

## **Meeder Public Funds, Inc.**

### **Advisory Services Brochure**

Form ADV Part 2A

6125 Memorial Drive

Dublin, Ohio 43017

(866) 633-3371

[www.meederinvestment.com](http://www.meederinvestment.com)

**March 31, 2017**

---

This brochure provides information about the qualifications and business practices of Meeder Public Funds, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Meeder Public Funds, Inc. is registered with the SEC as an investment adviser; however, registration does not imply any level of skill or training.

Additional information about Meeder Public Funds, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – MATERIAL CHANGES**

This brochure has been generally revised since its last annual update, primarily to improve the presentation and clarity of the document. With the exception of the following changes or updates, we do not believe that the revisions constitute material changes from the information contained in the last annual update.

- Item 10. The disclosure of financial industry activities and affiliations was revised to include descriptions of Adviser Dealer Services, Inc., an affiliated broker-dealer and Mutual Funds Service Co., an affiliated transfer agent and service provider.
- Item 11. The disclosure for participation or interest in client transactions was revised to enhance the description of steps the adviser takes to mitigate conflicts with its affiliates.

### **Item 3 – TABLE OF CONTENTS**

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	3
Item 5	Fees and Compensation	4
Item 6	Performance-Based Fees and Side-By-Side Management	5
Item 7	Types of Clients	5
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9	Disciplinary Information	7
Item 10	Other Financial Industry Activities and Affiliations	7
Item 11	Code of Ethics, Participation in Client Accounts and Personal Trading	7
Item 12	Brokerage Practices	8
Item 13	Review of Accounts	9
Item 14	Client Referrals and Other Compensation	9
Item 15	Custody	9
Item 16	Investment Discretion	9
Item 17	Voting Client Securities	10
Item 18	Financial Information	10

### **Item 4 – ADVISORY BUSINESS**

Meeder Investment Management, Inc. (“MIM”) offers a complete range of equity, fixed income and cash management investment solutions through its wholly-owned SEC registered investment advisers: Meeder Public Funds, Inc. (“MPF”), Meeder Asset Management, Inc. (“MAM”), and Meeder Advisory Services, Inc. (“MAS”). MIM’s principal owners are Robert Meeder, Jr. and Robert Meeder, Sr. All affiliates of MIM are located at 6125 Memorial Drive, Dublin, Ohio 43017 and share employees.

#### **Meeder Public Funds, Inc.**

MPF provides professional investment advisory and administrative services to state and local public funds managers utilizing a variety of fixed income portfolio solutions. MPF was established in 1990 as Productive Capital Management, Inc. On October 1, 2013, Productive Capital Management, Inc. was acquired by MIM and the company changed its name to MPF on March 31, 2015. In some instances, MPF continues to conduct business under the name of Productive Capital Management.

As of December 31, 2016, MPF’s regulatory assets under management were \$2,932,774,305, of which \$1,411,345,502 was managed on a discretionary basis and \$1,521,428,803 was managed on a non-discretionary basis.

## Investment Advisory Services

MPF provides a variety of investment advisory services to state and local governments, including counties, cities, school districts, villages, townships, universities, special districts, libraries, and state agencies ("Public Clients"). MPF provides Public Clients with investment advice limited to the purchase or sale of fixed income securities, including U.S. Government securities, agencies, commercial paper, banker's acceptances, corporate bonds, municipal debt, bank deposits, and money market funds. MPF may also recommend a local government investment pool or other bank liquidity products for a client's cash management needs.

MPF tailors its services to its Public Clients, utilizing investments permissible under the applicable state investment code and the Public Client's investment policy. Public Clients may impose restrictions as long as they are legally permissible under the applicable laws and administrative rules. In addition to portfolio management services, MPF also provides educational services, compliance reviews, administrative services and consulting services.

## Item 5 – FEES AND COMPENSATION

The fees charged by MPF for its advisory services are typically based on a percentage of assets under management. Fees are negotiable and may vary depending on a variety of factors, including the types of investments permitted, the size of the portfolio, the relationship with the client, and specific service requirements for a given account.

### Standard Fee Schedule

<b>Assets</b>	<b>Advisory Fee</b>
Up to \$25 million	10 basis points
Over \$25 million and up to \$50 million	8 basis points
Over \$50 million and up to \$100 million	6 basis points
Over \$100 million	Negotiable

The advisory fee is subject to a minimum of \$5,000 per year. Consulting and educational services may be provided under an hourly fee or flat fee arrangement and will vary depending upon the scope of the engagement.

Public Clients are generally billed monthly in arrears; however, they may request quarterly billing. Public Clients may authorize their custodian to directly debit the fee from assets held in their custodial account. Advisory fees billed as a percentage of assets under management are based on the value of assets at the end of each calendar month. Public Clients that pay a flat fee will receive an invoice for the billing period selected. The adviser provides a fee invoice to all clients. Accounts initiated or terminated during a billing period will be charged a prorated fee.

## **Other Fees and Expenses**

Public Clients may pay other expenses in addition to the fees paid to MPF, including brokerage commissions, transaction fees, custodial fees, transfer taxes, wire transfer fees, and other fees and taxes charged to brokerage accounts and securities transactions. Money market mutual funds and local government investment pools also charge internal management fees which are disclosed in a fund's prospectus or publicly available financial reports. Item 12 of this brochure provides additional information about the Adviser's brokerage practices.

## **Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

MPF does not charge performance-based fees.

## **Item 7 – TYPES OF CLIENTS**

MPF offers discretionary and non-discretionary fixed income investment advisory services to Public Clients, including counties, cities, school districts, villages, townships, universities, special districts, libraries, and state agencies.

## **Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

As an institutional fixed income manager, MPF's primary investment objectives are to provide safety of principal and liquidity appropriate to each Public Client's cash flow needs while maximizing yield. The adviser tailors advice to each Public Client utilizing all investments permissible under the applicable state investment code, the Public Client's investment policy, and sources and uses of cash flow.

### **Methods of Analysis and Investment Strategies**

MPF specializes in quantitative investment analysis. Quantitative investment analysis is a method of evaluating securities and other assets by analyzing a large amount of data through the use of quantitative models to guide our investment decisions. Our models consider a wide breadth of factors – from traditional valuation and profitability measures, to momentum indicators, to other price signals. These diverse sets of inputs, combined with our proprietary signal construction methodology and optimization process, underpin the adviser's investment process. In addition, the adviser performs ongoing research to maintain the effectiveness of its quantitative investment analysis over time.

Portfolios are constructed and positioned to enhance performance through duration management as deemed appropriate for the anticipated interest rate environment. We utilize proprietary models designed to predict the direction of intermediate-term interest rates to determine the overall duration target for a Public Client's portfolio based upon the liquidity needs of the Public Client. Short-term interest rate models are also utilized to structure

purchases within the portfolios, helping to identify opportunities within the marketplace to maximize interest income for our clients.

## **Fixed Income Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. Although MPF manages assets in a manner consistent with its Public Clients' stated risk tolerance, the investment decisions we make may not produce the expected returns, may cause the portfolio to lose value, or may cause the portfolio to underperform other portfolios with similar investment objectives. There is no assurance that a portfolio's objective will be achieved. Material risks associated with investing in fixed income securities include:

**Interest Rate Risk:** Fixed income security prices increase or decrease in value as interest rates increase or decrease. Generally, if rates increase, the values of fixed income securities decrease; if rates decrease, the values of fixed income securities increase.

**Issuer/Credit Risk:** Issuers may not make payments on securities they issue. If the credit quality of a security is lowered due to the issuer's financial condition, it may affect the value of the security as well as the liquidity or our ability to sell the security.

**Liquidity Risk:** Some of our Public Clients invest in bank certificates of deposit. Collateralized CDs are non-negotiable and, if required to sell before it matures, a principal loss may be realized.

**Reinvestment Risk:** It may not be possible to reinvest cash flows at a rate equal to the asset's current rate of return after a security matures. Generally, this may occur if interest rates decrease over the period of time during which the asset is held.

**Quantitative Analysis Risk.** The adviser relies heavily on quantitative data supplied by third parties to evaluate investments and construct optimal portfolios. In the event this data is inaccurate or incomplete, investment decisions may be compromised. Quantitative analysis is unlikely to be successful unless the quantitative assumptions made by the adviser remain relevant in future market conditions. If future market environments do not reflect the assumptions made in our quantitative models, quantitative investment strategies employed may exhibit capital loss.

**General Economic Risk:** In the event a Public Client needs to raise cash for budgetary reasons or portfolios need to be realigned; it may be necessary to sell securities at a loss due to fluctuations in the market value of the portfolio.

## **Item 9 – DISCIPLINARY INFORMATION**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. MPF has no reportable disclosures.

## **Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

MPF is a wholly owned subsidiary of MIM. Other wholly owned subsidiaries of MIM include MAM, MAS, Adviser Dealer Services, Inc. (“ADS”), and Mutual Funds Service Company (“MFSCo”).

MAM is a registered investment adviser that serves as the investment adviser for the Meeder family of Mutual Funds. In addition, MAM provides investment advisory services to individuals, corporations, institutional entities, retirement plans and their participants. MAM also provides investment advisory services to STAR Ohio, a local government investment pool. Doing business as Public Funds Administrators, MAM also serves as the administrator for STAR Plus, an FDIC insured bank deposit program. MAM receives an advisory fee for services provided to STAR Ohio and an administration fee for services provided to STAR Plus.

MAS is registered investment adviser that typically serves as an investment strategist, providing independent broker-dealers, investment advisers, and other financial intermediaries with access to Meeder’s investment portfolios and retirement portfolios, which consist principally of Meeder Funds. In addition, MAS provides investment management services to retirement plans and their participants.

ADS is a limited purpose broker-dealer and FINRA member firm which serves as the principal underwriter and distributor of the Meeder Funds. ADS does not hold client accounts or execute trades for MIM affiliates.

MFSCo provides shareholder, transfer agent and dividend distribution services for the Meeder Funds. Acting as the administrator for Meeder Funds, MFSCo also enters into selling agreements with unaffiliated broker-dealers and financial intermediaries to distribute and provide other services in connection with the sale of fund shares. Doing business as Public Funds Administrators, MSFCo also serves as the co-administrator of STAR Ohio and receives an administration fee for these services.

## **Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

MPF has adopted a Code of Ethics that complies with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act of 1940. The Code sets forth fiduciary

standards that govern the conduct of directors, officers and employees who have access to client information. The Code incorporates the firm's outside employment, political contribution, and gift policies. Personnel subject to the Code must acknowledge their compliance with the Code and applicable securities laws and report any violations of the Code with which they become aware to the firm's Chief Compliance Officer. A copy of the Code is available to prospective and current clients upon request.

### **Personal Trading Policies**

Directors, officers and employees of MPF and its affiliates may take positions in securities owned by the firm's clients, which may pose a potential conflict of interest. The firm has implemented policies designed to detect and mitigate such conflicts of interest, including prohibitions on unacceptable trading activities, such as front running, short-swing trading and insider trading. Directors, officers and employees who recommend securities or have access to non-public information are prohibited from personally trading in reportable securities recommended to clients in close proximity to the client's transaction. Employees having access to this information must also make periodic reports of their securities accounts and transactions in reportable securities.

### **Participation or Interest in Client Transactions**

Where appropriate, MPF may recommend the use of STAR Ohio or STAR Plus to its Public Clients. Assets placed in STAR Ohio or STAR Plus by a Public Client are not included when calculating the asset management fee charged by MPF. Because MPF's affiliates receive advisory and administrative fees in connection with the STAR Ohio and STAR Plus programs, and these fees vary between the products, this practice presents a conflict of interest. To mitigate this conflict, MPF discloses this relationship to Public Clients and fully discloses the terms and conditions of each program to its clients in connection with any recommendation.

## **Item 12 – BROKERAGE PRACTICES**

### **Selection of Broker-Dealers for Client Transactions**

MPF trades with a list of local and nationally recognized broker-dealers that have been selected by the adviser based on their reputation, competitive pricing, and trade execution. MPF's goal when selecting a particular broker or dealer is to obtain the best price and trade execution for our Public Clients. When selecting broker-dealers, MPF does not consider whether the adviser or an affiliate receives Public Client referrals from the broker-dealer.

Public Clients may direct MPF to execute transactions through specific broker-dealers selected by the Public Client. When selecting this option, the Public Client may forgo any benefits from savings on execution costs that the adviser may obtain for its other clients through volume discounts on aggregated orders and may pay higher commission rates than other clients of the adviser.



## **Directed Brokerage and Soft Dollar Arrangements**

MPF does not engage in directed brokerage or soft dollar arrangements, including markups or markdowns in order to obtain research or any other product or service from any broker-dealer.

## **Trade Aggregation**

MPF may elect to aggregate trades executed for a Public Client's account with trades being executed for the same securities in other accounts we manage. Each client participating in an aggregated transaction receives the same price and participation in such trades is allocated pro-rata based on the size of the order.

## **Item 13 – REVIEW OF ACCOUNTS**

MPF generally performs a daily review of transactions in Public Client accounts and portfolios are generally reviewed at least monthly. In addition, Public Client portfolio reviews may be conducted in response to changes in market conditions or changes to client situations. Generally, the assigned portfolio manager performs account reviews in coordination with the portfolio management team.

On a monthly or quarterly basis depending on client needs, MPF generally provides Public Clients with written periodic investment reports summarizing holdings information. In addition, MPF may provide additional forms of reporting to Public Clients as agreed by MPF and the client. Public Clients also receive a summary statement from their qualified custodian or safekeeping agent at least quarterly.

## **Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

MPF does not receive any economic benefit from non-clients in connection with giving advice to clients.

## **Item 15 – CUSTODY**

MPF and its affiliates do not provide custodial services to its Public Clients. Public Clients may elect to use the services of MPF's preferred custodian or elect to maintain assets at a bank, broker-dealer, or other qualified custodian of their choosing.

## **Item 16 – INVESTMENT DISCRETION**

MPF will accept discretionary or non-discretionary authority to manage Public Client assets. Under either circumstance, the adviser will observe limitations and restrictions that are outlined in each Public Client's investment policy agreement or restrictions imposed by state laws or regulations. Investment guidelines and restrictions must be provided to the adviser in writing.

For non-discretionary Public Clients, MPF will make recommendations that must be authorized by the Public Client prior to execution of the transaction. For discretionary Public Clients, securities will be purchased and sold for the account without obtaining prior approval for the security selected, amount of securities bought or sold, or the broker-dealer used to execute each transaction. Authorization for discretionary management is obtained through a signed investment management agreement. Discretionary management of accounts is undertaken in accordance with the applicable state investment code and the Public Client's investment policy.

#### **Item 17 – VOTING CLIENT SECURITIES**

MPF does not accept or have the authority to vote Public Client securities. Public Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Public Clients may contact MPF if they have questions regarding a particular solicitation, but MPF will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

#### **Item 18 – FINANCIAL INFORMATION**

MPF has no financial commitments that impair its ability to meet contractual and fiduciary commitments to its clients has not been subject to a bankruptcy proceeding.