



M. GRIFFITH INVESTMENT SERVICES, INC.
SEC File No. 801—64649

555 FRENCH ROAD, BUILDING 2
NEW HARTFORD, NY 13413

Phone: 315-797-0130
Email: mgriffithinc@mgriffithinc.com
Website: www.mgriffithinc.com

M. Griffith Investment Services, Inc. is an SEC-registered investment adviser.
This registration does not imply any level of skill or training.

DECEMBER 31, 2013

This disclosure brochure (ADV Part II) provides information about the qualifications and business practices of M. Griffith Investment Services, Inc.

If you have any questions about the contents of this brochure, please contact us at 315-797-0130 or mgriffithinc@mgriffithinc.com.

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.

Additional information about M. Griffith Investment Services, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov

Item 2 – Summary of Material Changes

Our Brochure was last updated on January 31, 2013. This section will note any material changes that may have made since our last printed Brochure.

The material changes from the January 31, 2013 M. Griffith Investment Services, Inc. Brochure are:

- We have added additional information about our on-going advisory services to ERISA covered retirement plans.
- We have updated our AUM. As of December 31, 2013, MGI had the following client assets under management (AUM):
 - \$209,305,600 AUM for discretionary accounts.
 - \$714,423,862 AUM for non-discretionary accounts.

We will further provide you with a new Brochure or a Summary of Material Changes, free of charge, as necessary.

Item 3 - Table of Contents

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

Item 4 - Advisory Business

A. Description of Our Firm and Principal Owners

Founded on September 24, 1947 by the late Richard R. Griffith, M. Griffith Investment Services, Inc. (MGI) is a full service investment advisory and financial planning firm located at 555 French Road, Building 2, New Hartford, New York, 13413.

As current President and CEO of MGI, David T. Griffith, son of the late Richard Griffith, joined his family's firm in 1968.

B. Types of Advisory Services Offered

Financial Planning and/or Portfolio Management

MGI provides Financial Planning and/or Portfolio Management services for individuals as well as for small and large corporations/ organizations. We focus on providing our clients with comprehensive financial management of their accounts. MGI utilizes long term investment strategies that are tailored to address a client's individual circumstances and goals to include their:

- Risk Tolerances
- Capital Appreciation Objectives
- Income and Liquidity Requirements
- Tax Implications
- Transfer of Wealth Considerations
- Philanthropic Goals
- Investment Horizon

MGI uses several different types of investment products to help our clients achieve their goals. We meet with each client individually to discuss what types of investment products are best for them, which may include:

- Equity securities such as exchange listed, foreign issues, over-the counter, Closed End Funds and ETF's
- Warrants
- Certificates of deposit
- Investment company securities such as mutual fund shares
- US Government securities
- Corporate debt securities
- Municipal securities

Advisory Services for ERISA Plans

MGI provides advisory services to retirement plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), including participant-directed defined contribution plans, such as 401(k) plans, and defined benefit plans ("ERISA Plan Clients"). Each ERISA Plan Client is required to enter into an advisory agreement with MGI (the "Advisory Agreement") describing the services that MGI will perform for the ERISA plan and its participants.

MGI provides both ERISA fiduciary services and non-fiduciary services to ERISA Plan Clients. MGI's fiduciary services include providing ERISA Plan Clients with investment advice about asset classes and investments, assisting in the selection of investments, assisting in the development of an investment policy statement, and monitoring investment performance. MGI also provides investment advice to participants of ERISA participant-directed plans. These plan-level and participant-level investment advisory services are provided on a nondiscretionary basis and the ERISA Plan Client and plan participant (in the case of participant-level advice) retains and exercises final decision-making authority and responsibility for the implementation (or rejection) of MGI's recommendations.

MGI's non-fiduciary services include educating the ERISA Plan Client as to its fiduciary responsibilities, assisting the ERISA Plan Client in monitoring, selecting and supervising service vendors and in the case of

participant-directed plans, assisting in group enrollment meetings and educating plan participants about general investment principles and the investment alternatives under the plan.

For a more detailed description of MGI's services, the ERISA Plan Client should refer to the Advisory Agreement.

C. How Services are Tailored to Fit Client Needs

MGI's investment policy process is centered on the client. We work with our clients to understand their financial circumstances and goals. Creation of the Investment Policy Statement (IPS) is our first step. The IPS serves as the governing document for all investment decision making. This document lays out the overall investment goals for the portfolio. Specifically, it focuses on translating client goals into a set of investment objectives. Clients may stipulate if they would like to restrict us from purchasing certain products or securities in their account. These objectives involve risk tolerance from both a willingness and ability to accept financial risk as well as return objectives.

In addition, the IPS provides a framework for MGI to discuss with our client the processes we will utilize for monitoring, reviewing and rebalancing their account. The IPS helps us work with the client to establish:

- How performance will be measured for the account.
- Benchmarks and the frequency of reporting the client would like to see.
- A plan for when and how often the client would like to meet with us to discuss their account.

D. Wrap Fee Program

MGI does not sponsor any wrap fee programs or accounts. MGI does, however, participate with some wrap fee programs offered through First Clearing, LLC. (FCC). Any wrap fee program information that FCC may sponsor is available in the FCC managed program disclosure document for the program selected. MGI manages an FCC wrap program exactly the same as we do one of our investment advisory accounts. Once FCC calculates and withdraws the client's managed account fee, a portion of the fee is remitted to MGI from FCC.

E. Management of Client Assets

MGI investment advisory accounts are managed on either a discretionary or non-discretionary basis, determined at the time the account is opened based on our client's written authorization or in the case of ERISA Plan Clients, at the time the Advisory Agreement is executed. As of December 31, 2013, MGI had the following client assets under management (AUM):

- \$209,305,600 AUM for discretionary accounts
- \$714,423,862 AUM for non-discretionary accounts

Item 5 - Fees and Compensation

- A. MGI is an investment based adviser. We offer our clients several different fee-based programs that contain different investment options as well as different fee structures. Except as otherwise specified under the program descriptions set forth below, fees are annualized, based on a percentage of the dollar value of the assets under management in the account. Fees for investment advisory accounts are negotiable. Clients should be aware that if they elect to have a margin debit balance on their account, it will not reduce the market value of the eligible assets. The use of margin is not suitable for all investors, since it increases leverage in the client's account and therefore its risk. Please review the margin disclosure statement and general account agreement & disclosure document from FCC for more details on risks of margin use.

The following different fee-based programs are available for our clients:

The MGI Elite Managed Portfolio.

The MGI Elite Managed Portfolio fees are calculated as follows:

- 1.5% FOR THE FIRST \$250,000 IN ASSETS MANAGED
- 1.0% FOR THE NEXT \$750,000 IN ASSETS MANAGED
- 0.85% FOR THE NEXT \$2,000,000 AND
- 0.65% FOR ASSETS MANAGED IN EXCESS OF \$3,000,000

FCC Investment Advisory Programs.

Fee calculation for the First Clearing, LLC. (FCC) MASTERS, Asset Advisor, FundSource or Custom Choice Programs is available in the FCC disclosure document for the specific program selected.

MGI Financial Planning.

MGI also offers financial planning services for a flat fee as follows:

- \$ 1500 Comprehensive Financial Planning Overview
- \$ 500 Retirement Planning
- \$ 500 Investment Policy Planning
- \$ 500 Estate Planning
- \$ 500 Education Planning

MGI Investment Advice.

MGI also offers investment advice for a rate of \$250 per hour.

Advisory Services for ERISA Plans

Advisory services for ERISA Plan Clients are provided in exchange for a fee which is negotiable. The fee may be a fixed or an asset-based fee and may vary from client to client, based upon the complexity of the plan, the plan's objectives, and the services to be provided. In the case of asset-based fees, plan asset value is based upon the market value of included plan assets as reported by the plan custodian or record-keeper. Included plan assets are the plan assets for which MGI provides services as described in the Advisory Agreement. Fees may be billed in advance or in arrears and are calculated either monthly, quarterly or semi-annually as agreed to by the ERISA Plan Client under the Advisory Agreement. The fee amount, method of calculation, timing of payment, and whether it is to be paid in arrears or in advance, are also described in the Advisory Agreement.

- B. Except as otherwise described below, MGI's clients authorize MGI or the account custodian to debit their client account for the amount of MGI's investment advisory fee and to directly remit that fee to MGI.

For advisory services for ERISA Plans, the ERISA Plan is obligated to pay MGI's fee. As agreed to under the Advisory Agreement between MGI and the ERISA Plan Client, the ERISA Plan Client may authorize the Plan custodian to automatically deduct the fee from the Plan or the ERISA Plan sponsor may choose to pay the fee.

For the investment advisory programs noted below, fees are calculated on a monthly basis based on the value of assets held in the account on the last business day for the previous month. If a client has multiple accounts under management, the client has the option to have each individual account charged fees based on its asset value or to have all fees combined and taken from one account.

MGI Elite Managed Portfolio

For the FCC investment advisory programs noted below, please refer to the FCC disclosure document for that specific program regarding how fees are calculated and withdrawn.

- MASTERS Program
- Asset Advisor Program
- FundSource Program
- Custom Choice Program

If the fee is for financial planning services or investment advice, the fee is invoiced directly to the client at the time the services are rendered.

- C. In addition to MGI's investment advisory fees, clients will also incur, if they hold mutual funds within the investment advisory account, normal expenses and advisory fees imposed by the mutual funds held in the account (expense ratios are listed in each fund's annual report). Some mutual funds impose fees if they are sold prior to their short term holding periods. Short term trading fees are detailed in each mutual fund's prospectus.

Clients may also incur brokerage and/or other transaction costs from our custodian. These costs include but are not limited to handling fees, wire transaction fees, and check writing expenses. For more information regarding the costs that are charged to a client from FCC, please refer to the new account opening disclosure documents sent to the client directly from FCC. MGI has a revenue sharing agreement on file with FCC, our custodian, regarding fees collected from margin interest, cash balances and handling. For more information on MGI's Brokerage Practices, please refer to Item 12 of this brochure.

ERISA Plan Clients

MGI is a fiduciary under ERISA with respect to the investment advisory services described in the Advisory Agreement between MGI and the ERISA Plan Client. As such, MGI is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, MGI may only charge fees for investment advice about products for which MGI and/or its affiliates do not receive any commission, 12b-1 fees or other compensation, or conversely, if such compensation is received by MGI and/or its affiliates, MGI will offset such amounts against MGI's stated fee. Where MGI offsets such compensation amounts against its stated fee, MGI will disclose to the ERISA Plan Client the amount of such compensation, the services rendered for such compensation, the payer of such compensation and a description of the arrangement with the payer in accordance with the requirements of ERISA Regulation Section 2550.408b-2(c).

- D. MGI's Elite Managed Portfolio investment advisory clients are not charged investment advisory fees in advance. Any account may be terminated by the client or MGI at any time with written notice, although MGI requests a 30 day notice of termination. In the case of termination, MGI will calculate the fees due for the final billing period, pro-rata, based on the number of days in the billing period, up to and including the termination date.

For the FCC investment advisory programs noted below, please refer to the FCC disclosure document for that specific program regarding any fees paid in advance and termination of the account.

MASTERS Program
Asset Advisor Program
FundSource Program
Custom Choice Program

For advisory services provided to ERISA Plan Clients, either MGI or the ERISA Plan Client can terminate the Advisory Agreement at any time, without penalty, by sending the other party 30 days prior written notice. Both parties remain responsible for any transactions initiated before the agreement was terminated. If the ERISA Plan Client is billed in arrears, MGI will deliver a final billing statement prorated for the number of days in the fee period prior to the effective date of termination. If the ERISA Plan Client is billed in advance, MGI will pro-rate the fee based upon the number of days in the fee period prior to the effective date of the termination and refund to the ERISA Plan Client any unearned fee.

- E. Except for advisory services provided to ERISA Plan Clients, MGI may receive compensation in the form of 12b-1 service fees for the sale of securities or other investment products, including mutual funds that are held in investment advisory accounts.
1. Receiving 12b-1 service fees from mutual fund companies may present a conflict of interest since it gives MGI employees the incentive to recommend investment products based on the compensation received, rather than on a client's needs. To address this issue, MGI will recommend 'no-load' funds when applicable. There are times that a fund that has a 12b-1 service fee may be a better fit for a client's investment objectives. All clients may discuss their concerns regarding 12b-1 service fees with their investment advisory representative when funds are being selected for their account.

2. Concerns that clients have regarding 12b-1 service fees from mutual fund purchases should be discussed with their MGI investment advisory representative. Clients may request that only 'no-load' mutual funds be used for their account. Clients also have the right to not open an account with MGI and process recommendations made by MGI with another investment adviser.
3. 12b-1 service fees from assets held in MGI investment advisory accounts are very minimal and do not count towards a large part of our revenue.
4. MGI does not charge commissions or markups to our clients in addition to advisory fees.

Clients should review the FCC disclosure document for the FCC program they are interested in regarding FCC's policy regarding 12b-1 service fees, commissions and markups.

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

MGI does not manage accounts using performance-based fees in order to avoid conflicts of interests that could result by favoring accounts where management fees have the potential to be substantially higher.

Item 7 - Types of Clients

MGI provides investment advice to individuals, high-net worth individuals, trusts, estates, charitable organizations and corporations. MGI also provides investment advice to retirement plans subject to ERISA including defined benefit plans, participant-directed defined contribution plans such as 401(k) plans and plan participants.

MGI Elite Managed Portfolio

The MGI Elite Managed Portfolio program has a minimum opening balance requirement of \$100,000 in assets. Under certain circumstances, this minimum requirement may be waived.

FCC Investment Advisory Programs

For the FCC investment advisory programs noted below, please refer to the FCC disclosure document for that specific program regarding any minimum or maintenance requirements that FCC requires.

MASTERS Program
 Asset Advisor Program
 FundSource Program
 Custom Choice Program

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

- A. MGI's primary investment strategy is to construct strategically allocated portfolios for our clients based on the specific needs and goals of each client. We first determine a client's appropriate risk level, financial situation, investment goals, tax situation and personal preferences (among other criteria). We then construct investment portfolios considering these objectives. MGI uses a range of investment vehicles in client accounts, including mutual funds, index funds, exchange traded funds and various fixed income investments.

To analyze specific investment opportunities, we use several methods of research. We subscribe to a number of professional investment resources and also use other sources of information including newspapers, magazines, fund company information, third party research, annual reports and prospectuses. We consider factors such as style box category, style tilts, historical performance, modern portfolio theory statistics, manager tenure, expense ratio, turnover ratio, tax exposure and valuation metrics. For index funds and exchange traded funds, we also research factors such as tracking error, liquidity, composition, rebalancing strategies, and index methodology and construction. For fixed income investments, we consider specific risk factors such as credit quality, current yield and yield-to-maturity, tax implications and

general market conditions. This comprehensive research method ultimately concludes in a focus list of suitable investments.

Investing in securities involves risk of loss that clients should be prepared to bear.

- B. MGI strives to develop diversified portfolios that significantly reduce risk for our clients. However, the methods we use to research investment opportunities do not eliminate all of the risks associated with investing. Even after due diligence using the above strategies and methods, it is possible that we may select investments that will not perform to our satisfaction or may even lose value. Clients should be prepared to bear the risks of loss involved with our strategies and research methods.

For any of the FCC investment advisory programs noted below that have an FCC manager, please refer to the FCC disclosure document for that specific program regarding their manager's strategies and methods.

MASTERS Program
Asset Advisor Program
FundSource Program
Custom Choice Program

- C. Any type of investment, including equities, mutual funds, index funds, exchange traded funds and fixed income carry risk. These investments have specific risk and while we attempt to limit this risk through research and diversification, we cannot completely eliminate the risk. Market risk, which cannot be diversified away, is another risk that will always be inherent when investing and in the markets in general. Clients should be prepared to bear the risks of loss involved with investing in the markets and in different investment vehicles.

Item 9 - Disciplinary Information

- A. Neither MGI, nor any of our employees, has had any civil or criminal actions brought against them.
- B. Neither MGI, nor any of our employees, has had any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- C. Neither MGI, nor any of our employees, has had any proceedings before a self-regulatory organization.

Item 10 - Other Financial Industry Activities and Affiliations

- A. MGI is a dually registered firm which means that we are both an Investment Adviser as well as a Broker-Dealer. All of our Financial Consultants, managers and several support staff are registered representatives of MGI's broker-dealer business.
- B. None of MGI employees are registered, associated with, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading adviser.
- C. Since MGI is a registered Broker-Dealer, all of MGI's investment advisory business, to include account opening and trading, is processed through the broker-dealer division of MGI. MGI also sells investment products separately through our broker-dealer division to our clients who do not want to have a managed account program. MGI and its investment advisory representatives are also insurance agents for many different companies offering insurance products to our clients. A conflict of interest does not exist between the MGI divisions since both divisions are part of the same company and the transactions process through the same custodian. Please review any supplemental information attached to this document of the investment advisory representatives that also work with our broker-dealer division.
- D. MGI does not recommend or suggest other investment advisers to our clients nor do we have any other type of business relationships with investment advisers that may create a conflict of interest.

For FCC managed programs, please refer to the FCC disclosure document for the program selected, that is given to clients before or at the time they are beginning a managed program, for information regarding FCC's practices regarding recommendations of other investment advisers and conflicts of interest.

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

- A. MGI has adopted a Code of Ethics pursuant to Rule 204A-1 of the Advisers Act. The Code lays out the fundamental responsibilities that all employees of the firm must adhere to. MGI employees are required to certify that they have read, understand and will comply with our Code of Ethics. A copy of MGI's Code of Ethics will be provided to any client or prospective client upon request.
- B. MGI and our employees do not recommend, buy or sell any securities for our client accounts in which we have a material financial interest.
- C. MGI, our employees and related persons are allowed to invest in the same securities that are recommended, bought and sold for our client accounts. Mutual fund recommendations, buys or sells do not create a conflict of interest due to the way open-ended mutual funds operate. To minimize or eliminate the possibility of a conflict of interest with recommendations, buys or sells of other securities (such as ETF's, equities, private placements, and IPO's), MGI's Personal Trading Policies include the following practices that must be followed by all MGI employees as well as all members of the employee's household:
- All buys and sells of ETF's, equities, private placements and IPO's must receive pre-approval before any transactions can be placed. Pre-approval will be completed by the Chief Compliance Officer (CCO).
 - Reviews of employee and employee household member statements of outside accounts and MGI accounts are reviewed to insure that all transactions regarding ETF's, equities, private placements and IPO's received the pre-approval authorization required.
 - Any violations of MGI's Personal Trading Policies will be subject to MGI's Disciplinary Policies and Procedures.
- D. MGI and our employees are allowed to buy and sell mutual funds for client accounts and their own accounts at the same time. This does not create a conflict of interest, since all orders are traded for the same closing NAV price on the day of trade execution. All parties will receive the same execution pricing on these transactions. Employees and members of the employee's household may desire to trade in the same securities that the firm is trading for our clients. For more information regarding how MGI minimizes or eliminates the possibility of a conflict of interest with recommendations, buys or sells of other securities (such as ETF's, equities, private placements, and IPO's), please refer to the MGI's Personal Trading Policies as noted in Item 11C above.

Item 12 - Brokerage Practices

- A. MGI processes all investment advisory accounts through MGI's broker-dealer division. MGI clients benefit from the pricing, reporting, execution and service that MGI is able to offer by processing transactions directly with their clearing firm, FCC, on the client's behalf. MGI chose FCC as their clearing firm by considering their reputation, executions, pricing, reporting capabilities, research and service that they offer.
1. **Research and Other Soft Dollar Benefits.** MGI does not pay for any products, research, service or have any other soft dollar benefit arrangements with any source. MGI also does not direct any type of commissions to any broker-dealer in return for products, research, service or other soft dollar benefit.

For FCC managed programs, please refer to the FCC disclosure document for the program the client is selecting to review any soft dollar benefit arrangements that FCC may have in place.

2. Brokerage for Client Referrals. MGI does not consider obtaining referrals as a criterion in its selection of a broker-dealer.
 3. Directed Brokerage. MGI does not permit clients to direct brokerage through a specific broker-dealer. MGI serves as the broker-dealer for all investment advisory account transactions and FCC serves as the custodian for all securities and cash held in client accounts.
- B. MGI may aggregate the purchase or sale of equities or ETF's for various client accounts at FCC if very large transactions are taking place over many different accounts and timing of orders allows for it. Because MGI does not process a large amount of equity transactions, aggregation of sporadic transactions is not available, which could cause a client to incur higher brokerage costs. The benefit of aggregating transactions to the client is the decrease in potential dispersion of returns amongst their accounts. No other security purchases or sells can be aggregated. For example, mutual fund buy and sell orders execute at the end of each trading day, receiving the closing NAV price of the funds. Therefore, all mutual fund buy and sell orders placed on a particular day automatically receive the same price, without the need for aggregation of accounts.

Item 13 - Review of Accounts

- A. MGI accounts are reviewed semi-annually at a minimum. Our investment advisory representatives are in charge of reviewing the current investment strategy, such as the client's asset allocation and the account's performance, making revisions as needed based on a client's changing circumstances and/or the current economic environment. The CCO reviews all client accounts reviewed by the investment advisory representatives, on a semiannual basis, once the investment advisory representative has completed their initial review.
- B. There are three main triggers that may cause a review to happen outside of its normal schedule:
- The first trigger is client specific. It is normally a liquidity event where the client is either requesting funds or depositing funds. In either case, an account review is performed in order to determine the best way to execute the client's wishes.
 - The second type of trigger is a function of the overall economy. As our outlook for various asset classes changes it triggers account reviews.
 - The third type of trigger is a function of a particular security in an account. As security specific issues arise, they cause account reviews for the affected accounts.

Clients may also request a review of their account at any time. Requests for review can be made by phone call, mail or e-mail. Requested reviews will be performed by the client's investment advisory representative.

- C. Clients may be given written reports quarterly, semi-annually or annually as determined by the client as detailed in their Investment Policy Statement for the MGI Elite Managed Portfolio program. The performance report package consists of:
- A Portfolio Overview;
 - An Allocation Summary;
 - An Allocation Detail report;
 - A Position Performance Summary; and
 - A Performance Summary

Account performance reports do not replace the account statements issued by FCC, the account custodian. FCC issues client statements no less than quarterly, to all MGI Elite Managed Portfolio program accounts.

Clients will be given written reports quarterly for all FCC managed programs. These are performance reports and do not replace the account statements issued by FCC, the account custodian. FCC issues client statements no less than quarterly to all FCC managed program accounts. Please refer to the FCC managed

program disclosure brochure applicable to the program the client is selecting, for the current listing of reports included with an FCC performance report. The FCC managed programs are:

MASTERS Program
Asset Advisor Program
FundSource Program
Custom Choice Program

Item 14 - Client Referrals and Other Compensation

MGI does not pay for or provide any other forms of compensation for client referrals.

Item 15 - Custody

MGI has no custody of ERISA plan assets. With respect to assets other than ERISA plan assets, it is MGI's intention to only have custody over such assets on a limited basis which would include:

- The ability to calculate and withdraw investment advisory fees from a client's account;
- The ability to accept checks made payable to MGI for deposit into a client's account;
- The ability to accept physical certificates for deposit into a client's account; and
- The ability to access direct instructions without written authorization to issue money funds from a client's account to the address of record.

FCC, as custodian, issues client statements no less than quarterly to all managed program accounts. Clients should carefully review these statements. MGI issues reports to clients quarterly, semi-annually or annually as described in Item 13c. We urge you to compare the statements received from MGI with the statements that are received from the custodian, FCC.

Item 16 - Investment Discretion

MGI has discretionary investment authority over some of the accounts we manage. Prior to assuming discretionary authority, for clients that would like to grant discretionary authority to MGI, clients are given a discretionary account agreement, a copy of MGI's current disclosure brochure ADV Part II. If discretionary authority is to be given to FCC for one of FCC's managed products such as the MASTERS program, clients are given a discretionary account agreement, a copy of MGI's current disclosure brochure ADV Part II and a copy of FCC's disclosure brochure for the FCC managed program if applicable. By signing the MGI discretionary account agreement or one of the FCC discretionary account agreements, clients grant MGI and/or FCC discretionary investment authority over their account.

There are not any explicit limitations on the discretion authority that MGI has to manage an account. However, each client's Investment Policy Statement or FCC managed account agreement lays out how an account will be managed. In this Investment Policy Statement or FCC managed account agreement, there are sections for specifically detailing any constraints that a client or account has. These types of constraints are handled on a case by case basis.

Clients should refer to the FCC disclosure brochure and managed program agreement for any explicit limitations on the discretion authority that FCC has to manage an account. Each client's managed account agreement lays out how the account will be managed. In this agreement, there are sections for specifically detailing any constraints that a client or account has. These types of constraints are handled on a case by case basis.

Item 17 - Voting Client Securities

- A. MGI has no responsibility for voting (or recommending how to vote) proxies for ERISA plan investments. For clients that are not ERISA Plan Clients, MGI will accept authority to vote client proxies if elected by the client. A client may contact us if they want to direct the vote of a specific proposal for their account. The client's request will only apply to their account. Proxies are voted in the client's best economic interest, when the responsibility for voting client proxies rests with MGI. If elected by the client, the investment advisory representative is responsible for voting client proxies. A client may contact MGI at any time to request a copy of a particular proxy voting record or for a copy of MGI's proxy voting policies and procedures.

Identifying Conflicts of Interest

MGI maintains a listing of all material business conflicts of interests - those business relationships between the firm and other parties that are deemed to be material and may result in a conflict with respect to a future proxy vote. MGI will maintain the list of material business conflicts and is responsible for ensuring the list is updated regularly.

MGI may encounter a material conflict in voting client proxies. MGI has a duty to recognize a material conflict and to resolve the conflict before voting the proxy. For purposes of this policy, material conflicts of interest are defined as those conflicts that, in the opinion of MGI, a reasonable investor would view as important in making a decision regarding how to vote a proxy.

Examples of material conflicts include:

- MGI provides investment management services to a company whose management is soliciting proxies; and
- An MGI employee has a business or personal relationship (such as a close friend or spouse) with a member of executive management, a participant in the proxy contest, or a corporate director of the company.

All employees are required to disclose all personal and/or family relationships that may present a material conflict of interest with respect to a future proxy vote. Employees who are unsure whether a relationship should be disclosed as a material conflict should consult the CCO for guidance.

Resolving Material Conflicts of Interest

Unless a client requests otherwise, MGI will take one of the following actions to ensure the proxy voting decision is based on the client's best interests and is not a result of the conflict:

- Engage an independent party to determine how to vote the proxy;
- Vote in proportion to other shareholders;
- Refer the proxy to the client or to a representative of the client for voting purposes; or
- Disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote.

- B. For the clients that do not elect to have MGI vote their proxies for them, proxy statement information is forwarded directly from FCC and/or the transfer agent to their address of record for the account. Clients who vote their own proxies may contact their investment advisory representative that handles their account at any time to ask questions regarding a proxy solicitation they have received.

Item 18 - Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. MGI has no financial commitment that impairs its ability to meet contractual commitments to our clients and has not been the subject of any bankruptcy proceedings.