealers selected by Marble Harbor without prior notice to the client. Clients may direct Marble Harbor to use one or more particular broker-dealers in managing their accounts. Clients should be aware that directing brokerage to a particular broker-dealer may involve disadvantages. Please see *Client Directed Brokerage* discussion below.

Soft Dollars Arrangements

Currently, Marble Harbor does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. If Marble Harbor decides to do so, we would in a manner consistent with the safe harbor provided by Section 28(e) and would disclose all material facts including any conflicts of interest.

Client Directed Brokerage

A client may direct Marble Harbor to place trades primarily with a particular broker who has an existing relationship with or provides custodial or other services to a client. Prior to Marble Harbor accepting directed brokerage instructions from a client it must receive and approve written instructions from the client.

For directed brokerage clients, Marble Harbor will not have authority to negotiate commissions, aggregate orders, or obtain volume discounts and, therefore, best execution may not be achieved. Additionally, brokerage charges may be different from the commission rates charged to other clients and consequently designating a specific broker-dealer may cost the client more money. Marble Harbor expects the client to negotiate commission rate with the broker-dealer selected by the client that is appropriate to the kind of services the client requires. Marble Harbor will not have the ability to determine the nature and quality of the services a client obtains from his/her designated broker-dealer.

These potential disadvantages have to be weighed against potentially lower standard brokerage charges, the absence of a separate custodian fee and other services the broker may provide to the client.

Best Execution

Marble Harbor uses its best efforts to obtain execution of securities transactions at prices that are advantageous to the client and a reasonable competitive commission rate. In choosing broker-dealers for execution of securities transactions, Marble Harbor considers various relevant factors, including without limitations, the size and type of the transactions, the nature and character of the market for the securities, the broker-dealer firm's financial stability, confidentiality, back office stability, trading desk capacities, referrals, custody, settlement, familiarity with derivative securities strategies and the overall value and quality of the services offered by the broker-dealer firm.

Trade Aggregation and Allocation

Marble Harbor will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Marble Harbor will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Marble Harbor's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is

prohibited by or inconsistent with the client's Advisory Agreement with Marble Harbor, or our firm's order allocation policy.

2) Our trader and/or investment counselor must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3) Our trader and/or investment counselor must reasonably believe that the order aggregation will benefit, and will enable Marble Harbor to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) Prior to entry of an aggregated order, our trader and/or investment counselor identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order. However, adjustments to this pro rata allocation may be made to participating client accounts. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive commission charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer promptly, as practicable.

8) Marble Harbor's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on Marble Harbor's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Trade Errors

We recognize that from time to time, errors may occur in the trading of securities. It is our policy of evaluate and correct errors promptly. We will incur the costs associated with correcting an error (or to pass the costs onto the broker or other party responsible for the error). We do not charge the cost from corrective actions to the client.

Custodian Selection

Clients retain individual ownership of all assets and maintain them with qualified custodians, such as a bank or broker dealer to hold, maintain control of and be responsible for safeguarding the client's assets.

We may recommend one or more custodians to the client, but the ultimate responsibility to select a custodian rests with the client. Once the client has selected a custodian, we may facilitate the account opening process. Marble Harbor is independently owned and operated and not affiliated with any custodian or broker-dealer.

Marble Harbor may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab.

Marble Harbor does not have a soft dollar agreement with Schwab. However, Schwab provides benefits as a result of Marble Harbor's relationship with Schwab Institutional.

Schwab provides Marble Harbor with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Marble Harbor, but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in maintaining and administering our clients' accounts, include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide pricing information and other market data; and facilitate payment of Marble Harbor's fees from its clients' accounts. In addition, these services may include educational events and publications that may benefit Marble Harbor.

Marble Harbor has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Marble Harbor in conducting business and in serving the best interests of our

clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Marble Harbor to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Neither Schwab nor Fidelity or any other broker-dealer refers clients to Marble Harbor.

Item 13 - Review of Accounts

Investment advisory accounts are monitored on a continuous basis. Reviews of these accounts are conducted at least quarterly by a client's investment counselor.

Our investment counselors are listed below:

- Paul R. Davis, Managing Member and Chief Investment Officer
- Suzanne C. Coleman, Member and Chief Compliance Officer
- Lawrence J. Harrington, Member
- P. Eric Robb, Member
- Daniel J. Rosenblatt, Member
- Christopher M. White

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

As the client's investment objectives, goals, needs or financial situation changes, the client must notify us promptly.

All Marble Harbor client accounts are maintained with a qualified custodian that provides monthly or quarterly account statements directly to the client and/or a selected independent representative as instructed by the client. Please also see *Item 15 - Custody*.

In addition, we will provide quarterly reports summarizing account balances and holdings, and market commentary. On an annual basis, we will provide reports on account performance.

Item 14 - Client Referrals and Other Compensation

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients.

We currently do not engage paid unaffiliated solicitors for client referrals.

We pay referral fees to our members and employees ("affiliated solicitor") for referring advisory clients within our firm. If a client is introduced to us by an affiliated solicitor, we may pay that

affiliated solicitor an ongoing referral fee of a percentage of the referred client's advisory fee paid to our firm during the advisory relationship.

Referral fees paid to an affiliated solicitor are contingent upon the client entering into an Advisory Agreement with our firm. Therefore, an affiliated solicitor has a financial incentive to recommend our firm to a prospective client for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services.

Since this situation represents a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

1. All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements; and
2. Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charge to the client;
3. If the client is introduced to us by an unaffiliated solicitor, the solicitor, at the time of the solicitation, will disclose the nature of his/her/its solicitor relationship and provide each prospective client with a copy of our Form ADV Part 2 Firm Brochure, together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
4. All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15 - Custody

Marble Harbor does not provide custodial services to its clients. Client assets are held with banks, registered broker-dealers, or other independent, qualified custodians.

We previously disclosed in *Item 5 - Fees and Compensation* that our firm may directly debit advisory fees from client accounts. Marble Harbor is deemed to have custody of these assets due to its ability to have its advisory fee paid directly from the client account, with advice to the client.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all assets and transactions within the account during the reporting period. We ask clients to promptly notify us if their custodian fails to provide them with statements.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully review and compare their quarterly statements from us to those they receive from their custodian.

The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

Investment Counselors may serve as trustee to a trust client if mutually agreed upon by the firm and client. Under such circumstances, we may be deemed to have custody of the account although the account is maintained with a qualified custodian. To meet custody requirements, such accounts are subject to an annual surprise examination conducted by an independent public accountant.

Marble Harbor may also have additional potential liability regarding these trust accounts, due to the trustee's exercise of discretion and other responsibilities that are beyond the scope of the traditional investment advisory role. As Manager of MHIC Venture Manager, LLC, we are deemed to have custody of assets of the Private Funds described in *Item 10* above. Securities of the Private Funds are maintained by a qualified custodian. The respective Private Fund's custodian will send quarterly statements to investors (or their representatives). To meet custody requirements, the Private Funds are subject to an annual surprise examination conducted by an independent public accountant.

Item 16 - Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary Advisory Agreement with our firm, and may limit this authority by giving us written investment guidelines and restrictions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 - Voting Client Securities

Marble Harbor generally votes proxies for its clients, and therefore has adopted and implemented proxy voting policies and procedures. However, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

Proxy voting decisions will be made according to guidelines that we believe protect the economic interests of our clients while considering both short and long term implications.

Lawrence J. Harrington is responsible for day-to-day implementation of proxy voting and will bring any conflicts of interest to the attention of the Compliance Committee. In general, we may consider, but are not limited to:

- Whether adoption of the proxy proposal would have a positive or negative impact on the issuer's short-term or long-term value;
- Whether the issuer has already responded in some appropriate manner to the request embodied in a proxy proposal;

- Whether the proxy proposal itself is well framed and reasonable;
- Whether implementation of the proposal would achieve the objectives sought in the proposal; and
- Whether the issues presented would best be handled through government or issuer-specific action.

Additionally, we have adopted procedures to resolve cases where the firm or a supervised person of the firm has a material conflict of interest with a proxy proposal.

We have engaged a third party service provider, to provide notification of impending votes, web-based proxy voting and recordkeeping services.

We maintain records of our proxy voting for at least five years and at a clients request, will furnish proxy voting information and our proxy voting policies and procedures, free of charge, to the requesting client within a reasonable time period (usually within ten business days).

To request proxy voting information, please contact Lawrence J. Harrington at (617) 956-6710 or write to Marble Harbor, 101 Federal Street, Suite 2505, Boston, MA 02110.

Unless we otherwise agree in writing, we will not take any action on behalf of client in any legal proceedings, including, but not limited to, bankruptcies or class actions, involving securities held in or formerly held in client's account or the issuers of those securities. Accordingly, we will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client account.

Item 18 - Financial Information

We are required to provide you with certain financial information or disclosure about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, and we have not been the subject of any bankruptcy petition or proceeding.