

Martin & Company Investment Counsel

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This Brochure provides information about the qualifications and business practices of Martin & Company. If you have any questions about the contents of this Brochure, please contact us at (865) 541-4747. 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 & Company 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 Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Martin & Company also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This update includes changes that have occurred since the annual updating amendment of Form ADV filed in March 2019.

- Account Minimum Fee has been updated to \$5000.
- First Horizon National Bank has been updated to First Horizon Bank.

Currently, our Brochure can be requested by contacting Jonathan Schwartz at 865-971-2659 or by email [jschwartz@ftbadvisors.com](mailto:jschwartz@ftbadvisors.com) and will be provided free of charge.

Additional information about Martin & Company 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 Martin & Company who are registered, or are required to be registered, as investment adviser representatives of Martin & Company.

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## Item 4 – Advisory Business

Martin & Company was founded in 1989 by A. David Martin. Beginning January 1, 1998, Martin & Company became a wholly-owned subsidiary of First Horizon National Corporation, a publicly held financial holding company.

Martin & Company provides investment supervisory services on a discretionary basis to pension and profit sharing plans, endowments, foundations, educational institutions, corporations, financial institutions, collective investment trusts, governmental agencies and individuals. Investments are specifically chosen to meet each client's particular needs (such as risk aversion, tax considerations and overall investment goals) and include, among others, corporate and government bonds, tax-exempt bonds, common stock and other equity securities, and ETFs representing various domestic and international fixed income and equity markets. Clients can impose restrictions on investing in certain securities or types of securities. Client communication is frequent and a statement of assets under management is furnished on a quarterly basis, or as otherwise agreed to by the client and Martin & Company.

As of December 31, 2019, Martin & Company managed a total of \$1,475,122,869 in client assets. All assets were managed on a discretionary basis.

## Item 5 – Fees and Compensation

Fees are billed and payable at the end of each calendar quarter based on the then current value of the account assets. Fees are negotiable, depending on the particular requirements and circumstances of an account. A client can choose whether to have fees deducted from their account or receive an invoice for fees. Advisory contracts are subject to cancellation by either party upon 30 days prior written notice, with fees prorated through the date of cancellation. The annual fee schedule for investment supervisory services, by account type, is as follows:

Assets in Account	Equity or Balanced Accounts	Small-Cap or Custom Equity Accounts	Fixed Income Accounts
First \$1 Million	1.00%	1.00%	0.50%
Next \$4 Million	0.75%	1.00%	0.50%
Next \$5 Million	0.50%	0.65%	0.25%
Over \$10 Million	0.25%	0.65%	0.25%

MINIMUM ANNUAL FEE IS \$5,000

Martin & Company's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses incurred by the client. Clients incur certain charges imposed by custodians, brokers and other third parties such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Martin & Company's fee. Martin & Company does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Martin & Company considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Martin & Company 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 & Company provides investment supervisory services to pension and profit sharing plans, endowments, foundations, educational institutions, corporations, financial institutions, collective investment trusts, governmental agencies and individuals. The minimum size for new accounts is \$2.5 million, although this minimum is subject to negotiation.

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

### **PRINCIPAL INVESTMENT STRATEGIES**

Martin & Company offers discretionary investment strategies for equity, fixed income, and balanced accounts.

Equity strategies include the Martin Equity Strategy (primarily invested in a diversified portfolio of U.S. equity securities and/or ETFs that represent the broad U.S. equity markets and ETFs that represent the international equity markets) and the Martin Small-Cap

Strategy (primarily invested in a diversified portfolio of U.S. equity securities made up of companies with small market capitalizations). Portfolio turnover is relatively low.

Fixed Income strategies include investments in corporate fixed income securities, municipal fixed income securities, ETFs, treasury, and agency securities. Portfolios will tend to be focused on high quality, investment grade fixed income securities and ETFs with an intermediate maturity range. Investments may also be made in ETFs comprised of fixed income securities representing lower than investment grade fixed income markets and/or international fixed income markets.

Balanced account management includes a mixture of equity and fixed income strategies. Appropriate allocation between the asset classes is determined by client objective and risk tolerance.

## **PRINCIPAL RISKS OF INVESTING**

You could lose money by investing in the above investment strategies and the strategies could underperform other investments. You should expect your total return to fluctuate within a wide range. Your investment performance could be hurt by:

***Issuer/Credit Risk:*** Securities or ETF's held can decline in value because of changes in the financial condition of, or other events affecting, the issuers of these securities or the securities held in the ETF. Investment in municipal or corporate fixed income securities is particularly subject to this type of risk.

***Interest Rate Risk:*** You don't have to buy bonds directly from the issuer and hold them until maturity. Instead, bonds can be bought from and sold to other investors on what's called the secondary market. Bond prices on the secondary market can be higher or lower than the face value of the bond depending on the economic environment and market conditions—both of which can be affected significantly by a change in interest rates. If interest rates rise, bond prices usually decline. That's because new bonds are likely to be issued with higher yields as interest rates increase, making the old or outstanding bonds less attractive. If interest rates decline, however, bond prices usually increase, which means an investor can sometimes sell a bond for more than face value, since other investors are willing to pay a premium for a bond with a higher interest payment, also known as a coupon.

***Management Risk:*** Martin & Company's opinion about the intrinsic worth of a company or security or an ETF invested in companies or securities may be incorrect; Martin &

Company may not make timely purchases or sales of securities; and the investment objective may not be achieved.

**Equity Risk:** Equity securities or ETF's invested in equity securities generally have greater price volatility than fixed income securities. Investment in small-capitalization companies are particularly subject to this type of risk.

**Market Risk:** Equity prices can decline over short or extended periods due to general market conditions.

**Liquidity Risk:** Martin & Company may not be able to sell a security or ETF in a timely manner or at desired prices.

**Non-U.S. Issuer Risk:** Foreign securities or ETF's invested in foreign securities may decline in value because of political, economic, or market instability; the absence of accurate information about foreign companies; risks of internal and external conflicts; or unfavorable government actions, including expropriation and nationalization. Non-U.S. securities and EFT's invested in non U.S. securities are sometimes less liquid, more volatile, and harder to value than securities of U.S. issuers. Lack of uniform accounting, auditing, and financial reporting standards, with less governmental regulation and oversight than U.S. companies, increases risk. Some countries have different legal systems that make it difficult to vote proxies, exercise shareholder rights, and pursue legal remedies with respect to investments. These risks may be higher when investing in emerging markets companies. Certain of these risks also apply to securities of U.S. companies with significant foreign operations.

**Investment in the above strategies is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Investing in securities involves risk of loss that clients should be prepared to bear.**

## **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 the adviser and its investment staff or the integrity of the adviser's management. Martin & Company has no information applicable to this Item.

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

First Horizon Bank (“FHB”), a wholly owned subsidiary of First Horizon National Corporation, and state chartered in Tennessee, is a full service bank engaged in traditional lending, cash and/or treasury management and other services. Martin & Company is also a wholly-owned subsidiary of First Horizon National Corporation.

FHB, through its trust division, offers banking and trust services, including investment and wealth management services. Martin & Company provides investment advisory services to FHB. FHB also provides custody and administrative services to some of Martin & Company’s clients pursuant to separate agreements with the clients. To alleviate any potential conflicts of interest, Martin & Company executes trades with unaffiliated brokers. The trades are placed in random order as described in Item 12.

Martin & Company employees can invest in investment clubs, partnerships, and limited liability companies, so long as those activities are in compliance with the Code and applicable laws and are not harmful to advisory clients.

## **Item 11 – Code of Ethics**

Martin & Company does not purchase or sell, for itself, securities that are recommended to clients. Any such transactions by its individual officers or employees are subject to Martin & Company's Code of Ethics (the “Code”) which is based on general fiduciary principles, including that, at all times, the interests of clients will take precedence over personal interests. The Code applies specifically to the purchase and sale of stock or other securities that are owned, purchased or sold by the advisory accounts of clients of Martin & Company.

Subject to satisfying the Code and applicable laws, officers, directors and employees of Martin & Company and its affiliates trade for their own accounts in securities which are recommended to and/or purchased for Martin & Company’s clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Martin & Company will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Martin & Company’s clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading that could harm client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held



by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between Martin & Company and its clients.

Martin & Company's clients or prospective clients may request, without charge, a copy of the firm's Code of Ethics by contacting Jonathan Schwartz at 865-971-2659 or by email [jschwartz@ftbadvisors.com](mailto:jschwartz@ftbadvisors.com).

It is Martin & Company's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. (Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.)

### **ERISA Assets**

Our firm and our advisors give advice on ERISA accounts that is in our clients' best interest and charge no more than reasonable compensation (within the meaning of ERISA Section 408(b)(2) and Internal Revenue Code Section 4975(d)(2)).

## **Item 12 – Brokerage Practices**

The securities of Martin & Company's parent corporation, First Horizon National Corporation, are not eligible for purchase in client accounts. No recommendations to buy First Horizon National Corporation securities are made. However, ETFs may include investments in First Horizon National Corporation. Clients which hold First Horizon National Corporation's securities in their portfolios are charged fees for management of such securities.

Many of Martin & Company's clients have established relationships with particular brokers or brokerage firms when they have become advisory clients. Clients can use the investment consulting services of brokers and brokerage firms for the purpose of manager evaluation, asset allocation advice, establishment of objectives and risk parameters, performance monitoring, participation in account review meetings and other related services. In addition, the brokerage firm may also provide custody of client assets. In these circumstances, the negotiation of brokerage fees is typically a matter of negotiation between the client and its broker. The execution costs on such client directed accounts can be higher than would be the case absent client direction.

If a client chooses to direct its brokerage to a broker other than brokers through which Martin & Company executes orders for its other clients, the client would forego any benefit from savings on execution costs that Martin & Company could obtain for its other clients through, for example, negotiating volume discounts on batched orders. In addition, certain fixed income securities which Martin & Company may purchase on behalf of its other clients may be unavailable for purchase through the directed broker. Upon the request of a client, Martin & Company will negotiate with brokers used by client directed accounts.

If a client or prospective client has no established relationship with a broker, Martin & Company will, at the request of the client, recommend a broker to act as custodian of the client's account assets and negotiate a level of brokerage fees based on the services rendered to the client. In some cases, Martin & Company may recommend a broker through whom Martin & Company receives client referrals. In these cases, Martin & Company has a financial incentive in making the recommendation based on an interest in receiving future referrals rather than a client's interest in receiving the most favorable execution.

In the absence of directions from clients, Martin & Company endeavors to obtain the best overall execution for each client in each trade. In addition to the level of commissions, factors considered include, among others, the actual handling of the order by the broker, the ability of the broker to settle the trade promptly and accurately, the financial standing of the broker, the ability of the broker dealer to position stock to facilitate execution, and other factors that may be unique to a particular broker.

While a lower "per share" commission might be available for any given trade, Martin & Company believes that all relevant factors must be considered, rather than just the level of the per share commission. In certain cases, brokerage commissions also vary with the size of the transaction executed on behalf of particular accounts.

If the foregoing criteria for best execution are met, then a broker's provision of useful research services is viewed as a "plus" factor. Brokers provide research services in the form of research reports on economic trends, industries and individual securities. These research services can be both proprietary to the brokerage firm or they can be provided by third-parties. Martin & Company can pay a broker who provides research services commissions that are higher than another broker might have charged, but that ordinarily will not be higher than the generally prevailing rates, if Martin & Company determines in good faith that the commissions are reasonable in relation to the research services provided. Receiving these research services could be financially beneficial to Martin & Company because Martin & Company might otherwise have to pay for the research services with its own resources. Therefore, Martin & Company has a financial incentive to select a broker providing research services that is in conflict with its clients' interest in receiving the most favorable execution. Any research services provided typically benefit several accounts, rather than only the account for which the order is being executed. Martin & Company does not attempt to allocate proportionately the benefit of research services to

the clients who are paying for the research through commissions charged for execution of their trades.

In the absence of directions from clients, Martin & Company seeks to obtain more favorable commission rates through blocking the securities trades of several clients together. In those cases, clients receive the average price of the blocked trade for their respective accounts. However, due to such factors as differing commission schedules and/or minimum ticket fees among clients, the fully priced securities trades vary between clients. In the unlikely event of a partially filled block trade, securities will be allocated to client accounts on a pro rata or random, computer-generated basis and the unfilled trades will be executed as soon thereafter as is practicable.

When placing securities trades for numerous client accounts, Martin & Company has a policy of doing so in random order. This policy is to ensure that all clients are treated fairly over time and that all trades are placed in a fair and systematic manner, avoiding favoring one client over another.

### **Item 13 – Review of Accounts**

Portfolio managers are assigned to each account, having responsibility for continual review of the account and monitoring its consistency with a statement of objectives/guidelines assigned by the client. Assigned account loads, on average, do not exceed 35 clients per portfolio manager. Factors which trigger review include the decision to purchase or sell a particular security, balancing gains and losses for tax purposes, raising or lowering cash reserves, raising cash for distribution, investing new cash contributions, altering asset mixes as market conditions dictate and making needed adjustments to reflect changes in a client's circumstances.

Martin & Company generally provides written reports to clients on a quarterly basis. The quarterly reports will include an asset statement, a transaction statement (indicating gains and losses) and an investment commentary. Upon request of a client, other performance summaries will be provided.

The frequency and specific characteristics of client reporting will be established on a client-by-client basis and may occur less frequently than quarterly and be more limited in scope than what is outlined above.

Please refer to the comments in Item 15 concerning reports provided to clients by their custodians.

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

In the absence of instructions to the contrary from the client, Martin & Company directs trades through the referring broker. Because the potential for conflict of interest arises in connection with referrals and directed brokerage practices, Martin & Company believes that the best protection it can offer its clients is its basic commitment to the best interests of its clients and its consideration of the factors described in response to Item 12 above in directing trades to brokers.

Employees of Martin & Company receive compensation in addition to the employee's regular salary for obtaining clients for the firm.

If a client is introduced to Martin & Company by a solicitor, Martin will pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Martin & Company's investment management fee and does not result in any additional charge to the client. If the client is introduced to Martin & Company by a solicitor, the solicitor or advisor shall provide the client with a copy of Martin & Company's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation.

## **Item 15 – Custody**

Martin & Company does not maintain custody of client funds and/or securities except to the extent that the firm has authorized the custodian to directly debit fees for some client accounts for services rendered by Martin & Company.

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 & Company urges clients to carefully review such statements and compare such official custodial records to the account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

Martin & Company usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Martin & Company observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Martin & Company in writing.

## **Item 17 – Voting Client Securities**

Martin & Company generally is given the authority to vote proxies on behalf of its clients under the terms of its Investment Management Agreement or pursuant to other specific delegation of this authority.

Although Martin can be delegated proxy voting authority for client accounts, clients always have the right to direct us to vote their own proxies in a particular manner. They can exercise this right by instructing us, in writing as noted above, as to how they want us to vote on a specific matter. When we accept proxy voting responsibility, we vote proxies in a manner that we have determined is in the best long-term interests of our clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a record of each vote cast, and a copy of each written client request for information on how Martin voted proxies. If our firm has a conflict of interest in voting a particular action, Martin will determine whether it is appropriate to disclose the conflict to the affected clients to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with our predetermined voting policy or receiving an independent third party voting recommendation.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make reasonable efforts to forward such notices in a timely manner.

To facilitate the proxy voting process, Martin & Company has retained the services of ProxyEdge. The services of ProxyEdge allow Martin & Company to track proxies, vote client proxies, and maintain records of how proxies were voted. Clients may obtain a copy of our complete proxy voting policies and procedures and information on how their shares were voted by contacting Jonathan Schwartz at 865-971-2659 or by email [jschwartz@ftbadvisors.com](mailto:jschwartz@ftbadvisors.com)

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Martin & Company 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.