

Part 2A of Form ADV: Firm Brochure



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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](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There are no material changes since the last filing of our Firm Brochure on July 17, 2023.

Additional information about Martin Capital Partners, LLC (MCP) is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with “MCP” who are registered, or are required to be registered, as investment adviser representatives of “MCP”.

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#### Item 4 – Advisory Business

Martin Capital Partners, LLC (MCP), a wholly owned subsidiary of WCM Investment Management, LLC (“WCM”), is an Oregon based financial services firm offering investment advisory services to its clients since June of 2010. The principal owners of WCM are Kurt Winrich and Paul Black through the entity Thalia Street Partners LLC.

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 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, 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. Clients have the opportunity to place reasonable restrictions on the types of investments that MCP will make on their behalf.

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 participates in certain wrap programs where a client enters into an agreement with MCP and a registered broker/dealer either directly or indirectly through an affiliate. The client is charged a combined fee (referred to as a “wrap fee”) based upon a percentage of the market value of the account, which generally covers all services for:

- selection of program;
- the investment advisers’ fee to manage the client’s portfolio on a fully discretionary basis;
- brokerage commissions and, in some instances, dealer mark-ups or mark-downs for the execution of trades by the designated broker;
- acting as custodian for the assets in the client’s portfolio which also includes providing the client with trade confirmations and monthly statements;
- periodic evaluation and comparison of account performance; and
- continuing consultations on investment objectives.

However, there are some programs where some of these fees are not covered but are charged separately. MCP receives a portion of this “wrap fee” for providing investment supervisory services. In some cases, MCP’s advisory fee is a separate fee.

All wrap accounts are traded with non-wrap accounts; please refer to the section entitled Item 12 – Brokerage Practices for information on blocking transactions.

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).

As of December 31, 2023, Martin Capital Partners, LLC provided continuous and regular discretionary management services to approximately \$332.97 million worth of client assets and had zero non-discretionary assets or account. These assets include those managed through sub-advised accounts of other advisors, wrap programs of other advisors as well as direct client assets.

## **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 is 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 will be paid directly to MCP from the account by the custodian upon submission of an invoice to custodian. Clients may request their fees to be invoiced and billed outside of their account. 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.

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.

Fee Schedule for Assets Under Direct Management:

1.30% on assets under \$1,000,000  
0.95% on assets in excess of \$1,000,000

Fee Schedule for Assets Under Dual Contract Management (Sub-Advised):

0.50% on all assets

#### Fee Schedule for Institutional Assets Under Direct Management:

- 0.55% on assets under \$10,000,000
- 0.40% on assets between \$10,000,001 and \$20,000,000
- 0.25% on assets in excess of \$20,000,000

Although MCP has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis.

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.

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. 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. Please refer to Item 12 – Brokerage Practices for more information on how we select the broker-dealers used.

#### **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 \$1,000,000 as a condition for starting or maintaining an investment advisory account with assets under direct management and assets under dual contract management. MCP may consider providing investment advisory services for accounts with less than \$1,000,000 in assets in its sole discretion and on a case-by-case basis. MCP generally requires assets in the amount of \$10,000,000 as a condition for starting or maintaining an institutional investment advisory account.

## 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 culture of dividend payment and dividend growth will result in above average returns over time, with reduced volatility. Dividends are the engine on investment returns, and the longer the time horizon, the more dominant their impact. Unlike earnings, which are an accounting opinion, cash dividends are tangible, and therefore the essential link between shareholders and the companies they own, providing 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, helping to avoid permanent impairment of capital, and contributing meaningfully to long term returns.

### *Process*

Utilizing an investment process with an emphasis on fundamental bottom-up security analysis, our primary focus is to identify high-quality companies exhibiting exceptional financial strength and providing durable dividend yields and attractive dividend growth rates. When constructing portfolios for clients we focus on defining and selecting what we consider to be high-quality companies that have durable dividend yields and an attractive rate of dividend growth. In defining high-quality, we seek companies that have a distinct, proven and durable competitive advantage, patterns of high return on equity and favorable debt to capital ratios among other criteria. The durable dividends we pursue 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. In other words, a developed dividend culture within the company. We look for dividend growth that is consistent in pattern 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 free 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 a fixed income allocation where suitable for client portfolios, structured to balance equity exposure. As deemed appropriate by client objectives and suitability, fixed 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. Investing in securities involves a risk of loss that clients should be prepared to bear.

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. Cameron Martin, MCP's chief investment officer, is a member of the Board of Directors of Palomar Specialty, a southern-California based insurance company. Mr. Martin performs no investment-related services for Palomar, and neither MCP nor Mr. Martin acts as an investment adviser to Palomar Specialty or its subsidiaries.



MCP is a wholly owned subsidiary of WCM Investment Management, LLC (“WCM”), an investment advisor registered with the Securities and Exchange Commission. MCP and WCM do share supervised persons and offices.

#### **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 regard 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 \$300.00 from any broker/dealer or other company or persons involved in the securities industry because of their association with Advisor, without obtaining consent from the chief compliance officer.
2. May not offer or give any gifts, favors or valuable consideration to any individual client in excess of \$300.00 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.

Martin Capital Partners may recommend that clients establish brokerage accounts with Raymond James Financial of 880 Carillon Parkway, St. Petersburg Florida 33716, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although MCP may recommend that clients establish accounts at Raymond James, it is the client's decision to custody assets with Raymond James. MCP is independently owned and operated and not affiliated with Raymond James. Raymond James Financial offers services to independent registered investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. MCP receives some benefits from Raymond James through its participation in the program. (Please see additional disclosure under Item 14 below.)

Martin Capital Partners may recommend that clients establish brokerage accounts with Charles Schwab Institutional of 1945 Northwestern Drive, El Paso, TX 79912-1108, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although MCP may recommend that clients establish accounts at Charles Schwab, it is the client's decision to custody assets with Charles Schwab. MCP is independently owned and operated and not affiliated with Charles Schwab. Charles Schwab offers services to independent registered investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. MCP receives some benefits from Charles Schwab through its participation in the program. (Please see additional disclosure under Item 14 below.)

For MCP client accounts maintained in its custody, the custodians listed above generally do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through their platforms or that settle into custodied accounts.

Raymond James Financial (RJF) and Charles Schwab Institutional (SCHW) also make available to MCP other products and services that benefit MCP but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of MCP's accounts, including accounts maintained at one of the other custody banks. These services are not paid with soft dollars (commission dollars generated by clients used to pay for products and services used by MCP). MCP does not have any soft dollar arrangements.

Custodian bank products and services that assist MCP in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of MCP's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

These custodian banks also offer other services intended to help MCP manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Custodians may make available, arrange and/or pay third-party vendors for the types of services rendered to MCP, or may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these

services to MCP. They may also provide other benefits such as educational events or occasional business entertainment of MCP personnel. In evaluating whether to recommend or require that clients custody their assets at RJF or SCHW, MCP may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

In certain cases, in seeking “best execution” MCP has the discretionary authority to pick a non-related broker (other than a client’s current Custodian), to execute trades. Each trade placed with a broker (via Prime Brokerage transactions) other than a client’s selected Custodian will result in an additional charge to the client, which is charged by the Custodian to settle the trade. This is in addition to any mark-up or markdown that may be paid to the prime broker MCP selects to buy or sell the security. Clients must qualify for prime brokerage to participate in these transactions. To qualify for prime brokerage transactions, clients must maintain a minimum portfolio value of \$150,000 or more and execute the appropriate prime brokerage paperwork with the custodian. MCP may use this discretionary authority to trade away from the custodian when purchasing or selling securities. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above. In cases where the authority to trade away is exercised, client accounts that do not meet the required minimum portfolio value may receive differing execution prices. In all cases, MCP seeks “best execution” as described in Item 12 above.

### **Trade Order Aggregation**

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 of 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.

### **Item 13 – Review of Accounts**

All account reviews are either conducted or supervised by Cameron Martin or Reid Weaver. The frequency of reviews is 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 written detailed quarterly reports on representative investments recommended specifically by MCP. Investment advisory clients also receive standard account statements from the custodian on their accounts on at least a quarterly basis and are urged to compare the report provided by MCP against the custodial statements.

#### **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 Raymond James' Independent Advisors Division and Charles Schwab's Institutional customer program and MCP may recommend any of these custodians to clients for custody and brokerage services. There is no direct link between MCP's participation in these programs and the investment advice it gives to its clients, although MCP receives economic benefits through its participation. 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 and exchange traded 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 any single custodian. 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**

The Securities and Exchange Commission generally takes the position that any arrangement under which a registered investment adviser is authorized or permitted to withdraw client funds or securities maintained with a custodian upon the adviser's instruction to the custodian is deemed to have custody of client funds. In the course of directing our everyday business, we directly debit client fees from their custodial accounts, which the SEC deems as constructive custody of client funds.

Raymond James Financial, Charles Schwab Institutional or another qualified custodian that is selected by a client, maintains actual custody of client assets. 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 clients to carefully review such statements and compare such official custodial records to the account statements that MCP provides to clients. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Should any discrepancies be noticed, please notify MCP and/or the custodian of your account as soon as possible.

In no way, other than the ability to debit advisory fees, does MCP 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. Clients may call, write, or email to request a copy of MCP's complete proxy voting policy, voting records of how securities have been voted in their account, or to discuss questions they may have about their proxies. Our contact information is on the cover page of this brochure.

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.

When there is a material conflict of interest between MCP and the client's best interest, MCP will either obtain the client's consent or refrain from voting.

Broadridge Proxy Edge, an automated voting system provided by Broadridge, is used to vote proxy ballots electronically. ProxyEdge, is designed to help MCP manage, track, reconcile and report proxy voting through electronic delivery of ballots, online voting, and integrated reporting and recordkeeping. Annually, MCP will download an archive record of ProxyEdge's votes on behalf of MCP and will retain as a part of MCP's permanent records. Additionally, MCP manually votes proxies in certain limited situations.

#### Class Action

MCP uses Broadridge as a service provider to file Class Actions "Proof of Claim" forms. Occasionally, securities held in the accounts of clients will be the subject of class action lawsuits. Broadridge provides a comprehensive review of advisory clients' possible claims to a settlement throughout the class action lawsuit process. Additionally, Broadridge actively seeks out any open and eligible class action lawsuits. Broadridge files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. In the event a recovery is made, class action claims collected are subject to a 20% contingency fee as compensation for managing the filing process that is assessed directly by Broadridge with the remaining 80% going to the client. Martin Capital Partners does not receive any portion of the fee or settlement proceeds. Advisory Clients are automatically included in this service but may opt-out in writing. If a client opts-out, MCP and Broadridge will not monitor class action filings for that client. Sub-advised clients are by default excluded from this service.

#### **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.