



## Form ADV Part 2A

March 7, 2023

### Beck, Mack & Oliver LLC

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*This Brochure provides information about the qualifications and business practices of Beck, Mack & Oliver LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 661-2640 or [m.deleon@beckmack.com](mailto:m.deleon@beckmack.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Beck, Mack & Oliver LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Beck, Mack & Oliver LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Material Changes

This Item requires us to summarize any material changes to our Form ADV Part 2A since our last annual update on February 14, 2022.

Beck, Mack & Oliver LLC routinely makes changes throughout its Brochure in efforts to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices. We have summarized our changes to the current Form ADV Part 2A below:

Since the most recent update to its Brochure, dated February 14, 2022, Beck, Mack and Oliver LLC has not made any other material changes to its Brochure.

The annual update includes routine annual updating changes, certain enhanced disclosures, and updated regulatory assets under management. Except as otherwise specified, all information set forth or referenced in this Brochure is as of the date hereof. Subject to the requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and other applicable laws, Beck, Mack & Oliver LLC is under no obligation to update any such information. We encourage all recipients to read this Brochure carefully in its entirety.

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A copy of our complete Brochure may be requested by contacting your portfolio manager or portfolio administrator at (212) 661-2640.

Additional information about Beck, Mack & Oliver LLC 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 Beck, Mack & Oliver LLC who are registered, or are required to be registered, as investment adviser representatives of Beck, Mack & Oliver LLC.

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#### Item 4 – Advisory Business

Beck, Mack & Oliver LLC (“BM&O” or the “Firm”) was founded in 1931 by T. Edmund Beck and Lewis Mack, who were joined later that year by R. Grant Oliver. As a SEC-Registered Investment Adviser, the Firm provides asset management services to individual and institutional clients primarily through separately managed accounts. Since inception, BM&O has been led by a team of veteran equity managers that is dedicated to process-driven investment performance and a sound, value-based investment discipline, and strives to achieve competitive risk-adjusted returns. The Firm today is comprised of approximately 20 professionals including the six members of the Firm (“Members”). As of December 31, 2022, BM&O had approximately \$3.8 billion in assets under management on behalf of individuals, trusts, tax-exempt institutions, corporations, private funds, and the Beck, Mack & Oliver Partners Fund (BMPEX), all which accounted for approximately 345 client relationships.

BM&O has no direct or indirect affiliation with any broker, commercial bank, investment banking house or other organization giving investment advice or soliciting securities orders. The Firm is a limited liability company organized under the laws of New York; Robert C. Beck and John C. Ellis are Co-Managing Members of the Firm. Neither BM&O, nor any of its representatives, serve as an attorney, accountant, or insurance agent.

The Firm's central objective is to preserve and grow the purchasing power of client capital. Within the framework of the client's specific requirements, the Firm seeks to fulfill this objective by investing in the securities of corporations with sound, long-term fundamentals. Equity investments are made typically in financially strong companies which appear to have attractive prospects for growth in earnings and dividends. High-quality, fixed-income securities are used to provide a basic return. Portfolios are comprised primarily of publicly traded U.S. domestic securities as well as foreign securities. These securities include: exchange listed shares and shares traded over-the-counter, securities convertible into or exercisable for common stocks, preferred stocks, warrants, fixed, variable and floating rate bonds, U.S. Treasuries, and municipal bonds. Private securities are placed selectively in client portfolios from time to time when such securities are in line with a client's investment objectives and risk profile.

Separate account portfolios are customized for taxable and tax-exempt investors. The structure of each portfolio is determined according to the specific objectives and risk tolerance of the client. BM&O manages the investment and reinvestment of the client's assets including making decisions with respect to all purchases and sales and other transactions of securities. Most accounts are discretionary. Having full discretion means that the authority to effect transactions without prior client approval is delegated to the Firm. Consequently, particular emphasis is placed on defining and understanding the client's objectives and needs at the onset of a relationship and thereafter on an ongoing basis.

Investment strategies for each client are developed after completing an examination of the client's financial condition as well as the client's investment objectives. Securities in which an account is invested can be restricted by the client by sector, industry, or company, or by type of security should a client want or need to do so for any reason; such restrictions are either incorporated into the investment policy statement for the account or indicated separately in writing to the Firm. Typically, a taxable account strategy encompasses the purchases of marketable equity securities for long-term holding. Tax-free accounts, while generally seeking to invest for long range appreciation, can and do become involved with marketable equity security purchases of short-term potential. The Firm does not make short sales or utilize margin debt (unless specifically directed by the client), except for Beck Mack Limited Partnership ("BMLP") and ERB Value Partners LP ("ERBLP"), as discussed below. The Firm does not utilize options in any of its investment strategies except for BMLP and ERBLP. The Firm does not currently employ financial leverage in the management of assets except for BMLP and ERBLP. In as much as the Firm tries to remain current with regard to a client's financial situation, each client is advised that it remains the client's responsibility to promptly notify BM&O if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising BM&O's previous recommendations and/or services.

BM&O acts as investment adviser to the Beck, Mack & Oliver Partners Fund (the "Partners Fund"). The Partners Fund was established as part of the series of Forum Funds, a registered investment company under the Investment Company Act of 1940, as amended. The Partners Fund was converted from the BMO Partners Fund L.P. in December 2009 and seeks long-term capital appreciation consistent with the preservation of capital. The Partners Fund invests in a portfolio primarily of U.S. common stocks and securities convertible into or exercisable into common stocks, but may also invest in preferred stocks and fixed, variable, and floating rate fixed income securities. The Partners Fund is administered by independent third parties.

BM&O acts as investment manager to Beck Mack Limited Partnership ("BMLP"), and ERB Value Partners LP ("ERBLP"), both Delaware limited partnerships, whose general partner is Beck Mack GP, LLC and ERB Value Partners GP, LP respectively. The investment objective of BMLP and ERBLP is to preserve capital and achieve attractive absolute returns by employing a long-biased investment strategy primarily composed of the common stock of a limited number of U.S. companies. Unlike most of the Firm's separately managed accounts and the Partners Fund, BMLP's and ERBLP's portfolios are concentrated with a limited number of large positions. BMLP and ERBLP employ leverage on a selective basis. Additional information on both BMLP and ERBLP can be found in each LP's Private Placement Memorandum.

BM&O also acts as investment manager to Beck Mack Offshore Fund Ltd., ("BMLP Offshore") a Cayman Islands exempted company with unlimited duration incorporated

under the Companies Act (revised) of the Cayman Islands on December 6, 2021. BMLP Offshore commenced operations on January 1, 2022 and invests substantially all of its assets through a “master” fund structure in Beck Mack Limited Partnership, a Delaware, limited partnership that commenced operations in January 2015 (the “Master Fund or BMLP”). Notwithstanding the foregoing, the Fund is authorized to invest outside of the Master Fund, but does not presently or intend to do so. Generally, each investment vehicle, including BMLP Offshore, that invests in the Master Fund will indirectly share the administrative and other expenses of the Master Fund pro rata based on its interest in the Master Fund (which expenses may include expenses of the Fund and other investment vehicles that invest in the Master Fund).

BM&O acts as investment manager for various general partnerships formed pursuant to the Uniform Partnership Act of West Virginia, Chapter 47, Article 8A, West Virginia Code of 1931, as amended, whose assets are invested in unaffiliated private investment vehicles including private equity funds (“general partnerships”). The general partnerships are each established solely for the purpose of investing in a specific unaffiliated private investment vehicle. These general partnerships are illiquid and have investment time horizons over many years. At least one BM&O Member is a general partner and a direct investor in each of these general partnerships.

If a client is: (1) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (2) the beneficial owner of an IRA acting on behalf of the IRA; or, (3) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Code, then BM&O represents that it and its investment adviser representatives are fiduciaries under ERISA or the Code, or both, with respect to any investment advice provided by BM&O or its investment adviser representatives or with respect to any investment recommendations regarding a Plan or participant or beneficiary account.

A BM&O Member sits on the board of two publicly traded companies whose securities are held and traded in client accounts and held and traded in BM&O Member accounts. Due to this board service causing a conflict of interest and due to insider trading rules, these situations require additional compliance oversight. As a result of the BM&O Member’s board service, firm-wide trading for clients and BM&O Members and employees in these two securities are subject to restrictions, and black-out periods for those securities are enforced. Additional approvals are required to trade these securities outside of designated black-out periods. As of December 31, 2022, a BM&O Member held board positions at Enstar Group LTD (ESGR), and AgroFresh Solutions, Inc. (AGFS).

BM&O evaluates initial public offering investments in the same manner it assesses other equity investments – portfolio managers look for attractively priced shares of companies with high quality management, finances, and business prospects. Shares in initial public offerings are allocated to client accounts with regard to first, each client's risk tolerance, second, the appropriateness of the investment in a portfolio, and third, the

availability of funds to purchase shares in the equity portion of the account.

Client relationships may be terminated upon receipt by the Firm of written notification from the client. Any fees that have been pre-paid are refunded for the period beyond the date of termination.

As an investment adviser, the Firm has a duty to protect the privacy of client information. Confidential client information will not be disclosed to third parties except as necessary to provide the services that the client has requested or authorized. A copy of the Firm's privacy policy is available upon request.

BM&O understands the need for business continuity planning and the seriousness of business interruptions. Taking into account that business interruptions can occur in many forms, the Firm has designed a business continuity program that is flexible and robust enough to recover all of our key business functions on a timely basis. BM&O's data is backed-up daily at a third-party storage facility located in another state. In addition, the Firm maintains a business continuity program which includes (i) a strategic recovery plan, an incident response plan, (iii) a business recovery plan, and (iv) email availability services. The program is comprehensive and includes specific instructions for each segment of the business.

## Item 5 – Fees and Compensation

Fees for the Firm's portfolio management services are assessed based on the market value of the portfolio as computed periodically (either quarterly or semi-annually), as of the close of business on the last business day of the previous month. Clients are billed in advance of the period unless otherwise agreed. Clients may elect to be billed directly for fees or to authorize BM&O to directly debit fees from client accounts. Accounts initiated or terminated during a billing period will be charged a pro-rated fee. Upon termination of any account, any pre-paid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The Firm's standard fee schedule for SMAs is as follows:

| INVESTMENT ADVISORY FEE SCHEDULE (ANNUAL RATES)           |
|---|
| 1% of the first \$5,000,000 of market value, plus         |
| ¾ of 1% of the next \$5,000,000 of market value, plus     |
| ½ of 1% of the balance of the market value of the account |

The Firm aggregates family and related accounts for fee determination purposes. All fees are subject to negotiation. If an account's fee totals less than \$25 dollars for a given billing period (which can occur when an account holds only shares of the Partners Fund – (see description of the Firm's billing policy on those Funds below), the fee is automatically waived.

Some clients pay differing percentage fees:

- a. Members of family groups enjoy the advantage of pooling family account values for bill calculation purposes.
- b. Clients who became clients of the Firm under earlier fee arrangements benefit from this longer-term relationship, including minimum fee exclusions.

Fees received by the Firm for sub-advisory services will vary depending on the terms agreed upon at the start of the arrangement.

Pursuant to the investment advisory agreement BM&O has with the Partners Fund, BM&O is paid an annual advisory fee by such Fund of 1.00%. The advisory fee is accrued daily and is paid monthly based on the average daily net assets of the Partners Fund for the previous month. However, such fee is subject to an overall limitation of the Partners Fund's expense ratio of 1.00% so that the advisory fee paid by the Partners Fund is reduced to the extent the Partners Fund's operating expenses (excluding taxes, interest, portfolio transaction costs and extraordinary expenses) exceed 1.00% of the Partners Fund's average daily net assets. In the event assets in a client's account are invested in the shares of the Partners Fund, no SMA advisory fee is charged to the client with respect to such



assets, and BM&O's only compensation with respect to such assets is the advisory fee paid by the Partners Fund.

The Firm is retained as investment manager for the Beck, Mack Limited Partnership (BMLP), by Beck Mack GP, LLC pursuant to an investment management agreement. Beck Mack GP, LLC can earn performance-based fees. Under the terms of the Limited Partnership Agreement for BMLP, if in any fiscal year the net profits allocated to the capital account of a particular limited partner exceed a non-cumulative rate of 5% per annum, 20% of such net profits in excess of 5% per annum will be reallocated to the capital account of Beck Mack GP, LLC.

The Firm is retained as investment manager for ERB Value Partners LP, by ERB Value Partners GP, LLC pursuant to an investment management agreement and receives a management fee of 25 basis points annually. ERB Value Partners GP, LLC can earn performance-based fees. Under the terms of the Limited Partnership Agreement for ERBLP, if in any fiscal year the net profits allocated to the capital account of a particular limited partner exceed a non-cumulative rate of 4% per annum, 20% of such net profits in excess of 4% per annum will be reallocated to the capital account of ERB Value Partners GP, LLC.

The Firm invests certain clients' assets in private non-marketable securities of closely held corporations as well as in private partnerships that invest in energy, real estate, venture capital, private equity, and other strategies. In 2006, the Firm began charging an administrative expense fee on these private investments in the general partnerships for which it acts as investment manager of 0.50% on the amount of capital committed at the onset of each general partnership investment, and 0.10% annually thereafter on the net contributed capital in each general partnership investment. Such fees are charged only when the total investment commitment in the general partnership is over \$2.25 million. In addition to these BM&O administrative expenses, the general partnerships incur additional expenses such as accounting fees, legal fees, trust fees, and are subject to investment management and incentive fees charged by the underlying funds' investment managers.

Some clients of the Firm have interests in properties and corporations on which the Firm has not previously rendered advice, but which sometimes require analysis and, resulting therefrom, recommendations by the Firm to the client. On occasion, certain clients request that shares in specific initial public offerings or other securities be purchased for their account; the Firm may or may not be purchasing shares in the same issue for other clients. When directed by the client to purchase a security that is not directly followed by the Firm, BM&O has the option to classify that security "below-the-line" (meaning as unsupervised) for return and compensation purposes (meaning portfolio management fees are not charged on these assets and the performance of such assets is not factored into the performance of the account).

BM&O's investment management fees are exclusive of brokerage commissions, custodian fees, transaction fees, and other related costs and expenses that will be incurred by the client. Clients incur certain charges imposed by custodians, brokers, third-party financial advisers and other third parties such as custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management and administrative fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to BM&O's management fee, and BM&O shall not receive any portion of these commissions, fees, or costs.

Item 12 further describes the factors BM&O 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**

BM&O does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of an account) with the exception of incentive fees payable under the terms of the Limited Partnership Agreements for BMLP and ERBLP as described under Item 5. All other accounts managed by the Firm are charged asset-based fees. BM&O has adopted certain compliance procedures to ensure that BMLP and ERBLP are not favored over other managed accounts of the Firm such as in the placement or allocation of securities orders and investment opportunities. As of January 1, 2022, BM&O members, employees, and family members collectively represented ownership interests greater than 20% of the net assets of BMLP, and greater than 10% of the net assets of ERBLP. This level of ownership interest coupled with the potential to earn performance fees for these accounts, presents conflicts of interests. As a result, BMLP and ERBLP require additional monitoring by the BM&O compliance officer. It is BM&O's trading and allocation policy that BMLP and ERBLP are treated in line with respect to other advisory accounts. As a result, orders for BMLP and ERBLP can be executed before, alongside or after other firm managed accounts.

### **Item 7 – Types of Clients**

BM&O provides portfolio management services to individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, a registered mutual fund, other U.S. institutions, various general partnerships, and limited partnerships.

As disclosed above in Item 4, BM&O serves as the investment adviser for the BM&O Partners Fund (BMPEX).

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

BM&O applies the same investment philosophies and processes to its separately managed accounts, and the BM&O Partners Fund, a long-only, value-based investment discipline where in-depth research is conducted by portfolio managers to assess the soundness of a given company's fundamentals and the conservativeness of the given company's management team and approach. Portfolio managers seek-out companies that are financially strong and possess high quality assets and above average appreciation and/or growth potential. The Firm's portfolio managers look to identify sectors, industries and companies that are out of favor or are experiencing growth but whose growth has not yet been recognized by the market. The Firm aims to purchase portfolio securities at low price levels relative to a company's earnings and the portfolio managers' intrinsic valuations. Market capitalizations of the companies in which the Firm invests on behalf of clients vary from small to large.

Investment research and economic analysis are performed by portfolio managers with extensive and specialized backgrounds in security analysis who discuss their work at regularly scheduled weekly investment committee meetings and more frequently as circumstances suggest or require. The Firm's independent, fundamental research is based on analysis of company, sector and industry data combined with direct company contact either as company visits, phone interviews or webcast meetings. Factors considered for such evaluations include gross domestic product, interest rate movements, employment costs, currency fluctuations, and laws and taxes relating to foreign investors.

Portfolio construction for the Firm's clients varies according to the given client's needs and objectives as discussed above in Item 4. Accounts range from 100% equity holdings to balanced accounts that hold both equities (stocks) and fixed income (bonds). A small number of the Firm's accounts hold only fixed income.

There are a number of factors that contribute to the decision to sell all or part of the holdings in a given security from an account. Portfolio managers monitor securities for fundamental changes in a company's financial condition; a decline in such condition or the erosion of a company's profitability, earnings, or cash flow may result in a decision to sell the security. Portfolio managers may also sell a security if the value of the security has appreciated to a point where the intrinsic value of the security has been realized (meaning the security is overvalued compared to its fundamentals) or price appreciation has caused the security to be overweight relative to the other securities held in the portfolio. Negative trends in inflation, a recession, or interest rates may also factor into a decision to sell a security.

Investing in securities involves risk of loss that clients should be prepared to bear. The value of and return on a client's portfolio will fluctuate according to the changes in value of the portfolio's underlying securities. Different types of investments involve varying degrees of risk, and it should not be assumed that the future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BM&O) will be profitable or equal any specific performance level(s). The following may contribute to the fluctuation in the value of securities held in a client's portfolio:

- Turbulence in financial markets and reduced liquidity in equity, credit and fixed income markets worldwide will cause account values to fluctuate.
- Movement in stock prices over short or extended periods of time will affect portfolio valuations.
- Securities of companies with large market capitalizations in an industry that has gone out of favor based on market and economic conditions may underperform other market segments.
- Securities of smaller market capitalization companies may be more volatile with the price of smaller companies declining more than other segments of the market in response to selling pressure.
- The value of fixed income securities will fluctuate with movements in interest rates. As interest rates rise, the value of debt securities will generally fall.
- The value of foreign securities may be affected by international trade, currency, political, regulatory, or diplomatic events.

Additional information about the portfolio management and investment risks of the BM&O Partners Fund is provided in the Fund's prospectus, a copy of which can be found on the Firm's website.

An investment in BMLP or ERBLP involves significant risks and is suitable only for investors able to bear the economic risk of the loss of their entire investment, who have a limited need for liquidity in their investment, and who meet specific conditions set forth in the relevant agreements and disclosure documents specific to BMLP and ERBLP. Investment in these limited partnerships carries with it the inherent risks associated with investments in securities described above as well as additional risks associated with the potential use of options, leverage, and short sales. Additional information about the portfolio management and investment risks of BMLP and ERBLP is provided in the offering memorandums and limited partnership agreements, which must be reviewed by any potential qualified investor in advance of making an investment.

Investments in private investment funds and private general partnerships generally involve various risk factors that include, but are not limited to, the potential for complete loss of principal, liquidity constraints, and a lack of transparency. Unlike other liquid

investments that a client may maintain, private investment funds and private general partnerships do not provide liquidity or pricing, and it is difficult to value the assets held in the private funds since no active market exists. These investments are illiquid and likely will illiquid be for years.

### **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 BM&O or the integrity of BM&O's management. BM&O has no information applicable to this Item.

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

Members of the Firm, as a result of sitting on the Board of publicly traded or privately held companies, become privy to non-public information. Under such circumstances, the Firm follows its policies described below under Item 11 to manage any conflict of interest that arises and prevent any misuse of such information. As of December 31, 2022, a BM&O Member held board positions at Enstar Group LTD (ESGR), and AgroFresh Solutions, Inc. (AGFS).

BM&O is the investment advisor to Beck, Mack & Oliver Partners Fund (BMPEX).

### **Item 11 – Code of Ethics**

BM&O has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics is designed to outline the fundamental expectations that BM&O has for its employees and Members and to serve as a guideline for their conduct. The Code is intended to address conflicts and potential conflicts, and all employees and Members are expected to adhere not only to the letter, but also to the spirit, of the policies contained therein. The fundamental tenets of the Code include but are not limited to: duties to the client, avoiding conflicts of interest, avoiding misuse of non-public information, maintaining the confidentiality of client information, proper execution of personal securities transactions, adequate record keeping, and the enforceability of the policies and procedures.

From time-to-time, Members or employees of the Firm may gain material non- public information for publicly traded or privately held corporations. In certain circumstances, this could relate to information provided in regard to an upcoming financing. In other cases it could be as a result of Members of the Firm being insiders at a publicly traded company through Board membership or in another capacity. The Firm recognizes the potential for a breach of fiduciary trust or abuse of non-public information in such cases and monitors these special relationships closely. Procedures have been implemented to prevent abuses. The Firm maintains a list of restricted stocks, and the Firm is prohibited from trading in those securities until the security is removed from the list or a clearance "window" is established

in accordance with prescribed procedures, or if the Firm has received specific instructions directly from the client.

Before investing a client's assets into the BM&O Partners Fund, the Firm discloses to clients its role as investment adviser to the Fund along with the Fund's fee structure and BM&O's billing procedures for the Fund. Each portfolio manager is responsible for knowing the suitability of the Fund for his/her clients prior to purchasing Fund interests on behalf of a client. The Partners Fund discloses holdings on a quarterly basis, and the Fund's independent third-party administrator provides a daily NAV (net asset value) for the Fund. The Firm's Chief Compliance Officer monitors employee purchases of the Fund for conflicts of interests.

Members and employees maintain independent investment portfolios for themselves and/or their families. The personal accounts of Members and employees hold certain of the same securities that are held and traded in client accounts. All transactions made by Members and employees in any personal accounts are reported quarterly to the Chief Compliance Officer for review to ensure that at all times client investment interests are protected from conflicts of interests. The interests of the clients are placed ahead of the Firm's Members and employees. Before firm Members or employees can trade securities that are also held in client accounts, pre-clearance from the BM&O trading desk is required. This pre-clearance ensures that all active client orders for that security are completed before a personal trade can be entered. BM&O Members and employees can trade securities not held in client accounts and not on the Firm's research list of potential recommendations without pre-clearance, and these transactions are reported quarterly to the CCO for review.

It is BM&O's current policy that the Firm will not independently 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, also 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. BM&O is neither dually registered as a broker-dealer nor does the Firm have an affiliated broker-dealer. At times, due to specific client requirements and investment parameters, BM&O will enter trades for two or more clients that are on opposite sides of a transaction (buy vs. sell). This may arise, for example, if one account is being wholly or partially liquidated to fund withdrawals, while another account has cash available for investment. In these cases, the trade is executed with an unaffiliated broker and brokerage commissions are charged. These types of transactions are reviewed by the CCO to ensure that these trades are in the best interest of each account involved in the transactions.



For this reason, we always execute such trades through a third-party broker who determines the respective purchase and sale price based on the open market volume and prices. Cross trades by investment company clients are subject to additional or separate rules governed by the Investment Company Act of 1940. Before engaging in any principal cross transaction, BM&O receives written authorization from the client.

BM&O's clients and prospective clients may request a copy of the Firm's Code of Ethics by contacting their respective portfolio manager or portfolio administrator or contacting the Firm's Chief Compliance Officer.

## **Item 12 – Brokerage Practices**

The Firm selects broker-dealers to execute trades with the exception of accounts that are specifically directed to a particular broker-dealer by the client. Upon opening an account with the Firm, a client may elect to instruct the Firm to trade the account only with a specific broker-dealer (a "directed account"). In the case of a directed account, the Firm will not be able to seek to minimize the cost to clients of brokerage services as the Firm does not select the executing broker-dealer for trades. Under select circumstances and when beneficial to a directed account client, individual equity and/or fixed-income transactions may be effected by BM&O through a broker-dealer other than that to which the directed account is directed, in which event the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by the directed account custodian. Directed accounts may not be eligible to participate in certain secondary and initial public offerings due to broker restrictions.

The Firm's broker-dealers are selected based on a number of factors including, but not limited to: the broker's execution capabilities; the broker's level of knowledge about a given security and/or market and the broker's ability to provide liquidity in a security; the research services and/or soft dollar benefits provided to the Firm by the broker; the broker's settlement capabilities; and commission charges. On all transactions effected by the Firm for its discretionary accounts that are not directed accounts, commission rates are negotiated to reflect the specifics of each trade. The Firm's portfolio managers and traders evaluate total commissions in light of the aforementioned factors for broker-dealer selection on a periodic basis. In 2022, commissions were generally in the range of 3 cents to 5 cents per share (exclusive of commissions paid to directed brokers). The amount paid in per share commissions on each trade may be affected by the size of the trade, the number of accounts in the allocation, the price of the stock, the venue (broker) selected, and the geographic location of the market.

In the event that BM&O is engaged to provide investment management services as part of an unaffiliated wrap-fee program, BM&O will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities

brokerage transactions, custody, and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be executed and the amount of transaction fees and/or commissions to be charged to the participant investor account. In certain cases, BM&O will “trade-away”, and clients in these wrap fee program will pay additional trading commissions in addition to wrap fees.

Orders for securities are aggregated whenever possible to both facilitate their execution and to minimize the per share transaction cost. All accounts participating in an executed block trade receive the average price. In the event an aggregated order is not able to be completed on a given day (meaning the order is only partially filled), shares are randomly allocated across those accounts included in the original order. The Firm’s head trader may, in consultation with portfolio managers, decide to allocate shares of a partially filled order in a different manner if allocating in a different manner results in more equitable treatment across accounts included in the original order. When orders are not aggregated across portfolios, clients of the firm will receive different transaction prices on purchases and sales depending on the account custodian, portfolio manager instructions, time of day the order was entered, and other factors.

With respect to directed accounts, BM&O acknowledges that these clients will pay higher commissions than those that may be negotiated by BM&O when it effects securities transactions on behalf of its other clients. Also, a directed account limits BM&O’s ability to seek best execution and the clients’ ability to participate in aggregated trades. When orders for the same security across multiple accounts include both directed accounts and non-directed accounts, the order(s) for the non-directed accounts are executed before those of the directed accounts, which may cause the price received on the order to differ for the directed accounts in comparison to the non-directed accounts. Directed accounts may not be eligible to participate in certain secondary and initial public offerings.

In limited circumstances, BM&O may engage in a cross transaction pursuant to which BM&O may effect transactions between two of its managed client accounts (i.e., arranging for the clients’ securities trades by “crossing” these trades when BM&O believes that such transactions are beneficial to its clients). For all such transactions, neither BM&O nor any affiliate will be acting as a broker, and BM&O will not receive any commission or transaction-based compensation.

Soft dollar benefits are not proportionally allocated to accounts that generate soft dollars. Research services provided by brokers generally benefit all Firm clients over a reasonable period of time. However, there is not and cannot reasonably be expected to be a direct connection between brokerage research value received and any given client’s brokerage order. Research services received include both proprietary research (that created or developed by the broker-dealer) and research created or developed by a third



party. In 2022, BM&O engaged with broker-dealers and research providers to receive both industry and strategy research services (such as *The Bank Credit Analyst* and Grant's *Interest Rate Observer*), security data and pricing, and financial information (such as that provided via Value Line). During 2022, greater than 50% of commissions generated by the Firm as a result of trading with brokers generated soft dollar credits for the Firm. When client brokerage commissions are used to obtain research, the Firm receives a benefit because the Firm does not have to pay for the research. The Firm has an incentive to select or recommend a broker based on receiving research, thereby giving rise to a conflict of interest. The CCO monitors this conflict and conducts periodic best execution reviews.

### **Item 13 – Review of Accounts**

Client accounts are reviewed by portfolio managers with the client on a periodic basis. Client accounts are reviewed within the Firm by the responsible portfolio manager whenever an investment purchase or sale opportunity is developed by the Firm's investment committee. Portfolio holdings are reviewed by the Investment Committee during weekly meetings. The Firm's investment committee currently consists of seven portfolio managers.

Clients receive statements at least quarterly from their third-party custodian. For most accounts, the Firm sends appraisals to clients on either a quarterly or semi-annual basis. For accounts that are not billed for portfolio management services provided by the Firm, the Firm may provide appraisals less frequently than quarterly, if at all. Capital statements for investors in BMLP & ERBLP are issued at least semi-annually by a third-party administrator.

In the event BM&O appraisals or other BM&O generated reports reference private investment funds or private general partnerships held by a client, the value(s) for such client's interest(s) in private investments may reflect either the initial purchase value of the fund(s), or the difference between the initial purchase value and cumulative distributions received from the respective private investment fund, or a best estimate valuation based on information received from the underlying unaffiliated investment manager. Whenever possible, the most recent valuation provided by the underlying fund sponsor/investment manager will be provided. Value(s) presented for the general partnerships (to the extent ascertainable) could be significantly more or less than the original purchase price. BM&O's Chief Compliance Officer is available to address any questions a client or prospective client may have regarding the above.

## Item 14 – Client Referrals and Other Compensation

BM&O previously engaged Peter Wolf Associates, an unaffiliated third-party solicitor to refer prospective investors for the firm's separately managed accounts. All such referral activities were conducted in a manner that was consistent with Advisers Act rules and relevant SEC guidance. As of June, 2022, BM&O no longer engages any third-party solicitor for any referral services.

## Item 15 – Custody

The Firm does not accept custody of client cash or securities. Client's assets must be maintained at a qualified, third-party custodian. BM&O will work with most qualified custodians and can recommend qualified custodians upon a client's request. Clients should receive statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets with the exception of BMLP and ERBLP, where statements are issued quarterly by a third-party administrator. BM&O urges its clients to carefully review such statements and compare such official custodial records to the account statements provided by BM&O. BM&O's statements may vary from custodial statements based on accounting procedures, reporting dates and/or valuation methodologies of certain securities.

According to the Investment Advisers Act of 1940, as amended in December 2009, investment advisers are *deemed* under certain circumstances to have custody of clients' assets even though their clients' assets are held at a qualified custodian separate from the investment adviser. If an investment adviser is *deemed* to have custody of clients' assets as a result of the certain circumstances, the investment adviser is required to subject itself to an annual surprise audit by a third-party accounting firm. On this basis, BM&O is *deemed* to have custody of client assets (i) where BM&O is authorized to deduct portfolio management fees directly from client accounts, (ii) where Members or employees of the Firm serve as trustees on clients' accounts, and (iii) in the event the Firm has the right to transfer client funds. Since 2010 a surprise audit has been conducted by Lally & Co., LLC, an independent qualified public accountant for these accounts. An adviser that has custody solely because it has the authority to deduct advisory fees from client accounts is not required to obtain a surprise examination. Furthermore, when BM&O or its affiliates act as general partner (or in a similar capacity) to private general or limited partnerships, BM&O is deemed to have custody in these cases.

BM&O's Chief Compliance Officer is available to address any questions a client or prospective client may have regarding custody.

## **Item 16 – Investment Discretion**

As discussed above in Item 4, BM&O usually receives discretionary authority from the client to select the identity and amount of securities to be bought or sold. Such discretion is assumed by the Firm through (i) the execution of an investment advisory agreement with BM&O by the client or (ii) by appointment as power of attorney to be the investment manager for the respective custodial account. In all cases, such discretion is exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions are provided to BM&O or agreed to with BM&O in writing.

When selecting securities and determining amounts, BM&O observes the investment policies, limitations, and restrictions of the clients for which it advises. For registered investment companies, BM&O's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and other restrictions.

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

Clients may elect to have the Firm vote proxies on their behalf or otherwise vote proxies themselves for their accounts. The Firm is required to vote proxies for the BM&O Partners Fund as well as for common shares held in ERISA accounts, unless this authority has been reserved to a named fiduciary. The Firm has created proxy voting policies and procedures to represent the best interests of the clients and to comply with applicable law. These policies stipulate that proxies be exercised only in the best interest of the client. BM&O votes and maintains records of how all proxies for companies in which the Firm's clients have an equity interest were voted other than for those clients who have elected to vote proxies themselves. Clients may obtain a copy of BM&O's complete proxy voting policies and procedures upon request. Clients may also obtain information from BM&O about how BM&O voted any proxies on behalf of their account(s) where the client has appointed BM&O to vote proxies for the client's account(s). A client can direct a vote for a specific solicitation only if the client has apprised the Firm of the client's desire to do so for a particular company in advance. If a client elects to vote proxies for the client's account(s), such proxies will be provided directly to the client by the custodian. Clients voting their own proxies may contact their portfolio manager at the Firm to discuss any specific votes.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about BM&O's financial condition. BM&O 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.

BM&O's Chief Compliance Officer, Maria de León is available to address any questions regarding this Form ADV Part 2A.