

# May Barnhard Investments, LLC dba MBI LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of May Barnhard Investments, LLC dba MBI LLC. If you have any questions about the contents of this brochure, please contact us at (301)-986-0600 or by email at: [jbarnhard@cbmcpa.com](mailto:jbarnhard@cbmcpa.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.*

*Additional information about May Barnhard Investments, LLC dba MBI LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). May Barnhard Investments, LLC dba MBI LLC's CRD number is: 170858.*

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*Registration does not imply a certain level of skill or training.*

*Updated: 03/20/2024*

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of May Barnhard Investments, LLC dba MBI LLC on 03/17/2023, are described below. Material changes relate to May Barnhard Investments, LLC dba MBI LLC's policies, practices or conflicts of interest.

- May Barnhard Investments, LLC dba MBI LLC has updated its email address. (Cover page)
- May Barnhard Investments, LLC dba MBI LLC has updated its fees and compensation. (Item 5)
- May Barnhard Investments, LLC dba MBI LLC has updated Client Referrals and Other Compensation. (Item 14.B)

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## Item 4: Advisory Business

### *Business Description*

We provide services to individuals and high-net-worth individuals concerning mutual funds, fixed income securities, real estate funds (including public REITs), equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client’s interests first and must fully disclose any potential conflict of interest. We do not hold customer funds or securities. Registration as a “registered investment adviser” does not imply a certain level of skill or training.

### **A. Description of the Advisory Firm**

May Barnhard Investments, LLC dba MBI LLC (hereinafter “MBI LLC”) is a Limited Liability Company organized in the State of Maryland.

The firm was formed in November 2013, and the principal owner is Councilor, Buchanan & Mitchell, P.C.

### **B. Types of Advisory Services**

#### *Portfolio Management Services*

MBI LLC offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. MBI LLC creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

MBI LLC evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. MBI LLC will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client. MBI LLC will also provide investment advisory services to clients on a non-discretionary basis.

MBI LLC seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of MBI LLC's economic, investment or other financial interests. To meet its fiduciary obligations, MBI LLC attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, MBI LLC's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is MBI LLC's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Services Limited to Specific Types of Investments***

MBI LLC generally limits its investment advice to mutual funds, fixed income securities, public REITs, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and non-U.S. securities, although MBI LLC primarily recommends mostly mutual funds and ETFs, generally in U.S. securities, balanced across all capitalizations, to a majority of its clients. MBI LLC may use other securities as well to help diversify a portfolio when applicable.

### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

## **C. Client Tailored Services and Client Imposed Restrictions**

MBI LLC will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by MBI LLC on behalf of the client. We will consider the client's investment preferences in addition to risk, where we consider it appropriate. MBI LLC may use preferred investments together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets.

Beyond the inherent restrictions based on a client's suitability/risk tolerance profile, clients of MBI LLC may impose further restrictions (e.g., in accordance with their values or beliefs) on investing in certain securities or types of securities. Any such restrictions shall be documented in the investment policy of the agreement.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. MBI LLC does not participate in any wrap fee programs.

## **E. Assets Under Management**

MBI LLC has the following assets under management:

| <b>Discretionary Amounts:</b> | <b>Non-discretionary Amounts:</b> | <b>Date Calculated:</b> |
|-------------------------------|-----------------------------------|-------------------------|
| \$ 277,684,339.00             | \$ 18,145,927.00                  | 12/31/2023              |

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Asset-Based Fees for Portfolio Management***

| <b>Total Assets Under Management</b> | <b>Annual Fee</b> |
|--------------------------------------|-------------------|
| \$0 - \$500,000                      | \$5,000 fixed fee |
| \$500,001 - \$1,000,000              | 0.90%             |
| \$1,000,001 - \$2,000,000            | 0.80%             |
| \$2,000,001 - \$3,000,000            | 0.70%             |
| \$3,000,001 - \$4,000,000            | 0.60%             |
| \$4,000,001 - and up                 | 0.50%             |

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of MBI LLC's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

MBI LLC bills based on the balance on the last day of quarter prior to the billing period.

MBI LLC may agree to charge a fixed quarterly fee on assets under \$500,000 and for certain non-discretionary agreements.

#### ***Financial Planning Fees***

Financial planning services are provided as part of the MBI package, except where other arrangements are made per the investment advisory contract. MBI does not charge any additional fees. The annual fee covers both discretionary investment management and financial planning services.



## **B. Payment of Fees**

### ***Payment of Asset-Based Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance.

For fees deducted directly from client accounts, MBI LLC will use the safeguards below:

1. MBI LLC will have written authorization from the client to deduct advisory fees from the account held with a qualified custodian.
2. The custodian will send statements, at least quarterly, to the client showing all disbursements for the custodian account, including the amount of the advisory fees.
3. Each time a fee is deducted MBI LLC will send the qualified custodian notice of the amount of the fee to be deducted and will also send the client an invoice itemizing the fee including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the period covered by the fee.

### ***Payment of Financial Planning Fees***

Financial Planning fees are included in the annual fee and paid as described above.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by MBI LLC. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

MBI LLC collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days after termination of agreement to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither MBI LLC nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

MBI LLC does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

MBI LLC generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Retirement Plans
- ❖ Not-for-Profit Organizations

There is no account minimum for any of MBI LLC's services.

## **Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss**

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

#### ***Methods of Analysis***

MBI LLC's methods of analysis include fundamental analysis, technical analysis and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

## ***Investment Strategies***

MBI LLC's strategies are based on each client's individual long-term goals and objectives.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **B. Material Risks Involved**

#### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### ***Investment Strategies***

**Long-term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including public REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or

changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither MBI LLC nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither MBI LLC nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

MBI LLC and Councilor, Buchanan & Mitchell, P.C. are both registered investment advisers.

MBI LLC is a wealth management firm offering services as outlined herein.

CBM is an accounting, tax and advisory firm which offers fee-only investment advice on an hourly basis and income tax preparation.

CBM owns an 100% interest in MBI LLC. Investment advisors of MBI LLC are those of CBM.

From time to time, they may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. MBI LLC always acts in the best interest of the client and clients are in no way required to use the services of any representative of MBI LLC in connection with such individual's activities outside of MBI LLC.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

MBI LLC does not utilize nor select third-party investment advisers. All assets are managed by MBI LLC management.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

MBI LLC has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. MBI LLC's Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

MBI LLC does not recommend that clients buy or sell any security in which a related person to MBI LLC or MBI LLC has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of MBI LLC may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of MBI LLC to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. MBI LLC will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of MBI LLC may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of MBI LLC to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, MBI LLC will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

# **Item 12: Brokerage Practices**

## **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on MBI LLC's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and MBI LLC may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in MBI LLC's research efforts. MBI LLC will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

MBI LLC recommends Schwab Institutional, a division of Charles Schwab & Co., Inc.

### ***1. Research and Other Soft-Dollar Benefits***

While MBI LLC has no formal soft dollars program in which soft dollars are used to pay for third party services, MBI LLC may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). MBI LLC may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and MBI LLC does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. MBI LLC benefits by not having to produce or pay for the research, products or services, and MBI LLC will have an incentive to recommend a broker-dealer based on receiving research or services.

### ***2. Brokerage for Client Referrals***

MBI LLC receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

MBI LLC will require clients to use a specific broker-dealer to execute transactions. There is no conflict of interest, as the broker-dealer is not an affiliate or related person of MBI LLC.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If MBI LLC buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, MBI LLC would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. MBI LLC would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).



## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client portfolio management accounts are reviewed at least annually by the team with regard to clients' respective investment policies and risk tolerance levels and the funds in the accounts are reviewed at least monthly.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

MBI LLC does not receive any economic benefit, directly or indirectly from any third party for advice rendered to MBI LLC's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

MBI LLC is owned by CBM. As such, employees and Senior Advisors of CBM may be directly or indirectly compensated for client referrals to MBI.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, MBI LLC will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. MBI LLC will urge clients to compare the account statement that they receive from the qualified custodian and those they receive from MBI LLC. MBI LLC management fees will be based on the total

account value including the cash reserves, if any, that were set aside for monthly distribution or any other needs.

## **Item 16: Investment Discretion**

MBI LLC provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, MBI LLC generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, MBI LLC's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to MBI LLC). MBI LLC will also have discretionary authority to determine the broker or dealer to be used for a purchase or sale of securities for a client's account.

Under non-discretionary agreements, MBI LLC will not initiate any transactions without the client's request. MBI LLC may reach out to the client to propose any buy or sell transactions.

## **Item 17: Voting Client Securities (Proxy Voting)**

MBI LLC will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

MBI LLC neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither MBI LLC nor its management has any financial condition that is likely to reasonably impair MBI LLC's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

MBI LLC has not been the subject of a bankruptcy petition in the last ten years.