Form ADV, Part 2A Brochure

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This brochure provides information about the qualifications and business practices of MAI Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (216) 920-4800. 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.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that MAI Capital Management, LLC or any person associated with MAI Capital Management, LLC has achieved a certain level of skill or training.

Additional information about MAI Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time this section may not be relevant to you.

MAI Capital Management, LLC ("MAI," "we," "our," or "us") reviews and updates our brochure at least annually to confirm that it remains current.

We have updated and clarified our ownership structure described in ***Item 4 – Description of Advisory Firm*** using the following language:

MAI Holdings is a majority owned indirect subsidiary of Galway Holdings LP (formerly known as Galway Insurance Holdings LP), a master limited partnership of which there are two Series. MAI Holdings sits under Galway Holdings LP – Series 2 (formerly known as Galway Insurance Holdings LP – Series 2). MAI Holdings is managed by an eight-person board of managers (the "MAI Board"), and Galway Holdings LP – Series 2 has the authority to appoint the majority of the members to the MAI Board.

We have also added the following paragraph to ***Item 4 - Advisory Services Offered:***

MAI Retirement Services

As part of MAI's overall investment and wealth management services, your MAI advisor may use MAI Retirement Services ("MAI Retirement") to provide retirement plan consulting and services. MAI Retirement is a division of MAI. MAI Retirement will either serve as the plan's investment adviser pursuant to §3(21) of ERISA (in which case we will recommend investment decisions for approval by the plan's named fiduciaries) or as the plan's investment manager pursuant to §3(38) of ERISA (in which case MAI Retirement will manage the plan's investment decisions on a discretionary basis). Regardless of the capacity in which MAI Retirement serves as the adviser, either the plan's named fiduciaries or the plan sponsor may impose restrictions on the types of investments that may be held by, or offered through, the plan. In addition, MAI Retirement does not generally provide advice with respect to shares of employee stock held in the plan.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

MAI Capital Management, LLC ("MAI," "we," "our," or "us") is an investment adviser registered with the Securities and Exchange Commission and headquartered in Cleveland, Ohio. The firm was originally established as Investment Advisors International, Inc. ("IAI") in 1973, and was an affiliate of International Management Group ("IMG"). In 2000, McCormack Advisors International, LLC ("McCormack") was formed to succeed to IAI's business as a joint venture between IAI and a major integrated financial institution. In 2002, the joint venture was dissolved, and the firm returned to its roots as a provider of independent financial advice to clients. McCormack became fully independent of IMG in 2004. On January 31, 2007, BC Investment Partners, LLC ("BC"), acquired McCormack and renamed the merged firm MAI Wealth Advisors, LLC. On October 6, 2014 the firm was renamed MAI Capital Management, LLC. On June 29, 2017, MAI converted from an Ohio Limited Liability Company to a Delaware Limited Liability Company. Until September 30, 2021, MAI was controlled by its Managing Partner, Richard J. Buoncore. On September 30, 2021, MAI became an indirect subsidiary of MAI Capital Management Holdings LLC ("MAI Holdings"). MAI Holdings is a majority owned indirect subsidiary of Galway Holdings LP (formerly known as Galway Insurance Holdings LP), a master limited partnership of which there are two Series. MAI Holdings sits under Galway Holdings LP – Series 2 (formerly known as Galway Insurance Holdings LP – Series 2). MAI Holdings is managed by an eight-person board of managers (the "MAI Board"), and Galway Holdings LP – Series 2 has the authority to appoint the majority of the members to the MAI Board. Mr. Buoncore continues as Managing Partner of MAI Capital Management, sits on the MAI Holdings Board and is also Chief Executive Officer of MAI Capital Management. The name of MAI's Registered Agent is The Corporate Trust Company with the registered office in the State of Delaware located at 1209 Orange Street, Wilmington, DE 19801.

Advisory Services Offered

MAI is engaged in providing investment, wealth management and advisory services to individuals, high net worth individuals and families, and institutions. MAI also offers several investment strategies including: the Dividend Strategy, the Focused Equity Strategy, the Growth Equity Strategy, the Diversified Dividend Strategy, the Diversified Focused Equity Strategy, the Exchange Traded Fund (ETF) Strategies, the High Income Yield Strategy, the MAI Managed Volatility Strategy, the Fixed Income – Tax Exempt Strategy, and the Fixed Income – Taxable Strategy. In addition, MAI serves as manager to certain investment-related Limited Liability Companies, and Limited Partnerships (the "Funds"). These Funds are more fully described under ***Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.***

Advisory Services

MAI's Advisory Services provides investment advisory services to individuals and high net worth individuals and families, which may include (1) selecting and / or reviewing independent investment managers, and (2) reporting on all investments, not only those held or managed by MAI but also assets held by outside parties. Additionally, this service may include our comprehensive wealth management services including, but not limited to, our wealth management services catering to the unique needs and complexities of athletes. The services are designed to identify redundancy in investment selection, with MAI acting as an overseer of other professionals while tailoring asset allocation for each family unit and/or entity as appropriate. Custodians and investment vehicles are recommended based on each client's overall goals and objectives. We describe fees charged for advisory services below under ***Item 5 - Fees and Compensation***.

Investment Management Services

MAI provides discretionary and non-discretionary investment management to individuals, high net worth individuals and families, and institutions. Services include:

- assisting the client with the establishment of their investment objectives and investment policy statement
- buying and selling securities such as stocks, bonds, mutual funds, exchange traded funds and limited partnerships
- reporting holdings, transactions and performance on the client's investment portfolio

MAI also assists clients with the development of their asset allocation strategy, portfolio manager selection, managed account programs and advice with respect to outside holdings. We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below. We describe the Fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

Management of client portfolios may vary greatly among clients as portfolio management is highly customized subject to both the client's experience and comfort with particular investment strategies, classes, and products as well as to the discretion portfolio and wealth managers are given to manage client portfolios, their experience, and their investment background.

Clients, as applicable, can also access MAI's investment management services through certain unaffiliated third parties under a sub-advisory relationship. These services are offered as separately managed accounts in MAI's investment strategies, as described below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. The fees MAI receives under these arrangements are described below under ***Item 5 - Fees and Compensation***.

Adviser to Mutual Fund

MAI also serves as the investment adviser to the MAI Managed Volatility Fund (MAIPX/DIVPX), an open-end mutual fund that is part of the Forum Family of Funds. The fund is registered under the Investment Company Act of 1940. MAI is not affiliated with Forum Funds.

Wealth Management Services

In addition to providing investment advice and advisory services, MAI provides wealth management services that may be fully integrated as part of a comprehensive offering or at times offered individually. In addition to investment management, these services may include estate and financial planning, advice on tax strategies, use of margin or securities-based loans, insurance, employee benefit analysis, and wealth transfer planning. MAI also provides preparation of United States federal, state and/or local tax returns, record keeping and administration of partnership interests and private investments, household management, budgeting and forecasting, as well as coordination of bill paying and payroll services for household or client corporation employees. We describe fees charged for wealth management services below under Item 5 - Fees and Compensation.

Retirement Account Advice

MAI provides investment advice to clients regarding their retirement plan account or individual retirement account and are fiduciaries under Title I of the Employee Retirement Income Securities Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as described under Section ii(a)(1) pf Department of Labor Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), The receipt of an advisory fee for making a recommendation creates a conflict of interest under ERISA/IRC with client interests, so we operate under a PTE 2020-02 that requires MAI to act in client's best interest and not put the Firm's interest ahead of client's. For example, if the Firm recommends that a client roll over assets from one retirement account to another, and will receive increased compensation as a result of that recommendation, we have a conflict that requires the Firm to operate under this special rule.

MAI Retirement Services

As part of MAI's overall investment and wealth management services, your MAI advisor may use MAI Retirement Services (”MAI Retirement”) to provide retirement plan consulting and services. MAI Retirement is a division of MAI. MAI Retirement will either serve as the plan's investment adviser pursuant to §3(21) of ERISA (in which case we will recommend investment decisions for approval by the plan's named fiduciaries) or as the plan's investment manager pursuant to §3(38) of ERISA (in which case MAI Retirement will manage the plan's investment decisions on a discretionary basis). Regardless of the capacity in which MAI Retirement serves as the adviser, either the plan's named fiduciaries or the plan sponsor may impose restrictions on the types of investments that may be held by, or offered through, the plan. In addition, MAI Retirement does not generally provide advice with respect to shares of employee stock held in the plan.

Tailored Services and Client Imposed Restrictions

MAI manages accounts based on the clients' individual circumstances, financial situation, investment objective and goals, as discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations are dependent on the information provided by the client being accurate and complete. It is the client's responsibility to keep MAI informed of any changes to their investment objectives or restrictions.

Clients may also request other restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want MAI to buy or sell certain specific securities or security types in the account. MAI reserves the right to not accept and/or terminate management of a client's account if we feel that the client- imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

MAI manages pooled investment vehicles, including the Funds and the mutual fund, according to the investment objectives of the funds. Investors in a pooled investment vehicle may not place their individual restrictions on the fund.

Wrap Fee Programs

MAI also manages accounts in wrap fee programs sponsored by other financial services firms. MAI is involved in wrap fee accounts through dual contract arrangements with Stifel, Nicolaus & Company, Inc., and RBC Wealth Management. In a dual contract arrangement, the client signs an agreement with the broker-dealer and MAI's agreement with us. The client pays MAI our management fee in addition to the “wrap fees” charged by the sponsor. MAI does not receive a portion of the wrap fees the client pays to the wrap sponsor. Payment of advisory fees to MAI and wrap fees to the sponsor will increase overall costs. Therefore, performance will differ in these “wrap fee” arrangement portfolios in comparison to other like managed portfolios. MAI chooses investments and manages the accounts of clients in the wrap fee program the same way we manage other client accounts in similar strategies, and these clients have the same access to their portfolio managers as all other clients.

However, because wrap fee programs are often offered by or connected to a broker-dealer, we will use that broker-dealer when placing trades for those accounts. If we used a different broker, that broker might charge the client additional transaction costs that they are already paying for under the wrap fee. Our trading practices, described below under **Item 12 - *Brokerage Practices***, may also affect wrap fee clients.

Unified Managed Account ("UMA") Programs

MAI also provides non-discretionary advice in unified managed account programs ("UMA Programs"). MAI offers model portfolios for a fee to UMA Program sponsors. Those UMA Program sponsors use MAI's model portfolios as one input in developing their investment recommendations and managing their clients' accounts. MAI constructs a model portfolio that seeks to resemble the MAI investment strategy the sponsor selected. MAI's recommendations to UMA Programs at times will differ from recommendations made to other client accounts.

MAI provides the UMA Program sponsor with recommendations as to the securities to be purchased, sold and held in the model portfolio, as well as the percentage of the model portfolio that would be invested in each security. MAI provides this information to the UMA Program sponsor in accordance with procedures described in "Trade Rotation" under Item 12, Brokerage Practices, below. UMA Program sponsors typically have sole discretion over their clients' accounts. Each UMA Program sponsor may or may not decide to implement all of MAI's recommendations. As of the date of this brochure, MAI provides model portfolios to the following UMA Program sponsors: Stifel, Nicolaus & Company, Inc., Envestnet, and Folio.

Other Non-Fiduciary Services

MAI offers Tax Preparation, Insurance Administration, Family Office Services, including Client Accounting, Bill Paying Services, Property Management, and Business Consulting Services. These services may be integrated with a combination of any other service or available independently, without wealth management services. As such, MAI is able to provide services to foreign clients in tax matters and will partner with firms outside the U.S. for non-US tax compliance services and for completion of the foreign tax return.

Insurance Administration

Insurance Administration services are provided by both affiliated and unaffiliated insurance brokers. MAI Insurance Solutions, LLC is a wholly owned subsidiary of MAI Capital Management, LLC, that provides Insurance Administration services. Several insurance brokers also sit under Galway Holdings LP – Series 1. These entities are further described in ***Item 10 - Other Financial Industry Activities and Affiliations.***

MAI offers Employee Benefits Services. These services include:

- Cost-containment strategies
- Regulatory compliance support to ensure your health plan remains timely and compliant with state and federal mandates
- Engagement & Wellbeing Consulting
- Benefits Administration
- Human Resources Services
- Small Business Employee Benefits

Non-Managed Assets

With respect to investment management services, MAI will only be responsible for the supervision and management of securities we recommend. MAI will not be responsible for the supervision or management of non- managed assets. Non-managed assets include securities held in a client's account that is under management with MAI that were:

1. Delivered into the account by the client,
2. Purchased by the client,
3. Purchased by MAI at the request of the client as an accommodation; or
4. Designated by the client to be non-managed securities by written notification.

Assets Under Management

MAI manages client assets in both discretionary and non-discretionary accounts. As of 12/31/2022, the total amount of assets under our management was:

12/31/2022	Assets Under Management
Discretionary	13,851,888,429
Non-Discretionary	1,554,400,846
Total	15,406,289,275

ITEM 5 - FEES AND COMPENSATION

Fee Schedules
MAI negotiates and charges different fees for certain accounts based on the client's particular needs and circumstances. Fees also differ based on account inception dates. Clients obtained from an Adviser moving to MAI may be invoiced a higher or lower fee than an existing client of MAI. MAI also manages some family and related accounts for a reduced fee. Any fee or billing arrangements different from those described below will be detailed in the client agreement or an amendment thereto. In addition, client fees differ from advisor referral programs where MAI signs a participation agreement and agrees to a program fee.

Investment Management Services

Discretionary or Non-Discretionary Portfolio Management Fees
Generally, MAI computes and charges a 1.0% annual investment management fee for discretionary or non-discretionary portfolios. In some cases, accounts obtained from an acquisition may have an annual investment management fee up to 1.5%. We typically apply the same rate to the cash portion of each account as for all other assets in the account. We negotiate fees for both discretionary and non-discretionary accounts.

Negotiated fees include customized arrangements for clients seeking a package of services which includes investment advice, wealth management and other non-advisory services such as bill-paying or income tax preparation. MAI's policy is to round account values and fee values to the nearest dollar when invoicing clients.

MAI charges an investment management fee on assets invested in a managed account program or mutual funds in addition to those fees charged by the outside investment manager. This is also true for accounts invested using the ETF strategy.

Some clients are parties to "wrap fee" arrangements that they have arranged with brokers. The client pays MAI our investment management fee in addition to the "wrap fees" charged by the wrap program sponsor. Payment of investment management fees to MAI and wrap fees to the sponsor will increase overall costs. Therefore, performance will differ in these "wrap fee" arrangement portfolios in comparison to other like managed portfolios.

MAI charges UMA Program sponsors an annual fee, typically calculated and payable quarterly (in advance or arrears per the sponsor's standard provisions), based on the assets using a particular investment strategy, but the amount of the fee varies depending on a number of factors, including the number of model portfolios that the sponsor is purchasing and the sponsor's total assets under management.

As provided in MAI advisory agreements, MAI may use the services of third-party investment managers (sub- advisers) to manage MAI client assets. When we believe it is appropriate and in the best interest of the client, MAI may allocate a portion of or the client's entire portfolio to the sub-adviser for management. While the client's portfolio is invested with another manager, MAI has a committee to monitor the sub-adviser's performance and assess that future performance will not be compromised by organizational and product-level changes. Client portfolios that are managed in whole or in part by a sub-adviser will pay an investment management fee to MAI and MAI will share a portion of the fee with the sub-adviser. In some cases, the fees charged under a sub-adviser arrangement are greater than those charged if a sub-adviser is not managing the account.

MAI may allocate assets to private investments where MAI is not the fund sponsor and in many cases the valuations received by MAI will be an estimated valuation. The estimated valuation is adjusted to actual when it is received by MAI, which may result in a change to the information reported.

MAI will use the estimated valuation provided by the fund sponsor to calculate the quarterly management fee. If the current valuation is not available, the previous quarter-end valuation generally will be used to calculate the fee (to the extent applicable). Such valuations are subject to adjustment the next quarter based on valuation information that becomes available if the adjusted fee amount (whether higher or lower) is greater than five percent (5%) of the estimate. It is not expected that adjustments will be made to reflect new valuation information that becomes available to MAI at a date later than described above, although MAI will make such adjustments in its sole discretion.

Sub-Advisory Relationships

MAI serves as a sub-adviser to third party advisers and is compensated for these services. The annual fees MAI receives for our services through third party sub-advisory relationships vary based upon the program, minimum investment requirements, and asset levels, and will typically be at or lower than our standard fee rate. The fees we receive for providing investment management services do not include other fees charged by the third-party adviser to the client. Fees under these programs may be billed in arrears or advance, and MAI may be paid by the third-party adviser or directly by the client, depending on the program. Clients using MAI as a sub- adviser through third party advisers may terminate our management services per the terms in the agreement, which vary by program.

Limited Liability Company and Limited Partnership Fees

MAI serves as investment manager to certain investment-related Limited Liability Companies, and Limited Partnerships (the “Funds”). Where the Fund has an investment management fee, all assets invested in the Funds by MAI clients are excluded from the value of the client’s account for the calculation of MAI’s discretionary or non-discretionary investment management fees. MAI receives investment management fees from most of the Funds we advise. These fees are paid by the Fund but are ultimately borne by its members. The operating agreements and related documents of each Fund set forth the applicable investment advisory fees. As noted in each Fund’s private placement memorandum, MAI generally receives an annual asset-based management fee from the Funds. These fees generally do not exceed 1.5%.

Billing Method

Fees for discretionary or non-discretionary investment management are billed directly to client accounts when clients authorize MAI to receive payment directly from their custodians. Clients may designate one or more accounts from which they instruct the custodian to deduct the fee for all or some accounts. MAI will send the client’s custodian an invoice for the amount of our fee or debit the account directly when that service is available. MAI will also send to clients a statement showing the amount of the fee, the value of the account on which the fee was based and the manner in which the fee was calculated. Clients are responsible for verifying that the fee was correctly calculated and deducted from the account. All clients will receive statements from the custodian no less frequently than quarterly but often monthly. The custodian statement will show the deduction of the advisory fee for those clients who authorize the advisory fees to be withdrawn directly from their custodian account.

MAI will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due. Under certain circumstances, an invoice is sent to the client notifying them of the direct debit related to their planning fees. In these cases, clients authorize their financial institution to submit payment for the invoice amount.

MAI’s investment management fees are payable quarterly in arrears or in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee rate each quarter based on the market value of the client’s portfolio as of the last day of the prior calendar quarter. MAI pro-rates investment management fees for partial quarters and may pro-rate fees for significant contributions to or withdraws from the accounts, which would be further described in the client agreement, as applicable. MAI's policy is to round account values and fee values to the nearest dollar when invoicing clients.

Clients obtained from an advisor moving to MAI may be invoiced in a forward billing manner, reflecting payment for the next quarter rather than for the past quarter. While each are calculated based on the market value of the client's portfolio as of the last day of the prior calendar quarter, the methodology (arrears or forward) is determined by the source of client relationship (e.g. clients are typically invoiced in arrears unless coming to MAI through an advisor's transition). In some of these cases, fee calculations are adjusted to reflect intra quarter contributions and withdrawals. If you utilize a margin account, MAI will include the entire market value (total assets long) of the margin asset when computing its advisory fee. For accounts terminating, MAI will calculate the fees due at termination and either debit the account for the fees due or send an invoice, depending on payment method for accounts paying in arrears. For those terminating and utilizing for the forward billing method, MAI will refund the balance paid pro-rata based on the number of days for which MAI investment management services were billed in advance but not provided.

The billing methods for the MAI private funds are outlined in each Fund's Private Placement Memoranda.

Adviser to Mutual Funds

The fees MAI receives for providing investment management services to the MAI Managed Volatility Fund (MAIPX/DIVPX) are outlined in the written advisory agreement for the Fund. The fees are disclosed and described in the Fund's prospectus.
When MAI allocates to our clients shares of the MAI Managed Volatility Fund, MAI will exclude those shares from billing on the client's investment account and will only receive compensation as investment adviser to the Fund.

Advisory Services

Fees for MAI's Advisory Services are charged as a percentage of the client's assets under advisement or a negotiated retainer. The annual fee rate charged to each client will be negotiated with the client based on the scope of services to be provided and will be documented in the agreement with the client. The annual fee rate will generally not exceed 1.0% of assets under advisement. Fees for the service are billed quarterly in arrears at the beginning of each calendar quarter and will typically be invoiced to the client. Alternative payment arrangements may be made upon client request.

Wealth Management Services

For our integrated wealth management services, MAI fees are determined on a client-by-client basis. Our negotiations depend on a number of factors, especially the number and range of wealth management and related services we provide to the client and the complexity of the client's personal financial situation. MAI generally charges an annual retainer for the financial planning, tax, bill pay, and related wealth management services and an assets-under-management fee for our investment management services. We negotiate specific fees and timing of fees with clients.

The fee for investment management services is typically charged based on a percentage of the client's assets under management ("AUM"), per the following schedule:

Investment Management	AUM	Annual Fee Rate
Blended Asset Allocation	First $5MM	1.00%
	Next $5MM	0.90%
	Over $10MM	0.80%

Single Asset Class	AUM	Annual Fee Rate
	Fixed Income Only	0.35%

MAI negotiates fees at its discretion, resulting in clients under different fee schedules.

With client authorization, MAI will automatically withdraw MAI's wealth management fees from one or more of the client's accounts held by an independent custodian. See additional information under **Investment Management Services – Billing Method** for fees paid directly by the custodian. MAI will send an invoice to all clients who choose not to have advisory fees withdrawn directly from their custodian account and for the annual retainer fees. MAI bills the annual retainer fees quarterly in arrears. The invoice is payable upon receipt and will include the fee calculation and amount due.

Under special circumstances, MAI offers financial planning or tax services on an hourly basis. The hourly fee ranges from $250 and higher depending on the nature and complexity of each client's situation. MAI bills hourly financial planning and tax services fees monthly in arrears.

MAI currently provides investment advice and financial planning to certain clients of International Merchandising Corporation ("IMC") and IMG Worldwide, Inc. ("IMG Worldwide"), companies formerly affiliated with McCormack Advisors International. Under this arrangement, IMG Worldwide pays MAI at least the difference between the amount paid directly to MAI by such clients and the actual cost of providing such services**.**

Other Fees and Expenses

MAI's fees for investment management do not include custodian fees. Clients pay all brokerage commissions, stock transfer fees, margin interest and fees, and/or other similar charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees the client pays to MAI. See ***Item 12 - Brokerage Practices*** below for more information. Note, however, that clients using MAI investment management services as part of a Wrap Fee Program pay a comprehensive "wrap fee" that includes custodial fees, brokerage commissions, stock transfer fees, margin interest and fees, and/or other similar charges incurred.

When Insurance Administration services are provided by MAI Insurance Solutions, LLC, a wholly owned company of MAI Capital Management, LLC, there will be no additional fees incurred by clients. MAI Insurance Solutions earns commissions on insurance products sold which are separate from and in addition to the fees you pay to MAI Capital Management, LLC.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. MAI does not receive any of the aforementioned fund-related expenses. Each fund's prospectus fully describes the fees and expenses. All fees paid to MAI for investment management services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds and ETFs pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares.

Consequently, clients with outside mutual funds in their portfolios are effectively paying both MAI and the mutual fund manager for the management of their assets.

Termination

All MAI contracts for investment management, financial planning, wealth management, advisory and non-advisory services may be terminated by either MAI or the client at any time by providing written notice to the other party. Termination is effective upon receipt of the notice.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

MAI charges a performance-based fee for the following funds:

- MAI Wealth Private Equity Fund, L.P
- MAI Opportunity Fund, L.P.
- MAI Diversified Real Estate Income Fund, L.P.
- MAI Diversified Real Estate Income Fund II, L.P.
- MAI Diversified Real Estate Income Fund III, L.P.
- MAI Lending Fund, L.P.
- MAI Capital Income and Growth Fund II, L.P.
- MAI Capital Income and Growth Fund, III, L.P.
- MAI Capital Income and Growth Fund IV, L.P.
- MAI Capital Income and Growth Fund V QC, L.P.
- MAI Capital Income and Growth Fund V QP, L.P.
- Hartwell Capital Partners, L.P.
- MAI Glade Brook Venture Fund, L.P.
- MAI Solamere Private Equity Fund, L.P.
- MAI Capital GP Staking Fund, L.P.

MAI does not charge performance-based fees for any other account or strategy. Managing accounts under different fee arrangements may create a conflict of interest. Performance-based fee arrangements may create a conflict of interest for the portfolio manager as he or she may have incentives to:

1. Allocate investment opportunities that he or she believes might be the most profitable to performance- based fee accounts; and/or
2. Make investments with more risk or that are more speculative than those that he or she might recommend under a different fee arrangement.

MAI has adopted policies and procedures reasonably designed to address these types of conflicts. Specifically, the policies and procedures are designed to allocate investment opportunities between accounts on a fair and equitable basis over time and prevent non-suitable investments in client accounts.

ITEM 7 - TYPES OF CLIENTS

Types of Clients

MAI provides investment, advisory, and/or wealth management services to a number of client groups (as described in Item 4, Advisory Business), including:

- Individuals, HNW and Ultra HNW Individuals and Families
    - Wrap fee program sponsored by other financial services firms.
    - UMA Program sponsors providing model portfolios for a feed.
- Sports Professionals
- Institutions:
    - Pension and Profit-Sharing Plans
    - Employee Benefit Plans
    - Endowments, Foundations, & Trusts
    - Other entities such as corporations (primarily S corporations)

MAI provides investment advisory services to investment-related limited liability companies and limited partnerships managed by MAI. MAI also serves as the investment adviser to the MAI Managed Volatility Fund (MAIPX/DIVPX).

Account Requirements

MAI suggests a minimum of $500,000 to establish an investment management account. The minimum may vary by investment strategy. It is ideal for clients to invest assets as noted in the table below. For wealth management clients who also establish a managed account, MAI may accept accounts below the suggested minimum. In our composite construction criteria for reporting performance of individual investment strategies, MAI may set a lower minimum. For full-service wealth management and/or investment management services, MAI suggests a net worth of at least $1,000,000 and current income of at least $150,000. Investors should refer to the subscription documents for minimum amounts related to the LLCs and the private partnerships (the Funds) as net worth and minimums will vary and may be higher.

Strategy	Ideal Minimum
Dividend Strategy	**$500,000**
Diversified Dividend Strategy	**$500,000**
Diversified Focused Equity Strategy	**$500,000**
Focused Equity Strategy	**$500,000**
Growth Equity Strategy	**$500,000**
Managed Volatility	**$500,000**
High Income Equity Strategy	**$500,000**
Exchange Traded Fund (ETF) Strategies	**$250,000**
Fixed Income – Tax Exempt	**$250,000**
Fixed Income – Taxable	**$250,000**

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

Regarding individual stocks, MAI relies primarily on fundamental analysis, principally with respect to management record, financial condition, profitability levels, growth prospects and market price in relation to historic valuation ranges, and total return (current yield plus anticipated capital appreciation) discounted for inflation. Technical analysis is sometimes used as a secondary valuation tool.

Regarding mutual funds, MAI reviews key characteristics such as historical performance, consistency of returns and style characteristics, risk level, size of fund, etc. Expense ratio and other costs are also significant factors in fund selection.

Regarding exchange traded funds, MAI reviews index methodology, tracking error, trading liquidity, and expenses.

Regarding separate account managers, MAI reviews key characteristics such as historical performance, consistency of returns and style characteristics, trading costs, tax efficiency, management fees, legal and operational quality, and management team tenure.

Regarding fixed income investments, MAI considers the financial strength of the issuer, interest rate risk, call provisions, liquidity factors, M&A risk, and bond insurance in selecting bonds for purchase.

Regarding structured notes, MAI considers the financial strength of the issuer, the risk and return parameters of the note, liquidity and costs, and characteristics of the underlying index or indices.

Regarding options, MAI utilizes various strategies (covered options, uncovered options, or option spreads) that look to meet the needs of our investor base. With few exceptions these strategies are defensive in nature and do not involve leverage.

Regarding private investments, MAI considers the quality of the leadership/management team, the fundamental strength of the thesis including risk and return potential, and the advantages/disadvantages of the structure including management fees, carried interest, liquidity, time horizon, and other investment/fund expenses.

Regarding the MAI Wealth Private Equity Fund, MAI relies on the investment process of Cerity Partners LLC (SEC #801- 151559), the Investment Adviser for the fund.

Main Sources of Information

MAI analyzes securities using information obtained from annual reports and Forms 10-K, financial periodicals, financial rating services, management interviews, corporate news releases, industry participants, government statistical information, prospectuses and research information of major brokerage houses and independent firms, and investment software programs including Bloomberg, FactSet, and Reuters. MAI remains current with general investment thinking through various periodicals, including Standard & Poor’s, Barrons, The Wall Street Journal, Forbes, as well as reports from research firms including ISI, BCA, Piper Sandler, and Strategas.

MAI subscribes to Morningstar and Zephyr Analytics to stay current on fund information and data. Conference calls, manager updates, and in-person meetings with the sub-adviser also provide valuable insights within our due diligence process.

MAI relies on credit rating agencies such as Standard & Poor's and Moody's to help determine the financial strength of issuing creditors and subscribers to CreditSights as a source of independent research. Prospectuses and other relevant information from bond underwriters are also used to help in analysis and selection of fixed income securities.

General Investment Strategies

MAI treats each client account uniquely, seeking real capital growth proportionate to the level of risk the client is willing to take. MAI uses an investor identification and profile questionnaire to document the client's investment objectives, time horizon, risk tolerance, tax considerations, and any special considerations and/or restrictions the client chooses to place on the management of the account. MAI will then make recommendations that are consistent with the client's investment objectives. MAI selects suitable categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. Within each investment category, MAI selects individual securities with characteristics that are most consistent with the client's objectives. We deal with any client restrictions on an account-by-account basis.

Since MAI treats each client account uniquely, client portfolios with similar investment objectives and asset allocation goals may own different securities with similar characteristics. Timing and tax factors also influence MAI's investment decisions. Clients who buy or sell securities on the same day may receive different prices. Additionally, the timing of securities purchases and sales may differ depending on the timing of each portfolio/wealth manager's decision to implement changes in the portfolio.

MAI primarily seeks to hold securities for the longer-term, especially in taxable accounts. MAI uses short-term trades, and options less frequently, and only when in MAI's judgment they are appropriate for a particular account or given market condition. Option strategies may include covered options, uncovered options, or option spreads, based on the needs of the particular account. With few exceptions, these strategies are defensive in nature and do not involve leverage. Frequent trading can result in higher taxes and transaction costs, and there is risk of principal loss associated with option strategies.

Some clients of MAI maintain margin accounts. Accordingly, margin is occasionally used to implement investment advice given by MAI to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees.

Additionally, MAI may recommend third-party investment advisers for the management for all or a portion of the client's portfolio depending on the client's investment objectives and financial situation. MAI may recommend private funds and/or private placements for clients that meet certain net worth or other accreditation requirements and/or for clients who have a sufficient high tolerance for risk.

Specific Investment Strategies

MAI may invest client assets using one or a combination of distinct investment strategies, which we detail here:

- **Dividend Strategy**

We select securities for our Dividend Strategy from a global universe of dividend paying stocks trading in the U.S. We screen for desired dividend characteristics that we believe indicate the commitment of management to pay significant and growing dividends. We review those securities for factors such as return on equity and relative valuation as well as factors that will affect their ability to increase their dividend in the future such as: revenue, earnings, and cash flow expectations, as well as balance sheet strength. We seek to include companies with strong business models and a solid franchise. The portfolio is generally diversified across 30- 40 stocks with exposure to at least 10 industries, no more than 30% invested in any one industry, no more than 40% invested in foreign companies through ADRs, and generally expects to hold less than 10% cash except under extraordinary economic or market conditions.

- **Diversified Dividend Strategy**

This Strategy looks to invest in equities and alternatives in a diversified manner based upon MAI's outlook on the various segments of the market and the overall outlook for equities relative to alternative investments. The strategy will typically hold a combination of US and foreign stocks as well as stock funds in the mid cap, small cap, international developed, and emerging market sectors. Alternative investments may include securities such as commodities option-based strategies, and hedge fund strategies. The individual stock component of the portfolio will emphasize high quality companies that pay an above-average dividend and have strong dividend growth prospects.

- **Diversified Focused Equity Strategy**

This Strategy looks to invest in equities and alternatives in a diversified manner based upon MAI's outlook on the various segments of the market. The strategy will typically hold a combination of US and foreign stocks as well as stock funds in the mid cap, small cap, international developed, and emerging market sectors.

Alternative investments may include securities such as commodities option-based strategies, and hedge fund strategies. The individual stock component of the portfolio invests in mid and large cap industry-leading businesses that we believe can sustain high returns on invested capital.

- **Focused Equity Strategy**

The Focused Equity strategy seeks to identify companies that can sustain high returns on invested capital. To reduce risk and increase long-term returns, the strategy is designed to deploy capital in these investments at discounted entry prices. The investment criteria of the strategy generally limits the number of potential investments, resulting in a concentrated portfolio of 20-30 investments.

- **Fixed Income – Tax Exempt**

In this strategy we focus on building a portfolio of investment grade securities, e.g. municipals, with a laddered maturity schedule. The portfolio can be customized to emphasize state of residence but will generally maintain national diversification. The goal of the strategy is capital preservation and predicable, tax-exempt income streams.

- **Fixed Income - Taxable**

In this strategy we purchase a portfolio of taxable investment grade bonds with a laddered maturity schedule. The portfolio may include corporate bonds, taxable municipals, or other taxable securities. MAI seeks to diversify corporate issues by sector/industry in an effort to mitigate issuer credit risk. The goal of the strategy is capital preservation and predicable income streams.

- **ETF Strategies**

MAI offers ETF based strategies to implement its Equity, Growth, Total Return, Conservative and Income asset allocations in liquid, diversified, cost and tax efficient portfolios. This approach combines the MAI Investment Committee's tactical asset allocation framework with low-cost implementation using primarily exchange traded funds (ETFs). The strategies are rebalanced regularly to ensure consistency with their respective objectives.

- **Growth Equity Strategy**

Our Growth Equity strategy is managed from the New York office. The strategy seeks to maximize long-term total returns over time by holding a portfolio of industry-leading medium and large capitalization companies which we believe possess significant potential for growth. The strategy seeks a total return that exceeds the S&P 500 Composite index over time.

- **High Income Equity Strategy**

The MAI High Income Equity Portfolio (the HIEP) seeks low volatility, above average income, and the potential for capital appreciation over time. This is pursued through a "barbell" approach, with safety and income stocks on one side and capital appreciation stocks (often with little or no dividends) on the other side. Additionally, the strategy will invest in fixed-income type securities to augment the income of the portfolio. The portfolio is diversified across sectors, and typically holds 25-35 securities.

- **MAI Managed Volatility Strategy**

The MAI Managed Volatility Strategy invests in a diversified portfolio of companies with an options overlay of exchange listed put and call contracts. The objective of the Managed Volatility strategy is to achieve performance through stock appreciation, option premium, dividend income, and interest income. MAI's focus on large-cap total return-oriented stocks and target equity weighting, typically in the 45-55% of total assets range, limits the Strategy's ability to fully participate in sharply rising stock markets. However, these factors as well as the option premium generated by selling puts and calls provide downside protection in sharply falling markets. When price change, dividends and interest income are coupled with the premium generated from the option writing activity, MAI believes the Strategy can achieve its objective with less downside deviation than traditional equity investment strategies; in effect, managing volatility.

Investment Funds

MAI serves as the investment manager of investment funds ("the Funds"). A full list of these Funds are listed under **ITEM 6 PERFORMANCE FEES AND SIDE BY SIDE MANAGEMENT,** Section Limited Liability Company and Limited Partnerships.

MAI recommends investment in these Funds to clients based on factors that include but are not limited to accreditation status, the level of interest clients express during meetings with MAI, and within the asset allocation guidelines set by the firm. We consider these types of investments to carry a higher degree of risk than our other strategies. These securities are only available to accredited and/or qualified investors. Investments in such limited offerings will only occur after conducting additional consultation with the client and after the client has approved of the investment and strategy for his/her portfolio.

Each prospective investor in any such Fund is encouraged to review the Partnership Agreement(s) carefully, in addition to consulting appropriate legal and tax advisors.

Third-Party Advisers
MAI may recommend other investment advisers based on the client's investment objectives and financial situation, and the other investment adviser's management style. Our process of selecting these managers includes analyzing performance data, risk characteristics, expenses, manager tenure and experience, style consistency, firm reputation, and the scalability of the strategy. On an ongoing basis, we review managers based on these quantitative and qualitative factors to ensure they are meeting our expectations.

Adviser to Mutual Fund
MAI also serves as the investment adviser to the MAI Managed Volatility Fund (MAIPX/DIVPX), an open-end mutual fund that is part of the Forum Family of Funds, and which is registered under the Investment Company Act of 1940. MAI is not affiliated with Forum Funds. MAI will purchase and sell securities as outlined in the MAI Managed Volatility Fund's prospectus and statement of additional information, which may include dividend paying, U.S. securities and foreign companies traded in the U.S. (e.g. American Depository Receipts (ADRs)) and options (exchange listed calls and puts), among other securities. For the risks associated with investing in the mutual fund, investors should read the fund's prospectus. MAI Managed Volatility Fund is distributed by Foreside Fund Services, LLC. MAI is not affiliated with Foreside Fund Services.

General Risk of Loss Statement

Prior to entering into an agreement with MAI, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are currently unneeded and available to MAI for investment on a long-term basis. This is typically a minimum of five to seven years.

Specific Security Risks

General Risks of Owning Securities
The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities held as underlying assets of mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Investing in securities involves geopolitical risk which is the risk associated with wars, terrorist acts, and tensions between states that affect the normal and peaceful course of international relations and may adversely impact client accounts. In addition, the U.S. may impose sanctions that prohibit U.S. persons from dealing in new debt or equity of certain foreign financial institutions or companies. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

The prices of, and the income generated by, most debt securities held by a client's account may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities in the client's account generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in reinvesting the proceeds in lower yielding securities. Longer maturity debt securities generally have higher rates of interest and may be subject to greater price fluctuations than shorter maturity debt securities. Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. The guarantee of a security backed by the U.S. Treasury or the full faith and credit of the U.S. government only covers the timely payment of interest and principal when held to maturity. MAI generally purchases debt securities on the presumption that they will be held to maturity, therefore it is important to note that the current market values for these securities will fluctuate with changes in interest rates.

Investments in securities issued by entities based outside the United States may be subject to increased levels of the risks described above. Currency fluctuations and controls, different accounting, auditing, financial reporting, disclosure, regulatory and legal standards and practices could also affect investments in securities of foreign issuers. Additional factors include expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions, or in receiving payment of dividends can increase risk. Finally, investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Pandemics and Other Public Health Crisis

Pandemics and other health crises, such as the outbreak of an infectious disease such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and COVID-19 or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the areas in which client investments may be located. Such disruption, or the fear of such disruption, could have a significant and adverse impact on the securities markets, lead to increased short- term market volatility or a significant market downturn, and may have adverse long-term effects on world economies and markets generally.

Cybersecurity Risk

The Firm and its service providers may be prone to operational and information security risks resulting from cyber- attacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity attacks affecting the Firm and its service providers may adversely impact clients. For instance, cyber-attacks may interfere with the processing of transactions, cause the release of private information about clients, impede trading, subject the Firm to regulatory fines or financial losses, and cause reputational damage. Similar types of cybersecurity risks are also present for issuers of securities in which clients may invest, which could result in material adverse consequences for such issuers and may cause investments in such issuers to lose value.

Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short- term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). The benefits of investing through mutual funds generally include professional management, diversification, affordability, and liquidity.

Mutual funds also have features that some investors might view as disadvantages:

Costs Despite Negative Returns
Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control
Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Price Uncertainty
With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When it comes to investing in mutual funds, investors have literally thousands of choices. Most mutual funds fall into one of three main categories; money market funds, bond funds (also called "fixed income" funds), and stock funds (also called "equity" funds). In addition to these main categories, MAI may purchase mutual funds in other categories (i.e., alternatives). Each type has different features and different risks and rewards. Generally, the higher the potential return, the higher the risk of loss.

Tax Consequences of Mutual Funds
When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit that cannot be offset by a loss.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks or bonds. Typically, the objective of an ETF is to achieve the same return as a particular market index, including sector indexes. Generally, an ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector.

Interval Funds

Legally, interval funds are classified as closed-end funds, but they are very different from traditional closed-end funds in that 1) their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on net asset value. 2) They are permitted to (and many interval funds do) continuously offer their shares at a priced based on the fund’s net asset value. Interval Funds are not suitable for investors who need certainty about their ability to access all of the money they invest in the short-term. Shares of these Fund should be considered an illiquid investment with limited periods of redemption. There is no assurance you will be able to tender your Shares when or in the amount desired. Investments in an Interval Fund should be considered a high degree of risk and could include substantial loss of investment. Investors should carefully consider a Fund’s risk and investment objectives before investing in any Fund.

Private Debt Funds

Debt funds are subject to risks associated with the current interest rate environment and to the extent they use debt to finance investments, changes in interest rates will affect their cost of capital and net investment income. Unsecured debt investments could lose all or part of their value. Global capital markets could enter a period of severe disruption and instability. These conditions have historically affected and could again materially and adversely affect debt and equity capital markets in the United States and around the world and lending businesses. To the extent that business development companies (BDCs) are utilized, regulations governing their operation affect their ability to, and the way in which they, raise additional capital. BDC’s necessity of raising additional capital exposes them to risks, including the typical risks associated with leverage.

Exchange-Traded Notes (ETNs)

An ETN is a senior, unsecured, unsubordinated debt security by an underwriting bank whose primary objective is to achieve the same return as a particular market index. Similar to other debt securities, the credit of the issuer is the only backing for ETNs, which have a maturity date. Although performance is contractually tied to whatever index the ETN is intended to track, ETNs do not have any assets, other than a claim against their issuer for payment according to the terms of the contract. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETNs trade throughout the day on an exchange. ETNs, as debt instruments, are subject to risk of default by the issuing bank as counter party. This is the major design difference between ETFs and ETNs: ETFs are only subject to market risk whereas ETNs are subject to both market risk and the risk of default by the issuing bank.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) fluctuate based on, among other things, events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors.

Small Capitalization Equity Securities
Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

Options
An option is the right either to buy or sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option which gives a right to buy is a call option. An option which gives a right to sell is a put option. Calls and puts are distinct types of options and the buying or selling of one type does not involve the other. Option strategies may include covered options, uncovered options, or options spreads, based on the needs of the particular account. With few exceptions, these strategies are defensive in nature and do not involve leverage.

Warrants and Rights
Warrants may be issued together with bonds or preferred stocks. Warrants generally entitle the holder to buy a proportionate amount of common stock at a specified price, usually higher than the current market price. Warrants may carry an expiration date or exist in perpetuity. Rights are similar to warrants except that they normally entitle the holder to purchase common stock at a lower price than the current market price.

Debt Securities (Bonds)
Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk. Certain additional risk factors relating to debt securities include:

Reinvestment Risk
When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk
Inflation causes tomorrow's dollar to be worth less than today's dollar. Inflation Risk is the risk that the rate of inflation will exceed the rate of return on an investment. Inflation reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows" since the fixed rate of return becomes less valuable year after year with rising inflation. For example, if the rate of inflation is 4% over a year and the rate of return of an investment is 3%, then the investor has effectively assumed a loss. Inflation can also lead to higher interest rates, which may cause bond prices to fall.

Interest Rate and Market Risk
Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities.

Call Risk
Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest

rate market, the investor may have to replace the security with a lower yielding security, potentially resulting in decreased income to the investor. Usually, a bond is called at or close to par value. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Credit Risk
If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the investor may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk
There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

MAI attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Diversification does not ensure a profit or protect against a loss in a declining market. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Bond rating agencies may assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category. Unless we state otherwise, clients should include any security within that category without considering the modifier when reading their investment policies based on ratings categories.

Obligations Backed by the "Full Faith and Credit" of the U.S. Government

U.S. government obligations include the following types of securities:

U.S. Treasury Securities
U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes, and bonds.

Federal Agency Securities
Certain U.S. government agencies and government-sponsored entities guarantee the timely payment of principal and interest with the backing of the full faith and credit of the U.S. government. Such agencies and entities include The Federal Financing Bank (FFB), the Government National Mortgage Association (Ginnie Mae), the Veterans Administration (VA), the Federal Housing Administration (FHA), the Export-Import Bank (Exim Bank), the Overseas Private Investment Corporation (OPIC), the Commodity Credit Corporation (CCC) and the Small Business Administration (SBA).

Other Federal Agency Obligations
Additional federal agency securities neither are direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities. However, they generally involve some form of federal sponsorship: some operate under a government charter; specific types of collateral back some; the issuer's right to borrow from the Treasury supports some; and only the credit of the issuing government agency or entity supports others. These agencies and entities include, but are not limited to the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage

Association (Fannie Mae), and the Tennessee Valley Authority and Federal Farm Credit Bank System.

On September 7, 2008, Freddie Mac and Fannie Mae were placed into conservatorship by their new regulator, the Federal Housing Finance Agency. Simultaneously, the U.S. Treasury made a commitment of indefinite duration to maintain the positive net worth of both firms.

Municipal Bonds

Municipal bonds (or "munis" for short) are debt securities issued by states, cities, counties and other governmental entities to fund day-to-day obligations and to finance capital projects such as building schools, highways or sewer systems. By purchasing municipal bonds, you are in effect lending money to the bond issuer in exchange for a promise of regular interest payments, usually semi-annually, and the return of the original investment, or "principal."

Generally, the interest on municipal bonds is exempt from federal income tax. The interest may also be exempt from state and local taxes if you reside in the state where the bond is issued. Bond investors typically seek a steady stream of income payments and, compared to stock investors, may be more risk- averse and more focused on preserving, rather than increasing, wealth. Given the tax benefits, the interest rate for municipal bonds is usually lower than on taxable fixed-income securities such as corporate bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after- tax return to the after-tax return of other bonds, depending on the investor's tax bracket.

The three most common types of municipal bonds are:

- General obligation bonds: Issued by states, cities or counties and not secured by any assets. Instead, general obligation are backed by the "full faith and credit" of the issuer, which has the power to tax residents to pay bondholders.
- Revenue bonds: Not backed by government's taxing power but by revenues from a specific project or source, such as water & sewer, highway tolls or lease fees. Some revenue bonds are "non-recourse", meaning that if the revenue stream dries up, the bondholders do not have a claim on the underlying revenue source.
- Conduit borrowers: Issue bonds on behalf of private entities such as non-profit colleges or hospitals. These "conduit" borrowers typically agree to repay the issuer who pays the interest and principal on the bonds. In cases where the conduit borrower fails to make a payment, the issuer usually is not required to pay the bondholders.

Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

- **Call risk.** Call risk refers to the potential for an issuer to repay a bond before its maturity date, something that an issuer may do if interest rates decline. Bond calls are less likely when interest rates are stable or moving higher. Many municipal bonds are "callable," so investors who want to hold a municipal bond to maturity should research the bond's call provisions before making a purchase.
- **Credit risk**. This is the risk that the bond issuer may experience financial problems that make it difficult or impossible to pay interest and principal in full (i.e. "default"). Credit ratings are available for many bonds and seek to estimate the relative credit risk of a bond as compared with other bonds, although a high rating does not reflect a prediction that the bond has no chance of defaulting.

- **Interest rate risk.** Bonds have a fixed face value, known as the "par" value. If bonds are held to maturity, the investor will receive the face value amount back, plus interest that may be set at a fixed or floating rate. The bond's market price will move up as interest rates move down and it will decline as interest rates rise, so that the market value of the bond may be more or less than the par value.
- **Liquidity risk.** This refers to the risk that investors will not be able to find an active market for the municipal bond, potentially preventing them from buying or selling when they want and obtaining a certain price for the bond. Many investors buy municipal bonds to hold them rather than to trade them, so the market for a particular bond may not be especially liquid and quoted prices for the same bond may differ.

AMT: The alternative minimum tax ("AMT") is a tax imposed by the United States federal government in addition to the regular income tax for certain individuals, estates, and trusts. For those accounts seeking preservation of capital and current income exempt from taxation, MAI usually avoids municipal bonds subject to the Alternative Minimum Tax ("AMT"). For issues specific to each investor consult your tax professional.

General Obligation vs. Revenue Bonds

Typically, investors consider General Obligation bonds to be safer than Revenue bonds since the full faith and credit of the issuer backs the interest and principal payments. With revenue bonds, the interest and principal are dependent upon the revenues paid by users of the facility or service. Frequently the issuers of revenue bonds are either private sector corporations (e.g. hospitals) or entities that exist, often in local monopoly form, to provide a public service (e.g. power utilities or public transportation authorities). Consequently, the thought is that the consumer spending that provides the funding or income stream for revenue bond issuers may be more vulnerable to changes in consumer tastes or a general economic downturn compared to a state or city's ability to raise taxes to pay for its General Obligation commitments.

Municipal Bonds of a Particular State

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Securities issued by particular state municipalities are more susceptible to factors adversely affecting issuers of those state's securities.

Nonrated Bonds

On occasion we will purchase a bond that does not carry a credit rating by one of the rating agencies. There can be many reasons an issuer chooses not to pursue a rating, including but not limited to the following reasons: cost savings, inability to achieve an investment grade rating, and time savings during the issuance process. In addition to up-front cost, a credit rating requires ongoing surveillance for the life of the bond which is paid for by the issuer. A municipal issuer may elect to forego the rating process in the event that the municipal bond issue will not receive an investment grade credit rating. Beginning the credit rating process may introduce time delays in the primary issuance process for the issuer. A municipal issuer may elect to forego this flexibility for expedited access to the capital markets. Further, these securities are subject to credit risk, market risk, interest rate risk, liquidity risk, and reinvestment risk. Investors are subject to credit risk of the issuer and there is no guarantee an investor receive all interest payments and repayment of principal. There is no guarantee that the credit characteristics of the issuer reflect investment grade quality. Investors are subject to changing market conditions and market volatility. Bonds are subject to changes in interest rates and bond prices change in conjunction with broader market interest rates. Further, an investor may experience a decline in bond price in a rising interest rate environment. There is no guarantee that an investor will be able to sell non-rated securities at a hypothetical price equivalent to an investment grade bond. Further, secondary market sales may result in a loss of principal to the investor. There is no guarantee that an investor may have the ability to reinvest principal or interest proceeds into securities that yield similar interest rates as a non-rated security.

Pass-through Securities

MAI may invest client's accounts in various debt obligations backed by pools of mortgages or other assets including, but not limited to, loans on single family residences, home equity loans, mortgages on commercial buildings, credit card receivables and leases on airplanes or other equipment. Principal and interest payments made on the underlying asset pools backing these obligations typically pass through to investors, net of any fees paid to any insurer or any guarantor of the securities. Pass-through securities may have either fixed or adjustable coupons. These securities include:

Mortgage-Backed Securities

U.S. government agencies and government-sponsored entities, such as Ginnie Mae, Fannie Mae, and Freddie Mac, and private entities issue mortgage-backed securities. The payment of interest and principal on mortgage-backed obligations issued by U.S. government agencies may be guaranteed by the full faith and credit of the U.S. government (in the case of Ginnie Mae), or may be guaranteed by the issuer (in the case of Fannie Mae and Freddie Mac). However, these guarantees do not apply to the market prices and yields of these securities, which vary with changes in interest rates.

Private entities that issue mortgage-backed securities structure them similarly to those issued by U.S. government agencies. However, government agencies do not guarantee the mortgage-backed securities, or the underlying mortgages issued by private entities. The structure of these securities generally includes one or more types of credit enhancements such as insurance or letters of credit issued by private companies. Mortgage-backed securities generally permit borrowers to prepay their underlying mortgages. Prepayments can alter the effective maturity of these instruments and the potential return.

Collateralized Mortgage Obligations (CMOS)

A pool of mortgages or mortgage loans backs a CMO, which are divided into two or more separate bond issues. Agency mortgages back CMOs issued by U.S. government agencies, while either government agency mortgages or private mortgages back privately issued CMOs. Payments of principal and interest pass through to each bond issue at varying schedules resulting in tranches with different coupons, effective maturities, and sensitivities to interest rates. Issuers may structure CMOs to magnify the impact of changing prepayment rates on the effective maturities of certain issues of these securities when interest rates change. CMOs may be less liquid or may exhibit greater price volatility than other types of mortgage or asset-backed securities.

Inflation-indexed Bonds

MAI may invest for client accounts in inflation-indexed bonds issued by governments, their agencies or instrumentalities and corporations. The principal amount of an inflation-indexed bond adjusts to changes in the level of the consumer price index. In the case of U.S. Treasury inflation-indexed bonds, the U.S. Government guarantees the repayment of the original bond principal upon maturity (as adjusted for inflation). Therefore, the final principal amount of such bonds cannot fall below par even during a period of deflation. However, the current market value of these bonds is not guaranteed and will fluctuate, reflecting the rise and fall of yields. In certain jurisdictions outside the United States the repayment of the original bond principal upon the maturity of an inflation-indexed bond is not guaranteed. This causes the amount of the bond repaid at maturity to be less than par. The interest rate for inflation-indexed bonds is fixed at issuance as a percentage of this adjustable principal. Accordingly, the actual interest income may both rise and fall as the principal amount of the bonds adjusts in response to movements of the consumer price index. For example, typically interest income would rise during a period of inflation and fall during a period of deflation.

Securities with Equity and Debt Characteristics

Preferred stock is senior to common stock in the capitalization structure of companies. Preferred securities may be issued in perpetuity or have a call provision. Their dividend payments can be cumulative or non-cumulative. The risk factors of preferred stock generally include:

Credit Risk

Bankruptcy of the Issuer has the potential to cause a complete loss in value of preferred stock. Focusing on higher quality issues from firms with stronger balance sheets may help to mitigate this risk.

Liquidity Risk

The lack of volume in this market is one of the reasons why this opportunity exists. It is possible that the issues may have to be held for years to realize the total return objective.

Interest Rate Risk

Like fixed income securities, preferred stock has exposure to changes in interest rates. Security prices can fall as rates increase and potentially rise as rates fall.

Structured Notes

Structured notes are hybrid securities that combine debt securities (generally bonds) and derivatives to create the payout structure. Structured notes are generally considered to be illiquid investments since there is not a market to resell a structured note and they include a debt or bond component with a future maturity date. Prior to investing, investors should carefully consider if they will be able to hold the structured note until maturity. The return on a structured note is linked to the performance of an underlying asset, group of assets, or index This derivative component is created is based on the movement of one or more “factors.” These factors may include, but are not limited to, currency exchange rates, interest rates, referenced bonds, and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. In some cases, the impact of the movements of these factors may increase or decrease through the use of multipliers or deflators. Investments in structured notes involve risks including interest rate risk, credit risk, liquidity risk and market risk. Where investments in structured notes are based upon the movement of one or more factors, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of the factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero, and any further changes in the reference instrument may then reduce the principal amount payable on maturity. See above risks for details of specific factors.

Real Estate Investment Trusts

MAI may invest for client accounts in securities issued by real estate investment trusts (REITs), which primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Private Funds

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers may become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short. Each private fund comes with its own set of unique risks. The PPM covers important information, including risks specific to that fund. Investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following:

1. Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.
2. Private funds are subject to various other risks, including risks associated with the types of securities that the private fund invests in or the type of business issuing the private placement.

Tax Risk

Private funds can be pass-through entities, passing earnings through to the limited partners. Investors must be aware that there are potentially significant tax implications of investing in private funds and they should consult with their tax advisor before investing in these securities. In addition, investors receive a Schedule K-1 which may delay the filing of tax returns. If an extension is required because a K-1 is issued after April 15, the cost of the tax preparation may increase as it is an additional service and adds time to the tax compliance process.

American Depository Receipts (ADRs)

An ADR is a stock that trades in the United States but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Banks and brokerage firms issue/sponsor ADRs. ADRs are subject to additional risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings. Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

Global Depositary Receipt (GDRs)

A GDR is a certificate that represents an ownership interest in the ordinary shares of the stock of a company, but that are marketed outside of the company's home country to increase its visibility in the world market and to access a greater amount of investment capital in other countries. Depositary receipts are structured to resemble typical stocks on the exchanges that they trade so that foreigners can buy an interest in the company without worrying about differences in currency, accounting practices, or language barriers, or be concerned about the other risks in investing in foreign stock directly.

Cash and Cash Equivalents
The account may hold cash or invest in cash equivalents. Cash equivalents include:

1. commercial paper (for example, short-term notes with maturities typically up to 12 months in length issued by corporations, governmental bodies or bank/corporation sponsored conduits (asset-backed commercial paper));
2. short-term bank obligations (for example, bank notes, certificates of deposit, or bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity));
3. savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations);
4. securities of the U.S. government, its agencies or instrumentalities that mature, or may be redeemed, in one year or less; and
5. corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low- risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Master Limited Partnerships (MLPs)
MLPs are publicly traded partnerships that trade mainly on the New York Stock Exchange and/or the NASDAQ, the same as stocks. With a few exceptions, MLPs hold and operate assets related to the transportation and storage of energy (certain MLPs have commodity risk). Most publicly traded companies are corporations. Corporate earnings are usually taxed twice. The business entity is taxed on any money it makes and then shareholders are taxed on the earnings the company distributes to them. In the 1980s, Congress allowed public trading of certain types of companies as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are “pass through” entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any company designated as an MLP has to produce 90% of its earnings from “qualified resources” (natural resources and real estate). Most MLPs are involved in energy infrastructure, i.e. things like pipelines. MLPs are required to pay minimum quarterly distributions to limited partners. A contract establishes the payments, so distributions are predictable. Otherwise, the shareholders could find the company in breach of contract.
In addition to the normal risks associated with equity investments, e.g. price volatility, MLPs bear additional specialized risks:

Risk of Regulation or Change
The main advantage of an MLP is its tax-advantaged status under the current Internal Revenue Code. Therefore, changes in the tax code resulting in the loss of its preferential treatment could significantly affect the viability of MLP investments.

Interest Rate Risk
It is commonly thought that these types of investments do better when interest rates are low, making their yield higher in relation to the safest investments, such as Treasury bills and securities that are guaranteed by the U.S. government. Consequently, MLPs may perform better during periods of declining or relative low interest rates and more poorly during periods of rising or high interest rates.

Tax Risk
MLPs are pass-through entities, passing earnings through to the limited partners. Investors must be aware that there are potentially significant tax implications of investing in MLPs and they should consult with their tax advisor before investing in these securities. In addition, investors receive a Schedule K-1 which may delay the filing of tax returns. If an extension is required because a K-1 is

issued after April 15, the cost of the tax preparation may increase as it is an additional service and adds time to the tax compliance process.

Commodity Risk

Commodity investments are subject to substantial fluctuation in the market price for product based upon, among other things, overall economic conditions or conditions related to war or disputes in various parts of the world, and are highly subject to unforeseen events or events not in control of MAI. Fluctuations in energy commodity prices would directly impact companies that own such energy commodities and could indirectly impact MLP companies that engage in transportation, storage, processing, distribution or marketing of such energy commodities.

Margin Loans and Securities Based Loans ("SBLs")

Margin loans or securities based loans (collectively, "SBLs") are not suitable for all clients and are subject to certain risks noted below that clients should consider before participating in an SBL program. Further, the terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender (i.e. Custodian) selected by the client and terms and conditions may vary from client to client. Clients are encouraged to read the disclosures and risks of their respective lender carefully before entering into an agreement.

The following describes some of the risks associated with SBLs that clients should consider before participating in an SBL program:

Increased Portfolio Risk, Including the Risk for Potential Losses in the Event of a Downturn

Borrowing money on margin to pay bills or other expenses increases a client's level of exposure to market risk and volatility. The more money a client borrows on margin, the greater the market risk. This is especially true in the event of a significant downturn in the value of the assets used to collateralize the SBL. In some circumstances, clients may lose more money than they originally invested and borrowed. As the marginable investments in a client's portfolio provide the collateral for the SBL, the value of that collateral fluctuates according to market activity, while the amount the client borrows stays the same.

The Potential Obligation to Post Collateral or Repay the SBL if the SBL Lender Determines that the Value of Collateralized Securities is No Longer Sufficient to Support the Value of the SBL

The SBL requires a certain minimum value of equity to continue service of the SBL (the "Maintenance Requirement"). If the value of the client's portfolio securities decline in value, so does the value of the collateral supporting the SBL. If the value of the SBL collateral declines to an amount where it is no longer sufficient to support the borrower's line of credit or loan, the SBL Lender will issue a "Maintenance Call" (also referred to as a "margin call"). In that event, the client would be required to post additional collateral or repay the SBL within a specified period of time. The SBL Lender is also commonly entitled to increase its Maintenance Requirement at any time, without having to provide prior written notice to the borrower. As a result, borrowers are subject to risk of repayment of the loan and should be aware of such risks when foregoing a traditional mortgage to finance a real estate purchase.

The Risk that the SBL Lender may Liquidate the Client's Securities to Satisfy its Demand for Additional Collateral or Repayment

The SBL Lender commonly reserves the right to render the borrower's repayment immediately due, and/or terminate the SBL at any time without cause, at which point, the outstanding SBL balance would become immediately due and payable. However, if the borrower is unable to add additional collateral to their account or repay the loan with readily available cash, the SBL Lender can typically liquidate the borrower's securities and keep the cash to satisfy the Maintenance Call. When liquidating the securities of the borrower's investment portfolio, the SBL Lender usually reserves the right to decide which securities to sell to protect its interests, and is not necessarily required to provide written notice of its intentions to liquidate. Accordingly, clients who borrow money through an SBL should be aware of this risk and that such risk is not limited to the margin in the client's account which could result in the client having to owe additional money or collateral to the SBL lender after the positions are liquidated. It is therefore possible that a client can lose more money than what the client originally invested into the portfolio.

Liquidity Risk

SBLs also have a significant effect on the liquidity of a client's portfolio. Namely, a security (whether an equity, mutual fund or ETF) that is used as collateral for an SBL loses its liquidity as long as the SBL is outstanding.

Decreased liquidity increases portfolio risk and restricts a client's access to their funds, which clients should strongly consider before using an SBL.

Risk of Margin as an Investment Strategy and Associated Conflict of Interest

Although MAI does not recommend the use of margin as an investment strategy, in which the client would borrow money leveraged against securities it holds to purchase additional securities, clients choosing to do so would be subjected to the risks described above. In addition, if a client determines to use margin to purchase assets that MAI will manage, MAI would include the entire market value of the margined assets when computing its advisory fee, which would present a conflict of interest because it would result in an increased advisory fee. Another conflict of interest would arise if MAI has an economic disincentive to recommend that the client terminate the use of margin. If MAI recommends that a client apply for an SBL instead of selling securities that MAI manages for a fee to meet liquidity purposes, the recommendation presents a conflict of interest because selling those securities (instead of leveraging those securities to access an SBL) would decrease MAI's investment advisory fee.

Financial Planning

The financial planning tool MAI uses to create financial plans for clients relies on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products. The asset classes are represented by broad-based indices that have been selected because they are well known and are easily recognizable by investors. Indices have limitations because they have volatility and other material characteristics that may differ from an actual portfolio.

The Financial planning tool is used as a guide to help MAI and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the financial planning tools and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or financial planning program.

ITEM 9 - DISCIPLINARY INFORMATION

MAI and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. MAI does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Management Company

Effective January 1, 2010, a management company named MAI Wealth Management, Inc. ("MAIW") was created. The company was formed to house all employees and to pay their salaries and benefits. A management agreement exists between MAIW and MAI in which MAI pays MAIW for the various services provided by the employees. MAI continues as the registered investment adviser.

Adviser to Mutual Fund

MAI Capital Management, LLC serves as the investment adviser to the MAI Managed Volatility Fund (MAIPX/DIVPX), an open-end mutual fund that is part of the Forum Family of Funds, and which is registered under the Investment Company Act of 1940. MAI is not affiliated with Forum Funds.
MAI may allocate to our clients shares of the MAI Managed Volatility Fund, in this case MAI will exclude those shares from billing on the portion of the investment account invested in MAIPX and will only receive compensation as adviser to the Fund.

Insurance Agency

Affiliated

As part of MAI's overall investment and wealth management services, your MAI advisor may use MAI Insurance Solutions, LLC to conduct and facilitate insurance reviews. MAI Insurance Solutions is a wholly owned company of MAI Capital Management, LLC. MAI Insurance Solutions earns commissions on insurance products sold which are separate from and in addition to the fees you pay to MAI Capital Management, LLC. Several insurance brokers sit under Galway Holdings LP – Series 1. You may be referred to these insurance brokers as well to fulfill any insurance needs.

The ownership relationship between these entities presents a potential conflict of interest, however obtaining services from MAI Insurance Solutions or from a Galway entity will not result, directly or indirectly, in the payment of any greater or lesser investment advisory fees or expenses assessed by MAI to its investment advisory clients. MAI is aware of this conflict and will always put your interests ahead of its own. You are never required to purchase any product recommended through the affiliated services.

Unaffiliated

MAI may also look to the services of other unaffiliated insurance brokers to conduct reviews and make recommendations. In the case of using other insurance brokers, in all such cases MAI receives no commission or other remuneration from the sale of any insurance product other than MAI Insurance Solutions.

Registered Representative of Unaffiliated Broker-Dealer

Some Associated Persons of MAI are also registered securities representatives of a non-affiliated registered broker- dealer and a member of the Financial Industry Regulation Authority ("FINRA"). These Associated Persons maintain these registrations strictly in order to sell and market our proprietary mutual fund. Neither MAI nor any of these individuals receive any compensation or commissions for this activity.

Private Funds

MAI serves as investment manager and or general partner to certain investment-related limited liability companies and limited partnerships (the "Funds"). MAI, or affiliates of MAI, are also the general partner/managing member of the Funds.

MAI Wealth GP, LLC, an Ohio limited liability company, serves as the General Partner of the Hartwell Capital Partners LP. Richard J. Buoncore is the Manager of MAI Wealth GP, LLC.

MAI Wealth Private Equity GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Wealth Private Equity Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI and the principals of Cerity Partners LLC.

MAI Wealth Opportunity GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Opportunity Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Diversified Real Estate Income GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Diversified Real Estate Income Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Diversified Real Estate Income II GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Diversified Real Estate Income Fund II, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Diversified Real Estate Income III GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Diversified Real Estate Income Fund III, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital Income & Growth GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital Income and Growth Fund II, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital Income & Growth GP, III, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital Income and Growth Fund III, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital Income & Growth GP IV, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital Income and Growth Fund IV, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital Income & Growth GP V QC, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital Income & Growth GP V QC, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital Income & Growth GP V QP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital Income & Growth GP V QP, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Lending Fund GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Lending Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI has an indirect interest in MAI-Oak Street GP, LLC, a Delaware limited liability company, which serves as the General Partner of MAI Wealth Income & Growth Fund, LP., a Delaware limited partnership ("Income and Growth Fund") that began operations in September 2013. The General Partner is controlled by MAI Wealth Capital Partners, LLC, a Delaware limited liability company owned by MAI, with Richard J. Buoncore serving as its president, and Oak Street Income and Growth, LLC. Pursuant to an investment advisory agreement, the investment manager of the Income and

Growth Fund is Oak Street Real Estate Capital, LLC (SEC #801-77141), a Delaware limited liability company. Oak Street Real Estate Capital, LLC controls Oak Street Income and Growth, LLC.

MAI Solamere Fund GP, LLC, a Delaware limited liability company, is the General Partner of the Solamere Private Equity Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Glade Brook Fund GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Glade Brook Venture Fund, L.P. The General Partner is controlled by Richard J. Buoncore of MAI.

MAI Capital GP Staking Fund GP, LLC, a Delaware limited liability company, serves as the General Partner of MAI Capital GP Staking Fund, L.P.

The Funds are not publicly offered or traded. The Funds are only available to "Accredited Investors" as the term is defined by Rule 501 of the Securities Act of 1933. Investors in certain private funds that include a performance-based fee component must also meet the financial requirements of Rule 205-3 of the Investment Advisers Act of 1940. Those regulations generally provide that MAI may only offer interests in the fund to certain institutions, certain organizations, certain trusts, persons whose individual net worth (or joint net worth with their spouse) exceeds $2,100,000, or persons who invest at least $1,000,000 with us ("Qualified Clients"). For Funds structured as a 3(c)(7), an investor must be a Qualified Purchasers as defined in Section 2(a)(51) of the Investment Company Act. The offering memorandum and subscription agreement (the "Offering Documents") provide additional information on these standards. Prospective investors in the Funds receive the Offering Documents. This Form ADV Part 2A Brochure is not an offer to sell, or a solicitation of an offer to purchase, membership interests in the Funds. Such an offer can only occur when the prospective investor receives the Offering Documents.

In addition to the Funds, MAI expects to continue to manage other client accounts, some of which have objectives similar to those of the Funds, including other collective investment vehicles which may be managed by the same General Partner ("GP") in which both the GP and MAI have an equity interest.

Neither the GP nor MAI is obligated to devote any specific amount of time to the affairs of the Funds and is not required to accord exclusivity or priority to the Funds in the event of limited investment opportunities.

When MAI determines that it would be appropriate for the Funds and one or more other investment accounts to participate in an investment opportunity, MAI will seek to execute orders for all of the participating investment accounts on an equitable basis. If MAI has determined to invest at the same time for more than one of the investment accounts, MAI will generally place combined orders for all such accounts simultaneously and if all such orders are not filled at the same price, we will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, MAI will allocate the trade among the different accounts on a basis that we consider equitable. Situations may occur where the Funds could be disadvantaged because of the investment activities conducted by MAI for other investment accounts.

Research Service Provider

MAI has entered into an agreement with Oak Street Real Estate Capital, LLC (Oak Street) pursuant to which MAI will provide certain research and due diligence services to Oak Street. These services may include, but are not limited to, review of the Oak Street's investment models, the provision of macroeconomic and credit analysis, new monitoring, deal sourcing and site visits. These services may benefit the underlying fund in which MAI Income and Growth Fund II, L.P. invests. For its services, MAI will be entitled to certain fees pursuant to the agreement; such fees will be paid by Oak Street and not chargeable to any fund Oak Street may manage or to any fund the MAI Income and Growth Fund II may invest.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

MAI seeks to secure our reputation for integrity and professionalism, maintain the trust of our clients and ensure that our employees do not benefit personally from the short-term effects of their service to clients. In order to achieve these goals, MAI has adopted the MAI Code of Ethics (the "Code of Ethics"). All directors, officers and employees of MAI, as well as any other person who provides investment advice on behalf of MAI and is subject to MAI's supervision and control (collectively, "personnel") must abide by the Code of Ethics. The Code of Ethics imposes particular requirements and restrictions on the personal trading activity of our personnel and prohibits them from engaging in certain outside activities without the prior approval of the Chief Compliance Officer. In addition, the Code of Ethics prohibits the misuse of material nonpublic information by our personnel and seeks to uphold general business ethics by prohibiting certain activities, such as engaging in outside activities and giving or receiving gifts, other than nominal gifts, to or from any person or other entity that does business, or proposes to do business, with MAI or our affiliates without prior approval of the Chief Compliance Officer. The Chief Compliance Officer has the right to make exceptions when deemed appropriate.

All MAI personnel must certify to the Code of Ethics and report any violations of the Code of Ethics promptly to the Chief Compliance Officer. MAI will furnish a copy of the Code of Ethics to any client or prospective client upon request by contacting the Chief Compliance Officer at (216) 920-5131.

Insider Trading

MAI and our personnel may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, MAI and our personnel are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a MAI client.
Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they are prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following the provisions of the Code of Ethics designed to comply with laws prohibiting the improper disclosure or use of material nonpublic and other confidential information. Despite the circumstances described above, a client on its own initiative may direct MAI to place orders for specific securities transactions in a client account.

As required by Section 204A of the Investment Advisers Act of 1940, the Code of Ethics prohibits the misuse of material nonpublic information by MAI and our officers, directors, and employees. Any officer, director, or employee of MAI who fails to observe this prohibition risks serious sanctions, including dismissal and personal liability. Additionally, MAI restricts its related persons from purchasing or selling the marketable securities of companies in which MAI's clients are deemed "insiders".

Personal Trading Practices

MAI personnel may purchase or sell securities for themselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

To address these conflicts of interest, MAI's Code of Ethics imposes particular restrictions on MAI personnel with respect to transactions for their own accounts and accounts over which they have control or a beneficial interest. These restrictions include prohibitions on trading excessively, acting on investment opportunities before offering such opportunities first to clients, investing in initial public offers or private placements without prior approval of the Chief Compliance Officer, and investing in securities on the restricted stock list maintained by MAI. MAI has determined that certain personal securities transactions may be deemed de minimis, and therefore approved, depending on market capitalization of such securities. Additionally, the Code of Ethics requires all Access personnel to adhere to its pre-clearance policy regarding personal securities transactions and requires employees to report their respective securities transactions and holdings to the Compliance Department.

Aggregation with Client Orders

Transactions for each client's portfolio will generally be effected independently, unless MAI determines to purchase or sell securities for several clients at approximately the same time. MAI may purchase or sell securities in a batch transaction and allocate the batch to clients, funds and/or employees. This presents a potential conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our personnel. MAI may only aggregate transactions for clients with funds and/or employees provided the allocation is done without favor to any one party. MAI employees are limited to participating only in fixed income batch transactions and only if all clients are able to receive their full allocation.

When aggregating orders, no client is favored over any other client; each client participating in the aggregated order will participate at the average share price for all the transactions executed at each custodian in that security by the block on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction. There may be more than one block of aggregated orders in a particular security on a given business day. Securities purchased or sold in a batched transaction are allocated pro-rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. MAI may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular clients. Additionally, if MAI is unable to fully execute a batched transaction and MAI determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction pro-rata, MAI will allocate such securities in a manner determined in good faith to be a fair allocation.

Participation or Interest in Client Transactions

MAI acts as investment adviser to numerous client accounts. MAI may give advice and take action with respect to any accounts we manage, or for our own account, that may differ from action taken by MAI on behalf of other accounts. MAI is not obligated to recommend, buy or sell, or refrain from recommending, buying or selling, any security that MAI, or employees, may buy or sell for our or their own account or for the accounts of any other client. MAI is not obligated to refrain from investing in securities held by accounts that we manage except to the extent that such investment violates policies adopted by MAI. In a limited number of instances, MAI employees act as Trustee at a client's request and with written permission of MAI. ***See Item 15 – Custody*** for more information on MAI employees acting as trustee for client trusts.

The following items represent situations where a conflict of interest may exist between the client and MAI and our personnel and discuss generally our policies for addressing those conflicts.

<u>Recommendations Involving Financial Interest</u>

MAI or our personnel may have financial interests in securities or investment products we recommend. Client portfolios may include the securities of companies in which MAI or our personnel have positions.

MAI may manage the securities portfolios of our employee's pension plans and those of related companies on a discretionary basis following the same principles as other tax-exempt accounts. (See ***Personal Trading Practices*** above.)

Interest in Investment Funds

MAI is the investment manager and general partner or managing member or has other economic interest to certain investment-related Limited Liability Companies, and Limited Partnerships (the "Funds"). MAI may suggest or recommend that clients purchase or sell the Funds managed by MAI. For more information on the Funds, see also ***Items 4, 8, and 10***. MAI only recommends such securities to clients who meet the requisite income and/or net worth requirements and where MAI believes that the investment is appropriate for the client based on the client's ability to accept the risk. MAI earns or shares in the management fees for these funds; clients also pay MAI management fees on the assets MAI manages in their accounts. To avoid the conflict of clients paying MAI dual fees, all assets invested in these funds by MAI clients are excluded from the value of the client's account for the calculation of MAI's discretionary or non-discretionary management fees. The investment advisory fees that MAI receives from each of the MAI Funds are paid by the MAI Funds but are ultimately borne by fund members. Clients will receive the offering memorandum and full disclosure of all known risks before investing. In addition, MAI will disclose any proprietary interest in the company to the client.

Cross Transactions

From time to time it may be advantageous to clients to execute one clients' sale transaction by matching it with another clients' purchase transaction. For example, such a cross transaction can save brokerage commissions and related transaction costs. We will only do this when the proposed transaction is in the best interests of both clients. We do not "dump" a security into a client's portfolio just because another client needs to sell, nor do we decide to sell a security from one client's account just because another client wishes to purchase a similar security. Usually, this situation comes up with fixed income securities where we can receive more advantageous pricing for both clients by crossing the security instead of going into the open market to complete separate transactions.
MAI will always execute such cross transactions through an independent broker-dealer acting as agent. The price for a cross transaction will be determined by an independent broker-dealer and is usually the midpoint between the best bid and offer prices available for the size of the transaction. We will also take into account any additional fees charged to cross the security to ensure that the transaction is still appropriate for both clients.

MAI does not act as broker for any cross transactions effected for clients and will never receive any commissions or other compensation for these trades (other than our normal advisory fees for managing the accounts). Portfolio and Wealth Managers will provide complete written details of a proposed cross transaction to our Chief Investment Officer who will provide written authorization for the transaction if he approves. MAI will maintain documentation of cross transactions in our books and records.

Adviser to Mutual Fund

MAI acts as investment adviser to the MAI Managed Volatility Fund (MAIPX/DIVPX), a proprietary mutual fund. We may on a discretionary basis purchase this fund for our advisory clients. MAI receives fees for managing the mutual fund as well as fees for investment advisory services provided to clients, which could give us an incentive to invest advisory clients in these mutual funds so that we receive dual fees. We recognize this conflict of interest, and to address it we exclude this mutual fund from the assets we manage when calculating the advisory fee so that we will not receive dual management fees.

Clients Having an Ownership Interest

A small number of persons who are existing MAI clients, or who may in the future become MAI clients, either have or may acquire a non-controlling, passive ownership interest in MAI. In the performance of our investment advisory and management services, MAI makes no distinction between clients who may have such an ownership interest and any other clients. MAI's client relationships and services are at all times managed in accordance with the MAI Code of Ethics for the benefit of all clients. Nevertheless, by reason of a non-controlling ownership interest, a particular client may, as a practical matter, from time to time have the opportunity for access to MAI, our investment professionals and staff to a degree different from that available to other clients. In these circumstances, such a client may be advantaged as to support and administrative services in comparison to clients having no ownership position. Such an advantage, however, is unrelated to the performance of investment advisory and management services by MAI for all MAI clients.

ITEM 12 - BROKERAGE PRACTICES

MAI may recommend that most of our clients establish brokerage accounts with Fidelity Brokerage Services, Inc. ("Fidelity") or Charles Schwab & Co., Inc. ("Schwab"), FINRA-registered broker-dealers, members SIPC, to maintain custody of client's assets and to effect trades for their accounts. Although MAI may recommend that clients establish accounts at Fidelity or Schwab, it is the client's decision to custody assets with Fidelity or Schwab. MAI is independently owned and operated and not affiliated with either company. Factors considered by MAI in the recommendation of Fidelity and Schwab include, but are not limited to, the reasonableness of their fees, product availability, research and other services available to both the client and MAI. For example, clients are not charged custodial fees, but instead Fidelity and Schwab are compensated by account holders through commission or other transaction-related fees for securities trades that are executed through them or that settle into their accounts.

Factors Considered in Selecting Broker-Dealers for Client Transactions

In selecting particular securities brokerage firms, dealers or banks ("investment firms"), MAI will consider the investment firm's execution capabilities, speed and efficiency, quality of services, among other factors. In selecting an investment firm, MAI will seek competitive bids and negotiate rates where possible, and clients may pay commissions in excess of those that another brokerage firm might charge for effecting the same transactions. MAI generally trades at market, and on occasion will use market limit orders.

When buying or selling securities in dealer markets, primarily fixed income securities, MAI generally prefers to deal directly with market makers in the securities who act for their own account as principal in the transaction. On these transactions, MAI may effect trades on a "net" basis, and will not pay the market maker any commission, commission equivalent or markup/markdown other than the "spread", that is, the difference between the price paid (or received) by MAI and the price received (or paid) by the market maker in trades with other broker-dealers or other customers.

Securities may also be purchased from underwriters at prices which include underwriting fees.

<u>Commission Rates or Equivalents Policy</u>

For any particular portfolio transaction MAI will not necessarily select broker-dealers based on commission rates or seek competitive bids in advance for the most favorable commission rate. Although MAI generally seeks competitive commission rates on transactions where the client has not directed the selection of the broker-dealer, the account will not necessarily pay the lowest commission or commission equivalent.

The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research, and other services which will help MAI in providing investment management services to clients. MAI may, therefore, use a broker who provides useful research, custody and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal custody or securities transaction assistance.

Orders for discretionary accounts will likely be placed before orders for non-discretionary accounts since it usually takes time for non-discretionary account clients to respond to MAI's recommendations.

Best Execution

MAI seeks to obtain "best execution" of our clients' securities transactions. Best execution is achieved by well- informed trade execution decisions made with the intention of maximizing client portfolios. This responsibility relates not only to the asset management process, but also to the management of direct and indirect costs associated with the use of intermediaries such as broker-dealer and Electronic Communications Networks (ECN's). MAI strives to execute each transaction in such a matter that the clients' total costs or proceeds in each transaction are the most favorable under the circumstances including securities executed by specified broker- dealer. MAI considers pricing, speed of execution and execution consistency among our criteria. MAI periodically and systematically evaluates the performance of brokers and dealers executing our clients' transactions.

Limitation by Custodian

Prime brokerage arrangements are only available to accounts that meet the minimum net equity requirements established by the SEC. Custodian brokers may impose net equity requirements higher than those established by the SEC. Accounts held at Custodians that fall below the minimum required will not be able to participate in prime brokerage agreements and therefore all trades for those accounts will be placed with the accounts' Custodian.

Custodian brokers may charge the client additional fees or higher trading costs for securities purchased from another broker-dealer and transferred to the client's account. MAI will consider this additional cost in relation to our duty to seek best execution for clients when we trade for these accounts. MAI may receive research benefits when executing trades with other broker-dealers through prime brokerage arrangements.

Trading Errors

MAI has procedures in place to prevent trading errors, nevertheless, occasionally trade errors will still occur. Trading errors must be corrected promptly and, in a manner, so that the client does not suffer a loss from the error. However, in calculating the amount of any loss to a client, MAI may take into account any tax savings or other monetary benefits the client may have received, so long as this practice and any resulting direct or indirect benefit to MAI is fully disclosed to the client in writing. If a gain has occurred before settlement date, MAI will recognize the gain and retain it for offsetting future errors. Retention of such gain constitutes a benefit for MAI derived from the management of client accounts, and as such represents a conflict of interest. Some custodians will donate all gains that remain in MAI's error account at the end of a quarter to a charity of their choice.

Trade Rotation

It is MAI's fiduciary responsibility to ensure accounts are traded fairly and impartially. No account will receive preferential treatment over any other. For clients who are in a strategy, accounts will be traded in accordance with the following trade rotation procedure.

When trading a strategy or discretionary accounts within a strategy for multiple client accounts, MAI will follow a rotation process generally grouped by custodian or executing broker. When aggregating orders (block trades) each participating client must participate at the average share price (per custodian) for all transactions in that security in that block, unless changes in allocation are required by special circumstances such as odd-lot considerations and small numbers of securities.

When executing trades with "manual" or "non-electronic" custodians, the custodian will be placed in the trade rotation; however, MAI will not wait for the confirmation of order being filled, before moving on to the next custodian in the rotation.

Research and Other Soft Dollar Benefits

In exercising our authority under client agreements, MAI may in our discretion direct brokerage transactions to securities broker-dealers with which we have arranged to receive research that we use in providing investment management services to our clients. Such arrangements are generally referred to as "soft dollar" arrangements and enable MAI to obtain valuable proprietary or third-party research to supplement our own research in exchange for directed brokerage and the payment of brokerage commissions. In all cases, MAI has determined, or will determine, that the amount of commission charged by a broker-dealer with which we have such an arrangement is reasonable in relation to the value of the brokerage and research services provided, and the benefit to MAI clients as a result. Under such arrangements, clients may pay a higher brokerage commission than they might otherwise pay in the execution of transactions through a broker-dealer with which MAI has no arrangement for research services. Research services obtained by MAI may directly or indirectly benefit particular clients and may be used in connection with clients other than those making the payment of commissions. MAI does not attempt to assign or separately allocate relative costs or benefits of obtaining valuable research among clients.

Using brokerage commissions to obtain investment research services and to pay for expenses of MAI creates a conflict of interest between MAI and our clients and Funds, because the clients and Funds pay for such products and services that are not exclusively for them and that may benefit, primarily or exclusively, MAI and /or, affiliates of MAI. To the extent that MAI is able to acquire these products and services without expending our own resources (including management fees paid by the Funds), MAI's use of "soft-dollars" would tend to increase MAI's profitability. In addition, the availability of these non-monetary benefits may influence us to select one broker rather than another to perform services.

From time to time, MAI may become a party to "soft dollar" arrangements with various brokerage firms, pursuant to which the cost of certain research and other services and products used by MAI or our affiliates is paid for with commissions generated by direct securities transactions for client accounts. MAI may also enter into arrangements with brokers to (i) have "soft dollar" credits rebated to the client accounts or to have commissions recaptured by the client accounts from which the credits or commissions were generated or (ii) use "soft dollars" to pay expenses otherwise payable by client accounts. Either of such uses of "soft dollars" would have the effect of enhancing the returns associated with such client accounts from the returns that would exist absent such uses.

MAI reserves the right to change our soft dollar practices as provided herein.

In addition to research services, MAI may be offered other monetary or non-monetary benefits by brokers that we may engage to execute direct securities transactions on behalf of our clients. These benefits may take the form of special execution, clearance and settlement capabilities. Further, if a product or service obtained by MAI provides both research and non-research benefits, MAI may treat it as a "mixed use" item and pay for the non-research portion with cash.

In the use of soft dollars with regard to obtaining "mixed use" items or services, that is, items or services that may directly be used by MAI for its own purposes in addition to use for the benefit of clients, MAI makes an allocation in the payment for such items or services between soft dollars and hard dollars it pays. Although the allocation between soft dollars and hard dollars paid by MAI is made in good faith based on a reasonable assessment of how such mixed-use items or services will be applied, MAI has a conflict of interest in making that determination to the extent there is an economic benefit in allocating a greater percentage of payment to soft dollars.

When engaging in direct securities transactions, MAI may pay broker commissions that are higher than another broker might have charged for the same transaction, in recognition of MAI's assessment of the value of the research and other services provided to MAI by the broker. However, MAI must believe that commission costs borne by client accounts are reasonable in relation to the overall services provided. The client account that bears the cost of such a commission for a particular trade will not necessarily be the sole beneficiary of such research. Subject to being satisfied that we are obtaining best execution, MAI may consider referrals of investors in selecting among brokers that otherwise satisfy MAI's selection criteria.

Specifically, MAI currently has soft dollar arrangements with Fidelity, Instinet, and Weeden. MAI uses soft dollars to purchase research services such as FactSet. MAI receives both proprietary and third-party research. Generally, these research services are broad and benefit all clients.

Other Benefits

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

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 MAI 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.

As part of the arrangement, Fidelity also makes available to MAI, at no additional charge to MAI, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by MAI (within specified parameters). These research and brokerage services presently include services we use to manage accounts for which MAI has investment discretion such as:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of MAI's fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

MAI may also receive additional services which may include educational events or occasional business entertainment of MAI personnel. MAI will pay for any travel related expenses associated with such event. In evaluating whether to recommend that clients custody their assets at Fidelity, MAI may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by Fidelity, which may create a potential conflict of interest.

As a result of receiving such services for no additional cost, we have an incentive to continue to use or expand the use of Fidelity's services. MAI examined this potential conflict of interest when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of our clients and satisfies its client obligations, including its duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where MAI determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broke-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, we will seek competitive rates, to the benefit of all clients; it may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of MAI's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. MAI and Fidelity are not affiliates, and no broker-dealer affiliated with MAI is involved in the relationship between MAI and Fidelity.

Brokerage for Client Referrals

MAI participates in the Fidelity Wealth Advisor Solutions Program ("WAS Program"). Under the WAS Program, a Fidelity affiliate acts as a promoter for MAI, and MAI pays referral fees for each referral who becomes a client of MAI. MAI is independent and not affiliated with Fidelity or its affiliates. To receive referrals from the WAS Program, MAI must meet certain minimum participation criteria, but MAI may have been selected for participation in the WAS Program as a result of our other business relationships with Fidelity and its affiliates; therefore, MAI may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with Fidelity. However, participation in the WAS Program does not limit MAI's duty to select brokers on the basis of best execution. See ***Item 14*** below for additional information regarding the WAS Program.

MAI receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through MAI's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with MAI. Schwab does not supervise MAI and has no responsibility for MAI's management of clients' portfolios or MAI's other advice or services. MAI pays Schwab fees to receive client referrals through the Service. MAI's participation in the Service may raise potential conflicts of interest described in ***Item 14*** below.

Products and Services Available to Us from Schwab

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. Schwab provides us and our clients with access to its institutional brokerage service (trading, custody, reporting, and related services) many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting services.

Services that generally benefit only us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Directed Brokerage

Clients may direct MAI to use particular investment firms to execute portfolio transactions for their accounts. Where a client directs its brokerage, MAI may not be in a position where we can negotiate commission rates or spreads or obtain volume discounts and best price may not be achieved. If the client's investment firm is unable to effect particular transactions, MAI may select another investment firm to effect the transaction.

Where a client designates the brokerage firm through which transactions MAI is to effect transactions, MAI may not be able to negotiate reductions of commissions for the client's benefit. Client direction of brokerage to a particular brokerage firm may result in the client being unable to participate in orders aggregated with other MAI advisory clients. This could deprive the client from participating in volume discounts on batched orders.

Additionally, broker custody of client assets can limit or eliminate MAI's ability to obtain best execution such as by placing orders with market-makers for OTC stock and bond transactions. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher or lower commissions, greater spreads, or more or less favorable net prices than might have been obtained if MAI were able to select the investment firm.

Aggregation and Allocation of Transactions

We describe our aggregation practices in detail under ***Item 11 -Aggregation with Client Orders*** above.

ITEM 13 - REVIEW OF ACCOUNTS

Wealth Managers ("WMs") have the primary responsibility for obtaining information about the client's income needs, investment time horizon, legal constraints and other relevant investment factors. The assigned WMs are responsible for identifying the client's investment objective and for communicating those objectives to the Portfolio Managers ("PMs"). Within the confines of MAI's investment philosophy, individual client portfolios are structured to seek to meet the objectives of each client. When a client does not have wealth management services and therefore no WM, the PM is responsible for obtaining the information from the client and identifies the client's investment objective.

All client portfolios under management are reviewed at least annually by a WM or PM, and clients usually receive a performance report quarterly, but may select to receive reports semi-annually, annually or upon request. New investment, tax or other developments may result in new or revised recommendations. New circumstances, or changes in client objectives, can trigger a portfolio review by the team (WM, and/or PM).

In addition to reports and other reviews, MAI Portfolio Managers are available to clients through phone contacts or client meetings to assist in the development of an investment plan, and to receive, request or consider specific investment recommendations.

WMs are available to wealth management clients through phone contacts or client meetings to assist in the development of a financial plan. WMs have primary responsibility for reviewing each client's management report on, at minimum, an annual basis. WMs generally review the financial status annually, although individual client needs or requests or other developments may trigger a review at a different time. Clients may receive a management report as part of their overall service once per year. Management reports may include information on a client's net worth, investment portfolio, income tax projection, discretionary funds statement, estate tax summary with estate plan of asset distribution and insurance summaries of property and casualty coverage, life and disability and long-term care.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Referral Arrangements

MAI enters into agreements with affiliates and non-affiliates to solicit clients for MAI or investors for the Funds managed by MAI or an affiliate. If an unaffiliated person introduces a client to MAI, we may compensate that promoter through direct or indirect compensation in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements, including commissions, a percentage of MAI's management and/or performance fees, or professional services fee. MAI pays any referral fee to the promoter from our standard investment advisory fee.

The promoter will disclose at the time of the solicitation whether they are or are not a current client of the firm; whether they will receive any cash or non-cash compensation for the referral; and a statement that the receipt of compensation for a referral creates a conflict of interest.

From time to time, Wealth Partners Capital Group refers prospective clients to MAI, who may become clients of MAI. MAI does not compensate WPCG for any such referrals. Please see ***Item 10*** above.

Fidelity Wealth Advisor Solutions Program

MAI participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which MAI receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA) *(prior to July 16, 2018 through Strategic Advisers, Inc.)*, a registered investment adviser and Fidelity Investments company. MAI is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control MAI, and FPWA has no responsibility or oversight for MAI's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a promoter for MAI, and MAI pays referral fees to FPWA for each referral received based on MAI's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to MAI does not constitute a recommendation by FPWA of MAI's particular investment management services or strategies. More specifically, MAI pays the following amounts to FPWA for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, MAI has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by MAI and not the client.

To receive referrals from the WAS Program, MAI must meet certain minimum participation criteria, but MAI may have been selected for participation in the WAS Program as a result of our other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of our participation in the WAS Program, MAI may have a potential conflict of interest with respect to our decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and MAI may have a potential incentive to suggest the use of FBS and its affiliates to our advisory clients, whether or not those clients were referred to MAI as part of the WAS Program. Under an agreement with FPWA, MAI has agreed that MAI will not charge clients more than the standard range of advisory fees disclosed in our Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, MAI has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when MAI's fiduciary duties would so require, and MAI has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, MAI may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit MAI's duty to select brokers on the basis of best execution.

Schwab Advisor Network® Program

MAI receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through MAI's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with MAI. Schwab does not supervise MAI and has no responsibility for MAI's management of clients' portfolios or MAI's other advice or services. MAI pays Schwab fees to receive client referrals through the Service. MAI's participation in the Service may raise potential conflicts of interest described below.

MAI pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian.

The Participation Fee paid by MAI is a percentage of the fees the client owes to MAI or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. MAI pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to MAI quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by MAI and not by the client. MAI has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs MAI charges clients with similar portfolios who were not referred through the Service.

MAI generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one- time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non- Schwab Custody Fee is higher than the Participation Fees MAI generally would pay in a single year. Thus, MAI will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of MAI's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, MAI will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit MAI's fees directly from the accounts.

For accounts of MAI's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from MAI's clients in the form of commissions or other transaction- related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, MAI may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. MAI, nevertheless, acknowledges its duty to seek best execution of trades for client accounts.

Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for MAI's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

MAI receives compensation from IMG when we provide investment advice and financial planning services to certain clients of IMG and IMG Worldwide. In these cases, at a minimum, IMG pays MAI the difference between the amount such clients pay MAI for Investment Management Services and the actual cost of such services.

ITEM 15 - CUSTODY

MAI has custody of certain clients' assets, such as when MAI has the ability to deduct fees from clients' accounts directly, an employee of MAI is a trustee on a client's account, a client authorizes a Standing Letter of Authorization (SLOA) with their custodian and includes SLOAs where the third-party is a related party of MAI (e.g., an MAI Fund), MAI has a client's password to an account (e.g. an employer 401k account), or when a client grants MAI check writing authority or general power of attorney on accounts as part of its bill pay service.

MAI has put controls in place, in compliance with federal rules, to protect clients' assets over which we have custody. An independent qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds each client's assets – MAI does not act as custodian for any client. The custodian, at least quarterly, sends account statements directly to the client or client's independent representative. In addition, an independent accountant conducts annual surprise examinations of client accounts over which MAI or a related person of MAI has the ability to instruct asset movement out of the client account, other than instructions to deduct MAI's management fees or transfer to a same-registration account of the client.

MAI is deemed to have custody of the assets of the Funds. MAI, as the managing member or general partner and investment manager of the funds, has the ability to request funds from the custodian out of the accounts. MAI has put controls in place, in compliance with federal rules, to protect clients' assets in the funds. We rely on the "annual audit provision" allowed under the custody rule. Each fund has an independent audit performed by a public accounting firm. These audited financial statements are distributed to Fund investors. A qualified custodian holds the fund's assets. In addition, an independent accountant audits the accounts each year, and we send copies of the audited financial statements to all investors in the funds. An independent accountant will also audit the fund upon liquidation.

A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities**.** The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of MAI's fee. Clients should carefully review the account statements you receive from your qualified custodian. When clients receive statements from MAI as well as from the qualified custodian, clients should compare these two reports carefully. Clients with any questions about your statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from your qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

With respect to our discretionary clients and the Funds, MAI is authorized to make the following determinations in accordance with the client's specified investment objectives without consulting client or obtaining the client's consent before effecting a transaction:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which to effect securities transactions for client accounts.
- The prices at which to buy or sell securities, which may include dealer spreads or mark-ups and transaction costs.

For discretionary accounts, members of the Investment Committee set investment guidelines, and the Portfolio Managers make the investment decision within guidelines established and in accordance with the client's investment objectives and may consult with the client's Wealth Manager. There are exceptions to MAI's investment discretion. Clients may prohibit the purchase of certain specific securities or securities from a specific industry. Client guidelines may also contain limits on the amount of securities to be bought or sold, or prohibit the purchase of certain types of securities if the purchase would cause the holdings of such securities to exceed a designated percentage of the value of the account.

See also **Item 4 - *Tailored Services and Client Imposed Restrictions*** and ***Item – 12 Brokerage Practices***, above.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

Although MAI does vote proxies for a limited number of clients (such as mutual funds we manage and other pooled investments), MAI's general policy is not to accept responsibility for voting proxies absent special circumstances. In cases where MAI does, however, accept responsibility for voting proxies for a particular client, MAI has adopted a Proxy Voting and Disclosure Policy that is designed to reflect MAI's commitment to vote proxies in the best interest of clients and in accordance with Rule 206(4)-6 under the Advisers Act. We will make proxy voting decisions for that security on a case-by-case basis as described below.

MAI generally votes with management; however, we believe that each proxy proposal should be individually reviewed to determine whether the proposal is in the best interests of our clients. MAI has developed procedures for voting proxies that generally require MAI's Proxy Committee Chairman and/or the Proxy Committee to review all proxy solicitation materials and vote the proxies in accordance with the voting guidelines set forth in the policy. Generally, MAI does not permit clients to direct our vote in a particular solicitation. To implement MAI's proxy voting policies, MAI has engaged Broadridge's ProxyEdge platform to vote and maintain records of all proxies.

Occasionally, we may have a conflict of interest in voting proxies. For example, when a portfolio company is a client or an affiliate of a client of MAI or a vote may impact the compensation payable to MAI in a manner adverse to client's interests. In cases where MAI is aware of a conflict between the interests of a client and the interests of MAI or an affiliated person of MAI, MAI will notify the client of such conflict and will vote the client's shares in accordance with the client's instructions. In the event that MAI does not receive instructions from the client within three business days after the notice, MAI may abstain from voting or vote the proxy in what we believe (in our sole discretion) is the client's best interests.

At any time, clients may contact us to request information about how we voted your proxies for your securities or to get a copy of our Proxy Voting and Disclosure Policy. You can obtain this information by submitting a written request to us at: MAI Capital Management, LLC, Attn: Proxy Chairman, 6050 Oak Street Blvd., Suite 500, Cleveland, OH 44131. MAI will provide the information or a copy of this policy within a reasonable amount of time.

For clients where MAI does not have the authority to vote client securities, clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients may call us if they have questions about a particular solicitation, but MAI will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

Class Actions

MAI does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will assist the client in determining if the client is eligible to participate and provide the client with any transaction information that may be needed in order for the client to file a proof of claim. The client must make the decision on whether to participate in the claim, complete the claim form, and send it in.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. MAI does not require the prepayment of more than $1,200 in fees per client, six months or more in advance, and does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

MAI Capital Management

Privacy Notice

At MAI Capital Management, LLC (MAI), the interests of our clients always come first. As part of our firm's tradition of trust, the confidentiality of client information has been and will continue to be paramount. We maintain high standards to safeguard your personal financial information at all times, and we will remain vigilant in protecting that information.

MAI has built relationships with many individual clients. Additionally, MAI serves as the manager and investment advisor to the MAI Funds (described in greater detail below). In all cases, we collect personal financial information that is essential to provide efficient personalized services to you and to meet all legal and regulatory requirements.

We never rent or sell your name or other personal financial information. We will only share certain information with companies not in our corporate family ("non-affiliated third parties") as permitted by law for the purpose of servicing your financial needs. The recipients of that information are required to protect the confidentiality and security of that information and may not reuse it for any other purpose. Information is not shared with any third party except under an agreement prohibiting disclosure or use of the information except to carry out the service relationship.

QUESTIONS AND ANSWERS ABOUT MAI'S PRIVACY PRACTICES

How do we protect the confidentiality, security and integrity of your information?

- *People.* We restrict access to your personal financial information to personnel who need that information to provide you with our products and services. We also require all employees to acknowledge their receipt and review of our privacy policies.
- *Policies and Procedures.* We maintain and monitor our physical, electronic and procedural safeguards, updating them as needed so that we may guard your personal information.
- *Security.* We use security and encryption methods to help us identify and prevent potential data breaches and unauthorized disclosure of your personal financial information.

What types of information do we collect about you and from what sources?

Depending on the nature of your relationship with us, we must obtain certain information to meet legal and regulatory requirements. We collect only personal financial information that is either required or necessary to provide personalized financial services to you. For instance, we may obtain information about you from your application or other forms, such as your name, address, Social Security number, telephone number, and income. We may obtain information about you from meetings and telephone conversations with us. We may obtain information about your investments from transactions with us or the MAI Funds. Finally, with respect to MAI Fund investors, we may obtain information from subscription agreements, investor questionnaires or other fund documents or statements, such as your name, address, Social Security number, telephone number, income, and amount invested and capital account balances in such MAI Funds.

What information do we disclose about you and to whom?

We may disclose some or all of your personal information to our corporate affiliates, if any. We do this in order to offer you a broad range of products and services and to comply with applicable law.

MAI will, as necessary, use various services from outside vendors that are non-affiliated third parties. We use these external vendors for the purpose of supporting the financial products and services we provide to you. For example, we provide information to financial service providers such as broker-dealers, custodians or banks. We provide information to other service providers such as attorneys, accountants, auditors, and outside vendors that assist us in printing and mailing account statements. These parties must agree to comply with stringent security and privacy policies and procedures. Their ability to protect the personal financial information of our clients is an important consideration in our relationship with them. With respect to investors in the MAI Funds, in addition to outside vendors, information may be shared with other investors in the MAI Funds in connection with closing documentation, financial statements or other reports or investor communications.

We may also disclose information to non-affiliated third parties or to government agencies and regulatory organizations as permitted or required by law.

What information do we disclose about former clients and to whom?

Our Privacy Policy continues to apply to all former clients. We may disclose some or all of a former client's personal information to government agencies and regulatory organizations when permitted or required by law, such as when required to comply with regulatory exams, subpoenas and other official governmental requests.

Does this Privacy Policy apply to investors in the MAI Funds?

Yes. MAI provides investment advisory services to several investment-related funds (collectively, the "MAI Funds"), MAI also serves as the manager of these funds. Accordingly, the MAI Funds will comply with this Privacy Notice with respect to the personal financial information of their investors to the same extent as this Privacy Notice and our Privacy Policy applies to clients of MAI.

Does this Privacy Policy apply to prospects of the firm?

Yes. We treat any information we receive from prospects in the same manner.

For questions concerning MAI's Privacy Policy, please contact Holly Cavalier, Chief Compliance Officer, at (216) 920-5131.