

Part 2A of Form ADV: Firm Brochure



Martin Capital Partners, LLC
2911 Tennyson Avenue, Second Floor
Eugene, OR 97408
541-636-4170
www.martincp.com
3/31/12

This brochure provides information about the qualifications and business practices of Martin Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at 541-636-4170/info@martincp.com. 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.

Martin Capital Partners, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Martin Capital Partners LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since the last filing of our Firm Brochure in March of 2011, no material changes to our investment advisory services have occurred. We have made changes in item 14 with respect to TD Ameritrade's Additional Services program. We no longer participate in or receive services through this program, and as such, have removed the disclosure of the potential conflict of interest. All other aspects of Martin Capital Partners' business remain unchanged since our last filing.

Item 3 -Table of Contents

Part 2A of Form ADV: Firm Brochure	i
Item 2 – Material Changes.....	ii
Item 3 -Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients	3
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9 – Disciplinary Information.....	5
Item 10 – Other Financial Industry Activities and Affiliations.....	5
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
Item 12 – Brokerage Practices	7
Item 13 – Review of Accounts	9
Item 14 – Client Referrals and Other Compensation.....	10
Item 15 – Custody.....	10
Item 16 – Investment Discretion.....	11
Item 17 – Voting Client Securities	11
Item 18 – Financial Information.....	12
Brochure Supplement(s)	

Item 4 – Advisory Business

Martin Capital Partners, LLC (MCP) is an Oregon based financial services firm offering investment advisory services to its clients since June of 2010. Principal owners include Cameron K. Martin, Owner/Chief Investment Officer/Managing Member, Eric D. Warlick, Owner/Business Development/Member, and Reid C. Weaver, Owner/Portfolio Manager/Chief Compliance Officer/Member.

Cameron K. Martin

Born 1969

University of Oregon, Bachelor of Arts, 1993

15 years Financial Services Experience

President, Martin Capital Partners LLC

Eric D. Warlick

Born 1968

University of Oregon, Bachelor of Science, 1991

15 years Financial Services Experience

Business Development, Martin Capital Partners LLC

Reid C. Weaver, Level III CFA Candidate

Born 1982

University of Oregon, 2004

9 years Financial Services Industry Experience

Martin Capital Partners (MCP) offers investment advisory services to its clients. Advice and services are tailored to the stated objectives of the client(s). Except as otherwise instructed, clients grants MCP ongoing and continuous discretionary authority to execute its investment recommendations in accordance with established client objectives and suitability, without the client's prior approval of each specific transaction. Under this authority, clients shall allow MCP to purchase and sell securities and instruments in this account, arrange for delivery and payment in connection with the foregoing, and act on behalf of the client in most matters necessary or incidental to the handling of the account, including monitoring certain assets. Unless specifically directed otherwise in writing by the client, MCP is also authorized to receive and vote proxies on issues held in the account and receive annual reports. MCP has designed proxy voting policies and procedures to ensure proxies are voted in the clients' best economic interest, when the responsibility for voting client proxies rests with MCP. MCP will keep and maintain records related to the voting of proxies for a minimum of 5 years.

All transactions in the account shall be made in accordance with the directions provided to MCP by the client. Clients will execute instructions regarding MCP's trading authority as required by each custodian.

MCP may also provide sub-advisory services to other registered investment advisors who continue to act as their client's primary advisor. In this role as a sub-advisor MCP provides additional expertise and services for the benefit of the primary advisor's client. The primary advisor will maintain the advisory relationship with the client and will manage MCP in an advocacy role for the client. Sub-advisory fees charged by MCP are based on a percentage of assets managed by MCP and are set-forth in a sub-advisor agreement entered into

by MCP and the primary advisor or the primary advisor's client. Accounts managed on a sub-advised basis will be managed in the same manner as direct clients of MCP. We follow internal Trade Rotation policies to ensure all clients, including sub-advised, are provided services fairly.

MCP may also, on a fully disclosed basis, *participate* in another advisor's wrap fee program. However, MCP itself does not *sponsor* a wrap fee program.

Generally, MCP has discretionary investment authority over its client accounts. In some circumstances, client grants MCP only non-discretionary authority to execute its investment recommendations in accordance with MCP's Statement of Investment Policy (or similar document used to establish client's objectives and suitability). Non-discretionary authority requires MCP to obtain the client's prior approval of each specific transaction prior to executing investment recommendations, as well as for the selection and retention of sub-advisors to the account. (Please see Item 16 for additional information).

MCP is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and other transactions in the same or similar securities or instruments for other clients of MCP. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. If we are unable to purchase the designated total shares needed to distribute amongst the clients based upon a pre-determined allocation, we will reduce the percentage allocation to all clients to equal the number shares purchased. If, for any reason, MCP is unable to reduce the allocation, we will use a random number generating algorithm, whereby, all clients in the designated allocation will be assigned a sequential number. Then using the random number generating algorithm, shares will be allocated to clients based on the new random sequence of numbers in descending order. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to the account a confirmation slip with respect to its participation in the aggregated transaction and, in such event, MCP will advise the client in writing of any purchase or disposition of instruments for the account with respect to any such aggregated transaction.

As of the March 21, 2012, Martin Capital Partners, LLC provided continuous and regular discretionary management services to \$90,110,506 worth of client assets, and had \$2,036 of assets in one non-discretionary account. These assets include those managed through wrap programs of other advisors as well as direct client assets. Assets under management indicated in this item are calculated in the same manner as required in ADV Part 1A, item 5.F.

Item 5 – Fees and Compensation

MCP generally charges a percentage-of-assets fee for its investment advisory services. Compensation paid to MCP for its services are calculated in accordance with "Schedule A" of each client's investment advisory agreement, which may be amended from time to time by MCP upon 30 days prior written notice to client. Such fees may be paid directly to MCP from the account by the custodian upon submission of an invoice to custodian. We provide additional account statements to the client. Such additional statements will contain a legend urging the client to compare MCP's statement to the custodian's statement. Payment of fees may result in the liquidation of client securities if there is insufficient cash in the account. Clients will receive

notice of fees charged quarterly. A client may be required to pay, in addition to MCP's fee, a proportionate share of fees and charges of any mutual fund held in the client's account.

In consideration for MCP's services, the client will pay MCP a fee quarterly in advance, with payment due within 10 days from the date of the invoice. The fee will be equal to the agreed upon rate per annum, multiplied by the market value of the account, divided by the number of days in the agreed upon year and multiplied by the number of days in the quarter. The market value will be construed to equal the sum of the values of all assets in the account, not adjusted by any margin debit. Fees for partial quarters at the commencement or termination of this Agreement will be billed or refunded on a pro-rated basis contingent on the number of days the account was open during the quarter. Quarterly fee adjustments for additional assets received into the account during a quarter will be calculated on the above pro rata basis.

Standard Fee Schedule

1.45% on assets under \$250,000
1.25% on assets between \$250,001 and \$1,000,000
0.95% on assets in excess of \$1,000,000

Notwithstanding the above, fees are generally negotiable.

For purposes of determining value, securities and other instruments traded on a market for which actual transaction prices are publicly reported shall be valued at the last reported sale price on the principal market in which they are traded (or, if there shall be no sales on such date, then at the mean between the closing bid and asked prices on such date). Other readily marketable securities shall be priced using a pricing service or through quotations from one or more dealers. All other assets shall be valued at fair value by MCP whose determination shall be conclusive. MCP may modify the terms in this Section prospectively on at least 30 days prior written notice.

All brokerage commissions, custodial, and stock transfer fees, and other similar charges incurred in connection with transactions for the account will be paid out of the assets in the account and are in addition to the investment management fees paid to MCP.

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

Martin Capital Partners, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Martin Capital Partners provides portfolio management services to individuals, high net worth individuals, trusts, corporations, corporate pension and profit-sharing plans, banking or thrift institutions, charitable organizations, foundations, and endowments.

MCP generally requires assets in the amount of \$250,000 as a condition for starting or maintaining an investment advisory account. MCP may consider providing investment advisory services for accounts with less than \$250,000 in assets in its sole discretion and on a case by case basis.

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

Philosophy

Martin Capital Partners believes that a portfolio focused on high quality companies with a history of dividend payment and dividend growth will result in above average returns over time, with reduced volatility. Dividends are the tangible and essential link between shareholders and the companies they own and are the engine of long term investment returns. They provide intelligence concerning a company's financial strength, the quality of its earnings and the confidence of its management and board of directors. Additionally, dividends furnish investors with a steady and growing stream of income that dampens share price volatility and contributes meaningfully to long term returns.

Process

We utilize a flexible, multi-disciplinary process with an emphasis on fundamental, bottom up security analysis to build diversified, dividend-centric portfolios. When constructing portfolios for clients our process focuses on defining and selecting what we consider to be high quality companies that have durable dividend yields and a high rate of dividend growth. In defining high quality we look for companies that have a strong competitive position, patterns of high return on equity and favorable debt to capital ratios among other criteria. The durable dividends we seek are often defined by a long history of payment through market cycles, sustainable payout ratios and payouts that are supported by strong cash flow generation. We look for dividend growth that is consistent and relatively high in relation to the overall market and a company's peer group, where the combination of low payout ratios coupled with strong earnings and cash flow lead us to believe that dividend growth is likely to continue at an above average rate.

In addition to the dividend-centric equity portfolios, we will construct where suitable for client portfolios structured to balance equity exposure with an income allocation. As deemed appropriate by client objectives and suitability, income allocations can range from 0 to 100% of direct clients' accounts, with the following delineations between objectives:

Client's Investment Objectives:

- 1) Growth (greater than 65% Equities)
- 2) Balanced (40% to 65% Equities)
- 3) Income (less than 40% Equities)

MCP will use its best judgment and good faith efforts in rendering services to its clients. MCP cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by MCP will be profitable. Clients assume all market risk involved in the investment of account assets under the terms of its investment advisory agreement and

understands that investment decisions made for its account are subject to various market, economic, political and business risks.

Risks include:

- General Market Risk: Client portfolios are invested in equity and debt markets. Accounts may decrease in value as a result of general market downturns due to weak market conditions, poor economic trends, or events not directly related to the companies/entities issuing the securities held.
- Equity Security Risk: General stock market fluctuations or market perception of a particular issuer may cause equity securities to fluctuate in value.
- Debt Security Risk: The market's perception of a particular issuer or broader changes in the interest rate environment may cause debt securities to fluctuate in value.
- Asset Class Risk: Securities in client portfolios may underperform in relation to general markets or other asset classes.
- Regulatory/Political Risk: Changes brought upon securities markets by regulatory or political authorities can have adverse effects on the value of portfolio holdings. Increased regulatory burdens and changes in tax regimes may lower the markets perception of value of a particular security.

Except as may otherwise be provided by law, MCP will not be liable to client for

- any loss that a client may suffer by reason of any investment decision made or other action taken or omitted in good faith by MCP with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- any loss arising from MCP's adherence to client's instructions; or
- any act or failure to act by a custodian of client's account.

Nothing in the terms of a client's investment advisory agreement with us shall relieve MCP from any responsibility or liability MCP may have under state or federal statutes.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Martin Capital Partners, LLC or the integrity of MCP's management. Neither MCP, nor its principals and employees, have any information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Registered investment advisers are required to disclose any and all financial industry affiliations or activities, beyond investment advisory services, that could create conflicts of interest and would be material to your evaluation of Martin Capital Partners, LLC or the integrity of MCP's management. Neither MCP, nor its principals and employees, have any information applicable to this Item.

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

MCP has a Code of Ethics and Insider Trading Policy which all employees are required to follow. These policies have been established to ensure that personal trading reflects the fiduciary responsibility we have to our clients. The Code of Ethics outlines proper conduct related to all services provided to clients. The Code of Ethics covers all employees of MCP, in regards to personal trading restrictions, and requires preauthorization of personal trades. Each year, employees must certify that they have read and will comply with these policies. Annually, each employee's personal accounts are reviewed for compliance with MCP's Code of Ethics and Insider Trading Policy. Prompt reporting of internal violations is mandatory. MCP's Chief Compliance Officer regularly evaluates employee performance to ensure compliance with the code of ethics. A copy of the code of ethics is available to any client or prospective client upon request.

MCP or individuals associated with MCP may buy and sell some of the same securities for their own accounts that MCP buys and sells for its clients. In all instances, where appropriate MCP will purchase a security for all of its existing accounts for which the investment is appropriate before purchasing any of the securities for its account (or the account of any individual associated with MCP). Likewise, when MCP determines that securities should be sold, where appropriate it will cause these securities to be sold from all of its advisory accounts prior to permitting the selling of the securities from its own accounts or the accounts of associated individuals. In some cases MCP may buy or sell securities for its own account for reasons not related to the strategies adopted by MCP's clients. If any employees, investment advisor representatives, or any other related parties ("Related Parties") are also clients of MCP, those Related Parties' accounts may be traded along with other clients in the same managed portfolio, however in no event, will Related Parties' accounts be traded ahead of other clients.

When MCP is newly engaged by an investment advisory client for whom it expects to recommend securities in which MCP or its principal holds a position, MCP will notify the new client of its policies in respect to officers trading for their own accounts.

To avoid even the appearance of any conflict of interest in our investment advisory dealings, employees:

1. May not seek or accept any gifts, favors, preferential treatment, or valuable consideration of any kind offered with a value in excess of \$100.00 from any broker/dealer or other company or persons involved in the securities industry because of your association with Advisor.
2. May not offer or give any gifts, favors or valuable consideration to any individual client in excess of \$100.00 in value over any 365 day period.
3. May not release material nonpublic client personal information (except to those concerned with the transaction), until such information becomes publicly available.
4. Must conduct their private transactions in such a way as not to conflict with the interest of our clients.

5. May not trade, either personally or on behalf of others, on material nonpublic information, or communicate material nonpublic information to others in violation of the law.
6. Must report to Compliance Officer, in writing, all personal transactions in securities in which the employee has a direct or indirect beneficial ownership interest within 10 days of the end of each calendar quarter.

Item 12 – Brokerage Practices

Generally, MCP has the authority to determine, without obtaining specific client consent, the securities bought or sold and the amount of securities bought or sold and transaction costs related thereto. The only restrictions on MCP's discretionary authority are those set by the client on a case by case basis.

Except to the extent that the client directs otherwise, MCP may use its discretion in selecting or recommending the custodian. The client is not obligated to effect transactions through any broker-dealer recommended by MCP. In recommending broker-dealers, MCP will generally seek "best execution." In recommending a broker-dealer MCP will comply with its fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934 and will take into account such relevant factors as (a) price, (b) the broker-dealer's facilities, reliability and financial responsibility, (c) the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order, (d) the research and related brokerage services provided by such broker or dealer to MCP, notwithstanding that the account may not be the direct or exclusive beneficiary of such services and (e) any other factors MCP considers to be relevant.

Recommending a broker dealer can create a conflict of interest. Accordingly MCP has established the following restrictions in order to ensure its fiduciary responsibilities:

1. A member, officer, associated person, or employee of MCP shall not buy or sell securities for his personal portfolio where his decision is substantially derived, in whole or in part, by reason of his employment unless the information is also available to the investing public or by reasonable inquiry. No person of MCP shall prefer his or her own interest to that of the advisory client.
2. MCP maintains a list of all securities holdings for itself and anyone associated with its advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer of MCP.
3. All clients are fully informed that certain individuals may receive separate compensation when effecting transactions during the implementation process.
4. MCP emphasizes the unrestricted right of the client to decline to implement any advice rendered, except in situations where MCP has been granted discretionary authority over the client's account.
5. MCP emphasizes the unrestricted right of the client to select and choose any broker or dealer, and/or insurance company he/she wishes.
6. MCP requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
7. Any individual not in observance of the above may be subject to termination.

Participation in the Institutional Customer Program

MCP participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”), member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent registered investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. MCP receives some benefits from TD Ameritrade through its participation in the program. (Please see additional disclosure under Item 14 below.)

Participation in the Soft Dollar Program

Soft Dollar Arrangements

Generally, in addition to a broker’s ability to provide “best execution,” we may also consider the value of “research” or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with “soft dollars.” Because many of the services or products could be considered to provide a benefit to us, and because the “soft dollars” used to acquire them are client assets, we could be considered to have a conflict of interest in allocating client brokerage business. We could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm’s use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a “safe harbor” for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

Research and Brokerage Products and Services

“Research” products and services we may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services and equipment, including

hardware, software, and data bases) that provide lawful and appropriate assistance to the firm in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit us to effect securities transactions and perform functions incidental to transaction execution. We use such products and services in the conduct of our investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

Other Uses and Products

The firm may use some products or services not only as “research” and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for our administrative and other purposes as well. In these instances, we make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and we bear the cost of the balance. Our interest in making such an allocation differs from clients’ interest, in that we have an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that the firm must pay directly.

Mutual Fund Transactions

Although shares of no-load mutual funds can be purchased and redeemed without payment of transactions fees, we may, consistent with our duty of best execution, determine to cause client accounts to pay transaction fees that may be higher than those obtainable from other broker-dealers when purchasing shares of certain no-load mutual funds through TD Ameritrade in order to obtain “research.” This research may not be used for the exclusive benefit of the clients who pay transaction fees in purchasing mutual fund shares.

Amount and Manner of Payment

A broker-dealer through which the firm wishes to use soft dollars may establish “credits” arising out of brokerage business done in the past, which may be used to pay, or reimburse the firm for, specified expenses. In other cases, a broker-dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The actual level of transactional business the firm does with a particular broker-dealer during any period may be less than such a suggested level, but may exceed that level and may generate unused soft dollar “credits.” We do not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although we may not be willing to pay the same commission to such broker-dealer as we would have paid had the broker-dealer provided such products and services.

Item 13 – Review of Accounts

All account reviews are either conducted or supervised by Cameron Martin or Reid Weaver. The frequency of reviews are determined based on the client's investment objectives, and occur at least annually. More frequent reviews may also be triggered by a change in the client's investment objectives; tax considerations; large deposits or withdrawals; large sales or purchases; loss of confidence in corporate management; or, changes in macro-economic climate.

All investment advisory clients receive detailed quarterly reports on representative investments recommended specifically by us. Investment advisory clients also receive standard account statements from the custodian on their accounts on at least a quarterly basis.

Item 14 – *Client Referrals and Other Compensation*

Martin Capital Partners does not participate in any client referral programs sponsored by other investment advisors, nor does MCP compensate others for client referrals.

As disclosed under Item 12 above, MCP participates in TD Ameritrade's Institutional customer program and MCP may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between MCP's participation in the program and the investment advice it gives to its clients, although MCP receives economic benefits through its participation in the program. These benefits include:

- Receipt of duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving advisory participants;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to MCP by third party vendors.

The benefits received by MCP or its related persons do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest.

Notwithstanding any real or perceived conflict of interest, as part of its fiduciary duties to clients, MCP endeavors at all times to put the interests of its clients first.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Martin Capital Partners urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Except solely due to the ability to debit advisory fees, MCP does not otherwise have custody of the assets in the account and shall have no liability to any client for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of the custodian or any acts of the agents or employees of the custodian and whether or not the full amount or such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian. The client understands that SIPC provides only limited protection for the loss of property held by a broker-dealer.

Item 16 – Investment Discretion

Martin Capital Partners usually receives discretionary authority from clients at the outset of an advisory relationship, through a power of attorney in the executed advisory agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Except as otherwise instructed, clients grant MCP ongoing and continuous discretionary authority to execute its investment recommendations in accordance with established client objectives and suitability, without the client’s prior approval of each specific transaction. Under this authority, the client allows MCP to purchase and sell securities and instruments in the account, arrange for delivery and payment in connection with the foregoing, and act on behalf of the client in most matters necessary or incidental to the handling of the account, including monitoring certain assets. When selecting securities and determining amounts, MCP observes the investment policies, limitations and restrictions of the client for which it advises.

Item 17 – Voting *Client* Securities

The act of managing assets in client portfolios consisting of common stock normally includes the important function of voting proxies related to the stock. An investment advisor with proxy voting authority over its client accounts has the fiduciary responsibility for voting the proxies in a manner that is in the best interests of the client.

To fulfill that responsibility, MCP has adopted the policies and procedures described below for voting proxies received by its client accounts.

MCP will vote proxies for securities held by any client in a manner solely in the best economic interest of the client, without regard for MCP’s interest, should they differ. MCP shall consider only those factors that relate to the client’s investment, including how its vote will economically impact and affect the value of the client’s investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer’s board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, MCP and its employees shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

Proxy Voting Procedures

1. Unless the power to vote proxies for a client is reserved to that client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries), the we will be responsible for voting the proxies related to the client's account.
2. All proxies and ballots will be logged in upon receipt and the materials will be forwarded to the appropriate investment advisor.
3. The investment advisor will promptly vote proxies received in a manner consistent with the Proxy Voting Policies and Procedures.
4. The investment advisor will note on the cover page of the proxy how he or she voted on each issue. The proxy will then be filed and becomes a permanent part of the records of MCP.
5. On an ongoing basis, each investment advisor will monitor corporate management of issuers whose securities are held by clients whose accounts he or she manages and where appropriate will communicate with the management of such issuers.
6. Periodically, MCP will:
 - a. Verify that each proxy received has been voted in a manner consistent with the Proxy Voting Policies and Procedures and the guidelines.
 - b. Review the files to verify that records of the voting of the proxies have been properly maintained.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MCP's financial condition. Martin Capital Partners, LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.