

Form ADV Part 2A - Disclosure Brochure

January 6, 2021

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Item 1 - Cover Page

This Disclosure Brochure (“Brochure”) provides information about the qualifications and business practices of Marble Harbor Investment Counsel, LLC (“Marble Harbor”). If you have any questions about the contents of this Brochure, please contact Leslie A. Meinhart, Chief Compliance Officer, at 617-956-6710 or lmeinhart@marbleharboric.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Marble Harbor is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information from which you determine to hire or retain an investment adviser.

Additional information about Marble Harbor is available via the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Marble Harbor’s CRD number is 138538.

The SEC’s web site also provides information about any persons affiliated with Marble Harbor who are registered, or are required to be registered, as investment adviser representatives of Marble Harbor.



Item 2 - Material Changes

This Brochure replaces our previous Brochure dated March 27, 2020. This section summarizes only the material changes to our Brochure and does not describe all the changes made in this Brochure.

No material changes have been made to the previous Brochure dated March 27, 2020.

Availability of Full Brochure

A copy of our Brochure may be requested, without charge, by contacting Leslie Meinhart, at lmeinhart@marbleharboric.com or 617-956-6710.

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Item 4 - Advisory Business

Marble Harbor was founded in November 2005 by Managing Member and Principal Owner, Paul R. Davis. Marble Harbor is wholly owned by five members: four current employees and one retiree of Marble Harbor.

Marble Harbor provides continuous investment advisory services to our clients based on their individual needs. We work closely with each client to become and remain familiar with the client's financial circumstances, investment objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. In addition, we ask our clients to promptly notify us in writing of any material changes to their financial condition including, but not limited to investment objectives, risk tolerance, investment time horizon, net worth and annual income. Please see *Item 7-Types of Clients* for further information regarding Marble Harbor's clients.

Marble Harbor also provides investment advisory services to MHIC Devereux Partners, LLC, MHIC Glover Partners, LLC, MHIC Fort Sewall Partners, LLC and MHIC Ventures I, LLC (together, the "Private Funds").

Typically, Marble Harbor advises client portfolios on a discretionary basis, although some client portfolios may be on a non-discretionary basis.

Account supervision is guided by the client's individual needs, stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations and risk tolerance. Each client is required to enter into an Investment Advisory Agreement with Marble Harbor (the "Advisory Agreement") that describes the overall terms of the advisory relationship. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service and generally will include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange-traded funds
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests

Because all the above referenced investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for

risk, liquidity, suitability and eligibility. Investing in securities involves risk of loss that all clients should understand and be prepared to bear.

We may also recommend to appropriate advisory clients:

- Investments in private placement offerings and/or limited investment partnerships (i.e., hedge funds and venture capital funds); and/or
- Other pooled investment vehicles including those organized and sponsored by Marble Harbor.

Investments in these types of private investment vehicles:

- Are not registered with or regulated by the SEC.
- Are available only to clients that are deemed to be an “accredited investor” or a “qualified client” or a “qualified purchaser” in accordance with the requirements set forth in applicable laws, rules and regulations.
- Typically require investors to lock-up their assets for a period of time.
- Can have limited or no liquidity.
- Involve different risks than investing in registered funds and other publicly offered and traded securities.
- Are only recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability.
- Additional information about the fees related to such investments is included in the private offering documents provided to prospective investors.
- We rely on the evaluation and performance data provided directly from the private investment vehicles. Private investment vehicles are often delayed in providing us with this information, which will delay us in reporting this information to clients.

Please see *Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss* for further information regarding our investment strategies.

Marble Harbor is not a financial planner. We do not offer tax, insurance or legal advice, but will gladly work with a client’s tax, insurance, financial planning and/or legal advisor to discuss individual needs and develop investment recommendations.

Currently, Marble Harbor does not participate in any wrap fee programs.

Regulatory Assets Under Management (RAUM)

Marble Harbor’s regulatory assets under management as of December 31, 2019:

Discretionary RAUM:	\$840,488,525
Non-Discretionary RAUM:	\$8,790,706
Total RAUM:	\$849,279,231

Item 5 - Fees and Compensation

Account Management Fees: Marble Harbor's compensation for its investment advisory services is primarily based on an annual percentage of the market value of each client account's assets under management (a "management fee"). Typically, such management fee is calculated and payable each calendar quarter in arrears based on the market value of the managed assets as of the last day of the preceding calendar month. For new clients, the initial quarterly fee is pro-rated based on the date in which Marble Harbor starts managing the new account.

We do not ask or require our clients to pay fees in advance.

Unless otherwise specified in the client Advisory Agreement, fees for investment advisory services are based on the following standard annual fee schedule:

Assets Under Management	Annual Fee Rate
\$0-\$5,000,000	1.00 %
\$5,000,001-\$15,000,000	0.75%
\$15,000,001-\$25,000,000	0.60%
\$25,000,001-\$50,000,000	0.50%
Over \$50,000,000	0.40%

On a case-by-case basis, Marble Harbor determines an appropriate fee structure based on the size, complexity and investment objectives of the client's account. We may also charge a "flat" dollar fee. The terms and conditions of the fee structure are mutually agreed upon prior to entering into an Advisory Agreement. However, clients that invest in one or more of the Private Funds pay a performance-based fee ("an incentive fee") on the assets invested in the Private Fund.

Although we do not impose a minimum dollar value of assets under management for investment advisory accounts, we generally charge an annual minimum investment advisory fee of \$10,000 for each account (or group of related accounts).

Payment of Fees: Marble Harbor charges its advisory fees in accordance with each client's Advisory Agreement. A client may elect to be billed directly via written invoice, or may authorize us to directly debit fees from such client's qualified custodial account.

If a client authorizes Marble Harbor to directly debit advisory fees from such client's custodial account, it is the client's responsibility, not the qualified custodian, to verify that our fees were calculated correctly. The deduction of such fees will be reflected in the account statement sent by the qualified custodian directly to the client.

Marble Harbor relies on the custodians that hold client securities and/or a reliable third-party quotation service when determining the value of account assets. If the custodians and the pricing services can't provide a price, we will obtain a price on a best efforts basis.

Limited Negotiability of Advisory Fees: Although Marble Harbor has established the above fee schedule and minimum annual fees, it retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client's account, assets to be placed under

management, anticipated future additional assets, related accounts, portfolio style, account composition, reports, and among other factors. The specific annual fee schedule will be identified in each client's Advisory Agreement.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts are not generally available to our advisory clients but may be offered to family members and friends of associated persons of Marble Harbor.

Limited Prepayment of Fees: Marble Harbor does not require or solicit prepayment of more than \$1,200 in fees per client in advance of services rendered.

Termination of the Advisory Relationship: Either a client or Marble Harbor may terminate an Advisory Agreement at any time for any reason upon receipt of 60 days written notice or in accordance with other mutually agreed upon written terms. If Marble Harbor's services are terminated on a day other than the last day of the calendar quarter, the client will be charged a pro-rated fee to cover the period from the beginning of the calendar quarter through the date of termination.

Compensation is generally not payable in advance. However, if a client terminates its relationship with Marble Harbor, any prepaid, unearned compensation will be pro-rated to the date of the termination and promptly reimbursed. Marble Harbor does not impose any termination fees.

Additional Fees and Expenses

Mutual Fund Fees: As part of its investment advisory services to clients, Marble Harbor may invest or recommend that their clients invest in mutual funds and/or exchange-traded funds. Clients are advised that all fees paid to Marble Harbor for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, exchange-traded funds, money market funds, or closed-end funds ("Other Funds") to their respective shareholders; such fees and expenses are described in each Other Fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If an Other Fund also imposes sales charges, a client could pay an initial or deferred sales charge. Marble Harbor does not share in any portion of these fees or charges.

A client can invest in an Other Fund directly without Marble Harbor's services. In such case, Marble Harbor would not assist the client in determining which investment is most appropriate for each client. Accordingly, the client should review both the fees charged by an Other Fund and Marble Harbor's fees to fully understand the total amount of fees to be paid by such client.

Brokerage Fees and Custodial: Marble Harbor's management fees do not include brokerage commissions, transaction fees, and other costs associated with the execution of securities transactions which will be incurred by clients.

In addition, clients will 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. Such charges, fees and commissions are exclusive of and in addition to Marble Harbor's management fees. Marble Harbor

does not receive any portion of these commissions, fees and costs. For additional information, please see *Item 12 – Brokerage Practices*.

Private Fund Fees: Marble Harbor serves as the Manager of MHIC Venture Manager, LLC, a Massachusetts limited liability company (“MHIC Venture”). MHIC Venture serves as the Manager to the Private Funds, which are closed to new investors. Marble Harbor generally requires that all investors in the Private Funds are “accredited investors” as defined in Regulation D under the Securities Act of 1933, or “qualified clients” as defined under the Investment Advisers Act of 1940, or “qualified purchasers” as defined under the Investment Company Act of 1940.

MHIC Venture may receive incentive fees from investors in the Private Funds. The incentive fees are calculated based on a share of capital gains on or capital appreciation of the assets invested in each Private Fund. Such incentive fee is typically 20% of net profits. More information on fees, expenses and risks can be found in the offering materials for each Private Fund.

Clients who invest in a Private Fund are not charged a management fee. Rather, such clients are charged an incentive fee when there is a liquidity event (e.g., a sale or IPO).

Clients should be aware that a performance-based fee arrangement can create an incentive for Marble Harbor to recommend investments that are riskier or more speculative than those recommended under a different fee arrangement. Marble Harbor has procedures designed and implemented to (i) ensure that all clients are treated fairly and equally, and (ii) prevent potential conflicts with respect to allocations of investment opportunities among clients.

Please see *Item 10 -Other Financial Industry Activities and Affiliations* for additional information regarding the Private Funds.

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

As previously disclosed in *Item 5 - Fees and Compensation*, performance-based fees are limited to investors in our Private Funds. The Manager to the Private Funds, MHIC Venture may receive incentive fees from investors in the Private Funds, in accordance with the requirements set forth in applicable laws and regulations. The incentive fees are calculated based on a share of capital gains on or capital appreciation of the assets invested in each Private Fund. MHIC Venture’s incentive fee is typically 20% of net profits. More information on fees, expenses and risks can be found in the offering materials for each Private Fund.

Clients who invest in a Private Fund are not charged a management fee. Rather, such clients are charged an incentive fee when there is a liquidity event (e.g., a sale or IPO).

Clients should be aware that a performance-based fee arrangement can create an incentive for us to recommend investments that are riskier or more speculative than those recommended under a different fee arrangement. We have procedures designed and implemented to (i) ensure that all clients are treated fairly and equally, and (ii) prevent potential conflicts with respect to allocations of investment opportunities among clients.

Please see *Item 10 -Other Financial Industry Activities and Affiliations* for additional information regarding the Private Funds.

Item 7 - Types of Clients

Typically, Marble Harbor provides investment advisory services to the following types of clients:

- Individuals;
- Trusts and estates;
- Foundations, charitable organizations, and endowments;
- Corporations and other business entities; and
- Pooled investment vehicles.

Please see *Item 5 - Fees and Compensation* for information regarding minimum account size.

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

Methods of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Risks for All Forms of Analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that rate such securities, and other publicly available sources of information about such securities, provide accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Past performance is no guarantee of future results, and you can lose money on your investments.

Investment Strategies

Marble Harbor uses the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

Portfolios of individual equities are constructed primarily of U.S.-based companies that have the ability to sustain their growth. We are cognizant of the risk in overpaying for better-quality companies and so endeavor to initiate purchases at attractive valuations.

The companies in which we invest vary in size but are predominantly mid- and larger-sized companies. Portfolios are fairly concentrated, generally consisting of fewer than 40 companies.

Turnover in portfolios is generally less than 25% per year, as Marble Harbor has a long-term investment horizon.

Portfolios are constructed taking into account the overall risk and investment profile of the client.

Clients retain individual ownership of all securities and maintain them at a qualified custodian.

With respect to fixed income investing, Marble Harbor generally constructs portfolios of laddered bonds that are traded infrequently. By holding bonds to maturity, we avoid costly trading activity in inefficient bond markets. Bond maturities are usually ten years or less, and portfolios are constructed with securities that are judged by us to be high-quality credits. Marble Harbor has retained W.B. Smith & Company, a consulting firm that specializes in the evaluation and implementation of fixed income strategies to assist with portfolio management and trading.

When appropriate to the needs of a client, we may recommend the use of trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

Long-term purchases. Marble Harbor purchases securities with the idea of holding them in the client's account for one year or longer. Typically, this strategy is employed when Marble Harbor:

- Believes the securities to be currently undervalued; and/or
- Seeks exposure to a particular asset class over time, regardless of the current projection for such class.

A risk in a long-term purchase strategy is that, by holding a security for this length of time, we may not be able to take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we can make the decision to sell.

Short-term purchases. When utilizing this strategy, we may purchase securities with the idea of selling them within a relatively short time (typically one year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We may purchase securities with the idea of selling them very quickly (typically within 30 days or less); this is an attempt to take advantage of our predictions of brief price swings.

Short sales. We may borrow shares of a stock for a client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price; those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will decrease in price after we have borrowed the shares. If proven correct (and the stock price has gone down since the shares were purchased from the original owner), the client account realizes the profit.

Margin transactions. We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option writing. We may use options as an investment strategy. An option is a contract that gives the

buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative because it derives its value from an underlying asset.

Put writing. We may use put writing to either generate income or to attempt to purchase a security at a price lower than what is currently available in the market.

The two types of options are calls and puts:

- A call provides the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put provides the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We may also use options to speculate on the possibility of a sharp price swing and to “hedge” a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for a portfolio.

We may use “covered calls”, in which we sell an option on a security you own. In this strategy, you will receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a “spreading strategy”, in which we purchase two or more option contracts (for example, a call option that one buys and a call option that one sells) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

We may use other option strategies or combinations thereof, as appropriate.

Cash Balances. We generally invest client’s cash balances in money market funds.

Alternative Investments

Only eligible clients may invest in alternative investments in pooled investment vehicles such as private equity or hedge funds. These types of investments generally have a higher level of risk due to their concentrated nature, lack of liquidity, and other reasons. Before investing in an alternative investment for a client, Marble Harbor will require the client to provide representations establishing that the client is an “accredited investor” or a “qualified client” or a “qualified purchaser”. Marble Harbor will rely on the accuracy of a client’s representations in making corresponding representations about the client. The client is responsible for promptly informing Marble Harbor should its representations become inaccurate.

Risk of Loss

These investment strategies carry different levels of risk. Investing in any securities involves risk of loss that a client should understand and be prepared to bear. You can experience loss of principal (i.e., invested amount) and any profits that have been realized (i.e., securities that were not sold to “lock in” any profit). Your account could decline in value. Markets can be volatile, and prices of stocks, bonds, commodities and other investments can fluctuate substantially over any given time.

Other factors such as economic conditions, government regulations, domestic and foreign political events, market sentiment, and technological and environmental issues also can affect the performance of your investments. Additionally, the occurrence of a natural disaster or epidemic could adversely affect and severely disrupt the business operations, economies and financial markets of many countries (even beyond the site of the natural disaster or epidemic) and could adversely affect Marble Harbor's investment program or its ability to do business. As a result, there is a risk of loss of the assets we manage that may be out of our control. We cannot guarantee any level of performance or that you will not experience a loss of your account assets. Past investment performance cannot be taken to guarantee future results of any account.

The above risk factors are not a complete list or explanation of the risks involved in an investment. For more information on the risks associated with any particular type of investment, analysis method or investment approach please contact your investment counselor at Marble Harbor.

Item 9 - Disciplinary Information

Marble Harbor and its employees have no reportable legal or disciplinary events to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

Marble Harbor is under common ownership and is the Manager of MHIC Venture.

MHIC Venture serves as the Manager of the Private Funds.

Marble Harbor's employees may also be members of the Private Funds.

As appropriate, eligible clients may be solicited to invest in such Private Funds. Related persons of Marble Harbor do not receive investment advisory compensation in relation to these investments.

Because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

Related persons of Marble Harbor may spend as much as 5% of their time on these related activities.

If deemed constructive towards realizing the best investment outcome, employees of Marble Harbor may serve as a director of an underlying company in one or several of the Private Funds. Marble Harbor's Code of Ethics and Inside Information Statement (the "Code of Ethics") addresses the potential risk of such person obtaining material non-public information in his/her role as director of an underlying company.

No client is obligated to invest in the Private Funds or any other Marble Harbor sponsored investment vehicle.

The information contained in this Brochure does not constitute an offer to sell or the solicitation of an offer to invest in any of the Private Funds. Such an offer may be made only by means of the respective Private Fund's offering documents and only in those

jurisdictions where permitted by law. Such offering documents contain information specific to the respective Private Funds, risks, fees and expenses, and among other things.

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

Marble Harbor has adopted a Code of Ethics expressing its commitment to ethical conduct. The Code of Ethics describes Marble Harbor's fiduciary duties and responsibilities to its clients and includes provisions relating to the confidentiality of client personal information, procedures for personal trading activities of employees and prohibition on insider trading. Under the Code of Ethics, employees are subject to certain limitations and reporting regarding the receipt or giving of gifts and business entertainment, outside business activities and directorships, among other things.

Marble Harbor employees' may buy or sell securities for their personal accounts identical to or different than those recommended to clients. No person employed by Marble Harbor shall prefer his or her own interest to that of any client or make personal investment decisions based on the investment decisions for our clients.

To supervise compliance with the Code of Ethics, we require that all employees direct their broker(s) to supply to the Chief Compliance Officer with duplicate confirmations and periodic account statements for each employee's personal account.

Employees are required to disclose all personal reportable security transactions on a quarterly basis; to submit a security holdings report on an annual basis; and to certify annually that they have read and understand the Code of Ethics. Periodic training sessions on the Code of Ethics are held for all employees.

Among other things, the Code of Ethics also requires employees to pre-clear their personal transactions in covered securities prior to execution, except as specifically exempted under the Code of Ethics. In addition, employees must obtain prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

Marble Harbor desires that all individuals comply with all applicable Federal and State regulations governing our investment advisory practices.

The Code of Ethics further includes a policy prohibiting the use of material non-public information. All employees are reminded that such information cannot be used in a personal or professional capacity. Any individual not in observance of the above will be subject to discipline.

A copy of the Code of Ethics is available to existing advisory clients and prospective clients. To request a copy, please contact Leslie Meinhart at (617) 956-6710 or write to Marble Harbor, 101 Federal Street, Suite 2920, Boston, MA 02110.

Marble Harbor is under common ownership and serves as the Manager of MHIC Venture. MHIC Venture serves as the Manager of the Private Funds noted in *Item 10* above.

MHIC Venture has designated Marble Harbor as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, pertaining to the Private Funds. Marble Harbor and its employees will devote to the Private Funds as much time as it deems necessary and appropriate to manage the Private Funds' business. Marble Harbor

is not restricted from forming additional investment vehicles, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Private Funds and/or may involve substantial time and resources of Marble Harbor.

Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our investment personnel and employees will not be devoted exclusively to the business of our advisory accounts, but also, could be allocated between the businesses of the Private Funds and other Marble Harbor business activities.

Investments in the Private Funds may be recommended to advisory clients for whom private placements may be more suitable than would a separate advisory account managed by our firm.

The Private Funds are not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered.

MHIC Venture manages the Private Funds on a discretionary basis in accordance with the terms and conditions of the Private Funds' offering and organizational documents.

Item 12 - Brokerage Practices

Marble Harbor executes client transactions through either a broker-dealer that it selects, or a broker-dealer designated by the client. Generally, in the absence of specific instructions to the contrary, Marble Harbor has complete discretion with respect to client accounts without any limitations on its authority. This discretion includes the authority to buy or sell securities for client accounts and establish and effect securities transactions through accounts with broker-dealers selected by Marble Harbor without prior notice to the client. Clients may direct Marble Harbor to use one or more particular broker-dealers in managing their accounts. Clients should be aware that directing brokerage to a particular broker-dealer may involve disadvantages. Please see *Client Directed Brokerage* discussion below.

Best Execution

Marble Harbor uses its best efforts to obtain execution of securities transactions at prices that are advantageous to the client and a reasonable competitive commission rate. In choosing broker-dealers for execution of securities transactions, Marble Harbor considers various relevant factors, including without limitations, the size and type of the transactions, the nature and character of the market for the securities, the broker-dealer firm's financial stability, confidentiality, back office stability, trading desk capacities, referrals, custody, settlement, familiarity with derivative securities strategies and the overall value and quality of the services offered by the broker-dealer firm.

Client Directed Brokerage

Clients may come to Marble Harbor with an existing brokerage relationship and direct Marble Harbor to execute their trades with that particular broker-dealer ("directed brokerage"). Prior to Marble Harbor accepting directed brokerage instructions from a client, it must receive and approve an executed client directed brokerage letter from the client.

Marble Harbor expects each participating client to negotiate terms and arrangements for the account with the preferred broker-dealer. By using directed brokerage, a client may pay higher commission

rates or other transaction costs than would otherwise be the case. However, Marble Harbor reserves the right to negotiate commissions with other broker-dealers to achieve best execution.

Soft Dollars Arrangements

Currently, Marble Harbor does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. The term “soft dollar” generally refers to using brokerage commissions to pay for research services. If Marble Harbor uses soft dollars in the future, it will seek to comply with Section 28(e) of the Securities Exchange Act of 1934, which provides a “safe harbor” allowing investment advisers to choose brokers to execute client trades at a commission rate that is higher than lowest available.

Marble Harbor has established relationships with various broker-dealers through which it buys and sells securities for its clients. In connection with these brokerage relationships, Marble Harbor receives benefits, such as opportunities to attend industry conferences and educational meetings, access to analysts and corporate management teams, and research and research related emails and newsletters or third-party vendors. These benefits are not associated with soft dollar arrangements and do not affect the commissions or fees charged by a broker-dealer.

Trade Aggregation and Allocation

Marble Harbor will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow Marble Harbor to execute equity trades in a timelier, more equitable manner, at an average share price. Marble Harbor will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day.

Marble Harbor’s block trading policy and procedures are as follows:

- Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client’s Advisory Agreement with Marble Harbor, or Marble Harbor’s order allocation policy.
- A trader and/or investment counselor must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client’s investment objectives and with any investment guidelines or restrictions applicable to the client’s account.
- A trader and/or investment counselor must reasonably believe that the order aggregation will benefit, and will enable Marble Harbor to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a “20-20 hindsight” perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, a trader and/or investment counselor identifies each client account participating in the order and the proposed allocation

of the order, upon completion, to those clients.

- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order. However, adjustments to this pro rata allocation may be made to participating client accounts. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive commission charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer promptly, as practicable.
- Marble Harbor's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- Funds and securities for aggregated orders are clearly identified on Marble Harbor's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- No client or account will be favored over another.

Trade Errors

We recognize that from time to time errors may occur while trading securities. As such, Marble Harbor will evaluate and correct any errors promptly. We will incur the costs associated with correcting an error (or to pass the costs onto the broker-dealer or other party responsible for the error); we do not charge the cost from corrective actions to the client.

Custodian Selection

Clients retain individual ownership of all assets and maintain them with qualified custodians, such as a bank or broker-dealer to hold, maintain control of and be responsible for safeguarding the client's assets.

We may recommend one or more custodians to the client, but the ultimate responsibility to select a custodian rests with the client. Once the client has selected a custodian, we may facilitate the account opening process. Marble Harbor is independently owned and operated and not affiliated with any custodian or broker-dealer.

Marble Harbor may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Marble Harbor recommends that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab.

Marble Harbor does not have a soft dollar agreement with Schwab. However, Schwab provides benefits as a result of Marble Harbor's relationship with Schwab Institutional. Schwab provides Marble Harbor with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions).

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Marble Harbor other products and services that benefit Marble Harbor, but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in maintaining and administering our clients' accounts, include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide pricing information and other market data; and facilitate payment of Marble Harbor's fees from its clients' accounts. In addition, these services may include educational events and publications that may benefit Marble Harbor.

Marble Harbor has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with its affiliates, "Fidelity") through which Fidelity provides Marble Harbor with "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Marble Harbor in conducting business and in serving the best interests of its clients.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Marble Harbor to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

Neither Schwab nor Fidelity or any other broker-dealer refers clients to Marble Harbor.

Item 13 - Review of Accounts

Investment advisory accounts are monitored on a continuous basis. Reviews of these accounts are conducted at least quarterly by a client's investment counselor.

Marble Harbor's investment counselors are listed below:

- Paul R. Davis, Managing Member and Chief Investment Officer
- Lawrence J. Harrington
- P. Eric Robb, Member
- Daniel J. Rosenblatt, Member

Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Specific client-imposed restrictions are reviewed periodically.

As the client's investment objectives, goals, needs or financial situation changes, the client must notify us promptly.

We provide clients with quarterly appraisals summarizing their account balances, holdings, asset allocation, transactions and market commentary. At least annually, we provide clients with account performance information with a reference to a relevant market index or benchmark. Other reports or statements may be prepared to meet specific client requests from time to time. Investment counselors may discuss and review a client's account in person, by email, telephone, or in writing, as needed. The frequency of contact may be different for each client.

All Marble Harbor client accounts are maintained with a custodian that provides monthly or quarterly account statements directly to the client and/or to a selected independent representative as instructed by the client. Client account statements received by the custodian is the official record of the client account and assets contained in it. Please also see *Item 15 – Custody for additional information*.

Item 14 - Client Referrals and Other Compensation

Other than that, already described in this Brochure, Marble Harbor does not receive any additional compensation from third parties for providing investment advice to its clients.

Solicitor Arrangements – Affiliated Solicitor

In certain circumstances, and in accordance with applicable law, Marble Harbor will compensate its employees for their efforts in developing new client relationships. Compensation paid to these employees does not affect the advisory fee paid by a client.

Solicitor Arrangements – Unaffiliated Solicitor

In accordance with applicable law, Marble Harbor has a referral arrangement in place with an unaffiliated individual that acts as a solicitor and may from time to time refer prospective clients to Marble Harbor. For each referred prospect who becomes a client of Marble Harbor, we will compensate the solicitor a portion of the investment management fees collected for a fixed period of time. Marble Harbor may also enter into other referral arrangements with unaffiliated parties to refer prospective clients to Marble Harbor.

Payment of Referral Fees

Payment of referral fees for prospective client referrals creates a potential conflict of interest to the extent that such a referral is not unbiased, and the solicitor is, at least partially, motivated by

financial gain. As these situations represent a conflict of interest, we have established the following controls in order to ensure our fiduciary responsibilities:

- All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, and any corresponding state securities law requirements.
- Any such referral fee will be paid solely from our investment management fee, and will not result in any additional charges or increase fees to the client.
- If the client is introduced to us by an unaffiliated solicitor, the solicitor will provide each prospective client with a copy of our Disclosure Brochure, together with a written disclosure statement disclosing the terms of the solicitation arrangement between our firm and the solicitor, including the compensation to be received by the solicitor from us; and
- All referred clients will be carefully screened to ensure that our fees, services, and investment strategies are suitable to their investment needs and objectives.

Item 15 - Custody

Marble Harbor does not maintain or accept actual custody of client funds and securities. Client account assets are maintained with a qualified custodian, such as a bank or broker-dealer to hold and safeguard client assets under a separate agreement.

The SEC considers Marble Harbor to have custody of your assets (a) when you authorize us in writing to instruct your custodian to deduct our investment advisory fees directly from your custodial account; (b) when you provide us with written standing third-party money movement instructions giving us the ability to direct your custodian to transfer money on your behalf from your custodial account; (c) when you provide us with written standing first-party wire instructions to direct your custodian to wire money on your behalf from your custodial account to a different financial institution (i.e., your bank account); or (d) when a Marble Harbor employee serves as trustee for your trust account, or where we have similar authority with respect to client assets.

In addition, Marble Harbor, as Manager of MHIC Venture, is deemed to have custody of the assets of the Private Funds described above in *Item 10 - Other Financial Industry Activities and Affiliations*.

Marble Harbor has engaged an independent public accounting firm to conduct an annual surprise examination of client assets subject to Rule 206(4)-2 of the Investment Advisers Act. Marble Harbor provides additional disclosure regarding custody of client assets in its Form ADV Part 1 filing with the SEC.

Custodians are typically selected by clients. Although, if requested by a client, we will recommend an appropriate qualified custodian based on the type of custody service that meets a client's specific needs. Marble Harbor is not a qualified custodian.

Clients (and/or their selected independent representative) should receive statements directly from their qualified custodian detailing all assets and transactions in their accounts at least quarterly. The statements from the custodian are the official record of client accounts. We ask clients to promptly

notify us if their custodian fails to provide them with statements.

In addition to the periodic statements that clients receive from their custodians, we also send account appraisals directly to our clients on a quarterly basis. We urge our clients to carefully review the statements provided by the qualified custodian and compare them to the account appraisals provided by Marble Harbor. The information in our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

We previously disclosed in *Item 5 - Fees and Compensation* that we may directly debit advisory fees from our clients' accounts, when so authorized by clients. As part of our billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. Because the custodian does not calculate the amount of our advisory fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us if they believe that there may be an error in their statement.

Item 16 - Investment Discretion

Clients typically hire Marble Harbor to provide discretionary investment advisory services, in which case Marble Harbor places trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without prior approval from the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

Clients give us full authority to manage their accounts when they sign a discretionary Advisory Agreement with Marble Harbor. Clients may limit this authority by giving us written investment guidelines and restrictions. Clients may also change/amend such limitations by providing us with written instructions to do so. In all cases, however, Marble Harbor's discretionary authority is to be exercised in a manner consistent with its fiduciary duty and the stated investment objectives for each client account. Clients should promptly communicate any changes in their investment objectives to Marble Harbor.

For some clients, we may manage their accounts on a non-discretionary basis when they sign a non-discretionary Advisory Agreement. In these circumstances, client approval is required before a trade may be placed, which can affect the timing of the transaction.

Item 17 - Voting Client Securities

Marble Harbor has adopted policies and procedures reasonably designed to ensure that proxies are voted in its clients' best interests and in accordance with its fiduciary duties and SEC rules. Proxy voting decisions will be made according to guidelines that we believe protect the economic interests of our clients while considering both short and long-term implications.

Additionally, Marble Harbor has adopted procedures to resolve cases where it or its employees have a material conflict of interest with the issuer of a proxy proposal.

Pursuant to Marble Harbor's Advisory Agreement, Marble Harbor may exercise voting authority related to investments held in your account. Alternatively, you can retain the right to vote proxies yourself. You can exercise such right by instructing us in writing to not vote proxies in your account. Your account custodian should be directed to mail you or your designated representative any proxy materials received by it.

We have engaged Broadridge Investor Communication Solutions, Inc. ("Broadridge"), an independent proxy voting service firm, to assist with the analysis, voting and record keeping of proxy ballots in accordance with general guidelines approved by Marble Harbor. Broadridge provides independent assessment and recommendations with regard to proxy items for securities held in clients' accounts.

Clients may obtain a copy of our Proxy Voting Policy and information about how we voted proxies related to their securities, free of charge, by contacting Lawrence J. Harrington at Marble Harbor Investment Counsel, 101 Federal Street, Suite 2920, Boston, MA 02110, or by calling 617-956-6710.

Unless we otherwise agree in writing, we will not take any action on behalf of a client in any legal proceedings, including, but not limited to, bankruptcies or class actions, involving securities held in or formerly held in client's account or the issuers of those securities. Accordingly, we will not be responsible for responding to or forwarding to clients any class action settlement offers relating to securities currently or previously held in client account.

Item 18 - Financial Information

Marble Harbor does not require or solicit prepayment of any fees in advance. Marble Harbor is not subject to any financial condition that would impair its ability to meet its contractual and fiduciary commitments to its clients, and has never been the subject of a bankruptcy petition or proceeding.