



## MONTGOMERY INVESTMENT MANAGEMENT, INC.

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This brochure provides information about the qualifications and business practices of Montgomery Investment Management, Inc. ("MIM"). If you have any questions about the contents of this brochure, please contact us at: phone # 301-897-9700 and/or [Elaine@miminvest.com](mailto:Elaine@miminvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Montgomery Investment Management, Inc. is also available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov)

12-31-2022

Montgomery Investment Management, Inc. is an SEC Registered Investment Advisor.  
*Note: this registration does not imply a certain level of skill or training.*

## **Item 2 Material Changes**

This Brochure, dated 12-31-2022 has been prepared in accordance to SEC rules and regulations. Item # 2 requires firms to address any material changes made to an Advisor’s Brochure since their last filing, which for Montgomery Investment Management (“MIM”) was 12-31-2021.

There have been no material changes since Montgomery’s last filing.

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### **Part 2B Firm Brochure Supplement**

## Item 4 Advisory Business

Montgomery Investment Management, Inc. is a privately held, SEC registered investment advisory firm. Calvin S. Koonce began the firm in 1987, and is the principal owner, holding an 85% share of the firm.

Montgomery offers advice on equity securities, warrants, municipal and corporate bonds, U.S. Government securities, and certificates of deposit. The managing directors provide investment advice to a wide range of accounts including institutional clients, individuals, families, trusts, retirement accounts, charitable organizations and businesses. Montgomery will also provide advice to wrap accounts. Wrap accounts adhere to the same Montgomery fee schedule as non-wrap accounts. There are no significant differences in the way Montgomery manages the investments of wrap vs. non-wrap accounts. Montgomery may at some time, establish arrangements where it provides model portfolio recommendations to other investment advisers. Services and fees for these arrangements will be negotiated.

The firm's philosophy is to structure each account in a way that provides the level of risk, safety and liquidity suitable for each client. In every case, the client is given an opportunity to impose restrictions they may want regarding certain securities, or types of investments to be held in their portfolio. All limitations and restrictions placed on an account must be presented to Montgomery in writing. Clients also have the choice of maintaining a discretionary or non-discretionary account.

As of **December 31, 2022** Montgomery Investment Mgmt., Inc. managed **\$238,243,424** of client assets on a discretionary basis, and **\$79,775,028** of client assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### Fee Schedule

1.2%	First \$ 500,000 of Market Value
0.6%	Next \$1,500,000 of Market Value
0.5%	Next \$3,000,000 of Market Value
0.4%	Next \$15,000,000 of Market Value

*Above \$20,000,000, Institutional Accounts, & under special circumstances fees may be negotiable  
As a result of Lakeshore /MIM merger, Lakeshore clients will maintain their Lakeshore fee schedule  
Family related accounts are aggregated for fee purposes*

Montgomery's fees apply to both discretionary and non-discretionary accounts. Accounts are charged in advance on a calendar quarter basis. Clients have the choice of paying fees directly, or with written client authorization, fees may be deducted from the account. Payments shall be due within fifteen (15) days after the end of each quarter during the term of the advisory agreement. Clients will be responsible for verifying the accuracy of Montgomery's fee calculation; the Custodian will not determine whether the fee is calculated properly. Accounts opened during the quarter will be assessed a pro-rated portion of the fees. Additional assets in excess of \$50,000 contributed by a client to their existing investment account assets during a quarter will be charged a pro rata fee based upon the number of days remaining in the quarter. Clients may withdraw investment account assets upon notice to MIM, subject to the usual and customary securities settlement procedures. No fee adjustment will be made for partial withdrawals or for appreciation or depreciation of assets within a billing period. Montgomery may adjust fees with 30 days prior written notice.

Montgomery's contract extends for twelve months and is renewed automatically. The client may terminate the contract at any time upon written notice. Montgomery may terminate the contract with 15 days prior written notice. Refunds of excess fees will be determined on a pro rata basis according to the number of days the account remained under contract, measured either from the date written notice is received from the client or sent to the client by Montgomery. Our all-inclusive fees are based on the market value of the assets under management. We believe this is a significant advantage to the client because our fees are never influenced by a need to generate commissions or promote a particular investment or mutual fund.

Montgomery Investment Management does not receive compensation from broker/dealers for any investment advisory client transaction. No employee of Montgomery may receive commissions from orders placed by Montgomery.

Clients may incur brokerage commissions and fees separate from Montgomery's fees. Clients have the option to purchase, sell, and custody products Montgomery recommends through a broker/dealer of their choice. Clients may be invested in money market funds, for which their custodian may be paid a fee. This fee will be disclosed to clients upon request. Clients may also, upon request, hold mutual fund positions. Mutual funds typically have 12b-1 fees paid to the custodian in addition to required operating expenses collected by the fund, which are disclosed in each fund prospectus, which is provided to the client at the time of purchase or before.

Montgomery may establish accounts with clients holding secondary advisory relationships when such clients are provided and sign Dual Contract Agreements. In such cases, these clients will be informed of the specifics regarding each party's separate fee arrangements and responsibilities. A copy of both contracts, signed by the client and firm representatives, will be approved and maintained by both firms.

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

Montgomery does not receive Performance Based Fees and does not utilize Side-By-Side Management.

## **Item 7    *Types of Clients***

Montgomery Investment provides investment advice to various types of clients which include, but are not limited to: Financial Institutions, Individuals, Joint Accounts, Custodial Accounts, Estates, Charitable Entities, Retirement Accounts, Trusts, Corporations, Partnerships and other business entities.

Montgomery Investment has an initial account requirement of \$ **300,000.00**, noting some related accounts may be linked for determining the dollar value of assets.

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

### **Methods of Analysis & Investment Strategies:**

Montgomery's goal of investment management is the growth of real (inflation adjusted, after tax) value of assets under management over long periods of time. Montgomery believes a steady conservative approach, yielding gains in most years and avoiding large losses, is more likely to achieve this goal than an approach leading to large gains or large losses.

We are value investors - business analysts with a long-term time horizon focused on investing in companies that are competitively entrenched, attractively priced, and well managed. Using fundamental analysis, Montgomery identifies companies we believe have sustained competitive advantages allowing them to produce superior cash flows and returns over time. Montgomery seeks to achieve long term success by investing in companies that are believed to be both undervalued and possess a sustainable competitive advantage at a reasonable price. Montgomery's method of analysis includes fundamental and cyclical approaches. Montgomery uses a variety of resources in their analysis of public companies. Typically, our review methods incorporate a blend of utilizing: annual reports, company's financial filings, financial industry newspapers and magazines, SEC filings, and in some cases research reports, or meetings with management of a company of interest.

Montgomery looks for emerging, overlooked investment themes, and employs proprietary fundamental analysis to identify related companies with the potential to provide superior long-term performance. Diversification among different companies, industries, and types of investments can assist in minimizing risk. Relevant factors considered include: high return on equity, accelerating earnings, low P/E, low price to book value, strong balance sheet, increasing dividends, good governance, strong competitive position, and high barriers to entry.

Additional investing guidelines:

- Portfolio companies that are often "under followed" and "undervalued" by Wall Street and/or are turnaround situations.
- Companies are typically researched for an extended period before being added to the portfolio.
- Our portfolios generally consist of 20-30 securities. No arbitrary sector or industry limitations are imposed.
- Securities will be sold if the original investment thesis is fundamentally impaired or if the performance outstrips the fundamentals. If a company continues to perform as expected, the security may be held indefinitely.

### **Risks:**

The following is a description of principal risks associated with Montgomery's methods of analysis and investment strategies that may adversely affect risk and return. There are other circumstances which could prevent Montgomery from achieving its investment objective including additional risks not described here.

**Risk of loss.** Although Montgomery makes every effort to preserve each client's capital and achieve real growth of wealth, investing in securities involves a risk of loss that each client should be prepared to bear.

**Risks of stock investing.** Stocks generally fluctuate in value and may decline significantly over short time periods. The value of a stock in which a client invests may decline due to general weakness in the stock market or because of factors that affect a company or a particular industry.

**No Assurance of investment appreciation.** In addition to short-term market fluctuations, there is no assurance that any particular investment will appreciate in value over the long term or that it can ever be sold at a profit. It is possible that some or all of a client's investments may be sold at a net sales price which will be less than the acquisition costs paid for such investments.

**Reliance on companies in which investments are made.** Clients will be a partial owner of the companies in which its assets are invested and, therefore, will face risks inherent in owning a business. These risks include, but are not limited to, (1) a company's operations may not be successful or profitable, (2) a company may not have the financial resources to weather economic downturns, (3) a company may not be able to control and mitigate cost increases, (4) a company may not be able to effectively respond to regulatory actions affecting its operations or markets, and (5) the company's management may mismanage the company and/or engage in fraud. Each client must recognize that the success of such client's investment portfolio depends on the operating success and profitability of the companies in its investment portfolio. Montgomery will not have control or discretion concerning any operational decisions of any of such companies.

**Managed portfolio risk.** Our investment strategies or selection of specific securities may be unsuccessful and may cause clients to incur losses. Generally, our strategies are classified as non-diversified. As a result, an increase or decrease in the value of a single security may have a greater impact on total return. Being non-diversified may also make a strategy more susceptible to financial, economic, political or other developments that may impact a security. Although Montgomery may from time to time hold more securities than at other times, the non-diversified strategy gives us more flexibility to hold larger positions in a smaller number of securities

**Foreign investing risk.** A client's investments in foreign securities may be adversely affected by political and economic conditions overseas, reduced liquidity, or decreases in foreign currency values relative to the U.S. dollar.

## **Item 9 Disciplinary Information**

Montgomery Investment Management, Inc. has no applicable legal or material disciplinary disclosures.

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

Montgomery has two Managing Directors: Calvin S. Koonce and Franklin S. Koonce. For over twenty years, both Calvin S. Koonce and Franklin S. Koonce have maintained a registered representative license with Koonce Securities, LLC. Calvin Koonce is part owner of Koonce Securities, and Franklin S. Koonce serves as Manager. As of July 2015, Koonce Securities, LLC discontinued client brokerage accounts, terminated its trading desk, and the firm eliminated all brokerage clearing services. Koonce Securities' current business plan focuses solely on sponsoring firms interested in obtaining DTC eligibility for their corporate securities.

Laura Murphy, MIM's V.P. of Compliance, also works for both MIM and Koonce Securities. Laura Murphy holds a registered representative license through Koonce Securities.

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

Montgomery adopted a **Code of Ethics** in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code of Ethics contains provisions reasonably designed to deter misconduct and/or conflicts of interest, and is also used to detect possible violations.

The Code of Ethics (“COE”) for Montgomery Investment Management, Inc. covers all employees, including supervised persons, managing directors, consultants, directors and officers. Only employees and the firm’s managing directors are considered “access persons”. MIM’s Code of Ethics will be maintained and monitored by Laura Murphy, Chief Compliance Officer, and approved annually, or as amended, by Calvin S. Koonce, President and CEO of Montgomery Investment Management. A copy of this COE will be made available to clients/prospects upon request. The firm’s COE establishes MIM’s primary focus: employees will strive to meet stated objectives in all client portfolios, while using honesty, integrity and professionalism in all aspects of MIM’s business while enforcing procedures safeguarding privacy of clients. The duty of all employees is to place the interest of clients as their highest priority. Individuals not adhering to full compliance with the firm’s Code of Ethics will receive appropriate disciplinary action, and if deemed necessary, will be terminated. The following are provisions of MIM’s COE:

- 1) It will be prohibited for employees of MIM to engage in outside business activities without the prior approval of appropriate supervisory personnel as evidenced by initialed letters, U-4’s, or other documents kept by officers of the firm.
- 2) It is suggested all Managing Directors participate in ongoing continuing education, which may in part, be satisfied through dual participation in the affiliated Broker-Dealer Cont. Ed. Program (when it satisfies and/or benefits both entities). Continuing Education will also include participation in the regular and ongoing discussions where the employees review the firm’s ‘Code of Ethics’ as well as expectations of the employees/managing directors, and consultants. Laura Murphy will co-ordinate continuing education issues.
- 3) All MIM employees, managing directors, or MIM consultants are to **immediately** notify a MIM officer (verbally) of any client complaint or concerns regarding breach of regulatory requirements. The officer may require the incident be put in writing for follow-up and corrective action. The extent or severity of the complaint or violation will determine the actions taken by MIM management, which will be immediate and in proportion to the issue identified, and will be documented in a personnel file and/or a firm compliance file.
- 4) To date MIM has not, nor is it expected to produce written research reports. In the event a research report is ever produced in the future, it must first receive management’s written approval, and ‘trading ahead’ of any research recommendations will not be authorized. On occasion, MIM’s Managing Directors may provide a written explanation regarding purchase or sale decisions made in client accounts.
- 5) Managing Directors’ brokerage accounts will be reviewed to supervise account trading activities. These reviews will be completed by Laura Murphy, CCO, on an ongoing basis. Laura Murphy’s reviews can be accomplished by any or all of the following methods **a)** having trade confirmations reviewed **b)** review of MIM trade ledgers **c)** Holding Reports (Brokerage statements & a listing of other securities held) made available to L. Murphy by employees and Managing Directors within days of employment, and annually thereafter **d)** employees and Managing Directors have quarterly brokerage statements made available to L. Murphy for review no later than 30 days after the end of each calendar quarter. L. Murphy will have copies of her account statements reviewed by FS Koonce, including annual holding reports.
- 6) Managing Directors will observe and adhere to all Chinese Wall requirements, and observe SEC/FINRA rules pertaining to insider trading noting firm policy prohibits the use of material, non-public information. This applies to MIM honoring only *non-solicited* VSE orders, and Calvin Koonce not participating in any client’s decision making, dispositive powers, or activities related to VSE (see 2B Brochure Disclosure).
- 7) It will be prohibited for any employee, officer, director, or consultant to MIM, to violate or in any way breach federal or state securities laws. All employees, officers, director, and consultants are to comply with applicable federal, state, AML and SEC regulations.

- 8) All client data will be maintained in approved areas only in order to maintain privacy and safeguard nonpublic information. MIM will require any printed materials containing sensitive and non-public information to be shredded prior to disposal. Clients receive a copy of MIM's privacy policy at the time the account is opened, and annually thereafter.
- 9) Gift Policy: All employees including managing directors are subject to a limit of receiving gifts valued at \$100.00 or less from clients/prospects or industry vendors/associates. The number of gifts should be reasonable and limited to once a year from any one entity. Once received, the gift is to be reported to firm management, a written notation of the gift will be maintained in the personnel file by the Compliance director (L. Murphy). If at the time the gift is reported, management determines the items(s) inappropriate, or in violation of regulatory statutes, it may be directed the gift not be accepted.
- 10) It will be prohibited for any employee of MIM to intentionally disseminate false information or in any way be involved in the misuse or participate of false rumors. This will constitute a violation in any format, including but not limited to verbal communications, e-mails, or letters to clients or prospects. Compliance will monitor correspondence and discuss this issue at meetings on a regular and ongoing basis.
- 11) A director, officer, or employee of Montgomery shall not buy or sell securities for such person's personal portfolio where such person's decision is substantially derived, in whole or in part, by reason of such person's employment, unless the information is also available to the investing public upon reasonable inquiry. Additionally, no associated person of MIM shall prefer his or her own interest to that of the advisory client.
- 12) It is anticipated from time to time, a security may be purchased or sold on behalf of a MIM client in which a MIM officer, Director, or employee holds a security position. Clients will be notified of this practice before retaining MIM and annually thereafter via the ADV Brochure.
- 13) All employees & managing directors must have written authorization from management prior to participating in IPO's and/or any private placement transactions.

## **Item 12 Brokerage Practices**

Montgomery's advice regarding choice of broker reflects our belief that best execution is almost always obtained by firms employing knowledgeable, experienced traders, whose only motivation is obtaining best execution for the client. Firms providing principal executions or receiving payment for order flow, we believe provide inferior executions for clients. Therefore, we advise clients to consider the quality of execution as well as commission rates when choosing a brokerage firm. MIM will attempt in all cases to negotiate the best possible rates for its clients. MIM will request, when possible, for client brokerage firms to provide agency or riskless principal transactions for its clients.

Although MIM may recommend clients use the services of a particular custodian/brokerage, it is the client's choice what firm will be used as broker, their registered representative, or the custodian. Clients who direct brokerage should understand that similar brokerage services may possibly be obtained from other broker-dealers at lower costs and possibly with more favorable execution. If a client directs Montgomery to a brokerage we believe is providing less favorable executions, the client will be notified and provided additional choices to consider.

In most cases, clients will have individual trading orders submitted for execution. Occasionally, a batch order may be written and then allocated after execution, in such instances, a fair and equitable system will be used (average pricing) to allocate the shares to clients, with no favorable allocations given to any particular account. MIM participates in various custodial institutional programs, all of which are independent (and unaffiliated) SEC-registered broker-dealers. MIM receives no Soft Dollar payments from custodians or service providers.

If Montgomery believes the purchase or sale of a security is in a client's best interests along with the best interests of its other clients, Montgomery, may, but shall not be obligated to, aggregate the securities to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent permitted by applicable laws and regulations. Montgomery will allocate securities so purchased or sold, including partially executed orders as well as the expense incurred in the transaction, in the manner that it considers to be equitable and consistent with its fiduciary obligations to client and its other clients. Bunching trade orders in a block with other clients is permissible provided that no client is favored over any other client. Montgomery will use the following allocation procedures for bunching advisory clients' trade orders:

- Montgomery will not aggregate orders unless aggregation is consistent with best execution duty and the applicable advisory agreements;
- No advisory account will be favored over any other account;
- Orders will be allocated on a basis different from the allocation summary only if all clients receive fair treatment and the reason for the different allocation is approved by Ms. Murphy;
- Books and records will reflect separately, for each account, the securities held, bought, and sold;
- No additional compensation or remuneration of any kind will be received by MIM as a result of the proposed procedure; and
- Individual investment advice and treatment will be provided to each client's account.

### **Item 13      Review of Accounts**

Montgomery's managing directors regularly, and on an ongoing basis, conduct reviews of their MIM client accounts. Elaine Schuler (Administrative VP), and Laura Murphy (Compliance VP), will also review accounts providing administrative, compliance, and other operational input to the managing directors. Completing a client review includes an assessment of any one or more of the following: (i) changes in the needs or investment goals of a client; (ii) fluctuations in market performance; (iii) changes in economic conditions; (iv) changes in the condition of particular companies in which a client's funds are invested. Each account is assigned a managing director who performs regular and ongoing independent reviews, and schedules discussions as needed, or requested by a client. Although, all Montgomery accounts can be managed, at all times, by both directors. Special reviews can be triggered by client inquiry or significant changes in economic or market conditions. Montgomery clients receive quarterly statements of their accounts reflecting: Current portfolio appraisals, YTD Purchase/Sales, YTD Realized Gains/Losses, Current Unrealized Gains/Losses, YTD Income/Expenses, and a monthly cash ledger. Additionally, at the end of each quarter, statements reflect gross and net quarterly performance. Clients are asked to regularly compare their MIM statements to their custodial statements for accuracy in reporting, and to contact MIM in the event of questions or concerns.

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

Montgomery may enter into written arrangements to pay cash referral fees to individuals or companies ("Solicitors") who recommend prospective clients to Montgomery. Any compensation paid by Montgomery for client referrals or solicitations will be disclosed to clients at the time of solicitation and again in writing through a "Notification Letter" which explains to the prospective client the terms under which the Solicitor is working with MIM and the fact that the Solicitor is being compensated for the referral activities. Only individuals who have properly signed a contract which clearly defines the duties and responsibilities of the Solicitor under this arrangement, and agree to proper solicitation procedures will receive compensation from Montgomery. These individuals may additionally be required to file as registered advisors through the industry's IARD system. Compensation paid to solicitors will be a stated percentage of the total assets referred and the compensation identified in the signed contract will continue as long as the client remains with Montgomery Investment Management Inc. The Solicitor is also required to furnish a copy of this Brochure to the prospective client, and obtain a written acknowledgement from the client that both the Solicitor's disclosure document and this Brochure have been received. Documentation of this will be kept in Montgomery files.



## **Item 15 Custody**

All investment account assets shall be deposited by clients with a custodial agent (the “Custodian”) selected by the client. Montgomery shall not act as the Custodian. Montgomery shall give notice and directions to the Custodian with respect to transactions regarding the account assets, and such transactions will be consummated by payments to, or delivery by, the Custodian of all cash and/or securities. All fees of the Custodian shall be paid by the client.

Due to its ability to deduct fees directly from client accounts with written authorization, Montgomery is deemed to have custody of client funds and securities under Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. Montgomery will follow requirements of Rule 206(4)-2 for accounts if MIM is deemed to have custody.

Each client will receive, at least quarterly, an account statement directly from the Custodian, which MIM urges all clients to regularly compare with their MIM statements.

## **Item 16 Investment Discretion**

Montgomery will afford clients a choice of maintaining either discretionary or non-discretionary investment accounts. If a client selects a discretionary account, Montgomery will have full discretion to choose the timing, the securities, and the amounts thereof to be purchased or sold on behalf of each such account. However, discretionary authority is limited by the client’s needs and investment goals, the amount of assets in the account, overall suitability obligations, and the fiduciary obligations imposed by law. Montgomery will not affect with or for any client’s account any discretionary transactions without prior written consent from the client, such written consent to be approved by a managing director of the firm. All activity is reviewed at frequent intervals by the Managing Directors in order to detect and prevent transactions outside the stated objectives, or orders excessive in size or frequency in view of the financial resources and character of the account, or in any way deemed inappropriate.

## **Item 17 Voting Client Securities**

Montgomery acts as a discretionary investment adviser for various clients, including clients governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Upon execution of the investment advisory agreement, the client assigns to MIM the responsibility for voting all proxies solicited by issuers of securities held in the account. Unless a client (including a “named fiduciary” under ERISA) specifically reserves the right, in writing, to vote its own proxies, or to take shareholder action with respect to other corporate actions requiring shareholder actions, Montgomery will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets in accordance with Montgomery’s Policies and Procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

Franklin Koonce is designated to administer the proxy voting for Montgomery’s discretionary accounts. Franklin Koonce will from time to time utilize input from Managing Director, Calvin Koonce, and in some cases, prior to voting, discuss his intention as to how client proxies will be voted to ensure the clients' best interests are being met. Non-discretionary accounts will have proxies mailed to their address of record for voting. Upon their account opening, clients receive an ADV reviewing Montgomery’s proxy procedures, which is mailed again annually. At any time, clients may request and receive information on how their particular proxies were voted. Additionally, clients may contact MIM by phone or mail with questions related to the firm’s proxy voting policies and procedures. Proxy records will be kept for 5 years - the first 2 years in Montgomery’s office, the remaining 3 years it may be held in an off-site storage facility that is easily accessible. Records to be kept will include:

- MIM’s proxy policies and procedures, (as identified in the firm’s supervisory procedures)
- Proxy statements received for discretionary clients
- Records of votes cast on behalf of clients
- Records of written client requests
- Records of written responses from advisor to written or oral client requests
- Any documents uniquely material to the decision on how to vote or that memorialized the basis for the decision

**MIM's voting policies, in general, adhere to the following:**

- Voting for declassification of board members
- Voting for removing poison pills
- Voting for expensing stock options
- Voting for stockholder review of all executive compensation (especially stk options/ golden parachutes)
- Voting for limiting amount of dilution of option plans not being significantly over 3%/year
- Voting for other proposals to limit the entrenchment of management and the disenfranchisement of shareholders
- Voting for proposals that we believe will lead to strong, independent Board of Directors
- Voting for proposals we believe to be in the long-term economic interest of shareholders
- Voting against board members who are elected less frequently than annually or represent a class of stock which has greater voting rights than others, unless extenuating circumstances exist.

MIM will resolve any material proxy conflict of interest by disclosing the conflict to the client, and obtaining client consent prior to the proxy voting. Also, as identified in Montgomery's POA for discretionary clients, the following policy will be observed: "no officer, employee or other representative of Montgomery shall have the power to trade, buy, sell, exchange, hold, or otherwise deal in or vote on behalf of a client, or relating to the account of a client for any security of a company of which such officer, employee or representative is an officer, director or employee". Due to Calvin Koonce's position as Director of VSE Corporation (as of 3/16/1992), Calvin Koonce will not at any time, or in any way, participate or be involved in decision making, dispositive powers, (including the right to acquire, hold or dispose of a VSE position) client or firm discussions, proxy voting, or other activities regarding VSE Corporation with any Montgomery Investment client, employee, or prospect. Franklin S. Koonce will be responsible for proxy voting and hold all dispositive powers related to VSE Corporation. When the responsibility to vote proxies has been assigned to Montgomery, Montgomery's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Montgomery will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account. In certain circumstances MIM may not vote proxies received. These circumstances include the following:

- Securities that are not included in Montgomery's model portfolio;
- The client maintains proxy voting authority;
- Termination of the client account;
- Limited value of portfolio amount;
- Securities lending programs; and/or
- Unjustifiable costs.

In the event Montgomery does not have proxy voting authority, the Custodian will be responsible for providing clients their proxy statements. However, clients may contact Montgomery Investment's managing directors should they have any questions on how to direct a particular vote.

## **Item 18 Financial Information**

MIM is not aware of any financial condition that would impair our ability to meet contractual obligations to clients. MIM does not require prepayment from clients six months in advance.

## **Item 19 Requirements for State-Registered Advisers**

MIM is a SEC Registered Investment Adviser, not a State-Registered Adviser.

**Part 2B Form ADV**  
**Firm Brochure Supplement**

12/31/2022

This section of the brochure provides information about Montgomery employees responsible for formulating investment advice and/or hold discretionary authority over clients' assets. This is a required supplement to Part 2A of the Montgomery Investment Management, Inc. brochure. All clients will receive a copy of this brochure upon their account opening and annually going forward. Please contact Laura Murphy should you have any questions about the contents of this supplement or Montgomery's brochure (ph. # 301-897-9700).  
Supervised Persons of Montgomery Investment Management, Inc.

**I. CALVIN S. KOONCE**

6229 Executive Blvd.  
Rockville, Maryland 20852  
Phone # 301-897-9700  
DOB: 12/09/1937

**Education:** B.S., Massachusetts Institute of Technology; Ph.D., Univ. of California, Berkeley

**Employment:** Managing Director, Montgomery Investment Management- 1987 to present  
Koonce Securities, LLC. Part Owner & Registered Rep -1979 to present  
Director, VSE Corporation 3/1992 to present

**Disciplinary Information:** None

**Supervision:** Laura Murphy, Compliance Officer for Montgomery (301-897-9700) is responsible for supervision of the trading and investment activities of Calvin S. Koonce

**Disclosure:** Due to Calvin Koonce's position as Director of VSE Corporation (as of 3/16/1992), Calvin Koonce will not at any time, or in any way, participate or be involved in decision making, dispositive powers, (including the right to acquire, hold or dispose of a VSE position) client or firm discussions, proxy voting, or other activities regarding VSE Corporation with any Montgomery Investment client, employee, or prospect. Franklin S. Koonce will be responsible for proxy voting and hold all dispositive powers related to VSE Corporation. MIM accepts only non-solicited orders for VSE Corporation.

**II. FRANKLIN S. KOONCE**

6229 Executive Blvd.  
Rockville, Maryland 20852  
Phone # 301-897-9700  
DOB: 01/04/1972

**Education:** B.S., Massachusetts Institute of Technology

**Employment:** Managing Director, Montgomery Investment Management 1994 to present  
Registered Representative & Manager Koonce Securities, LLC 1994 to present

**Disciplinary Information:** None

**Supervision:** Laura Murphy, Compliance Officer for Montgomery (301-897-9700) is responsible for supervision of the trading and investment activities of Franklin S. Koonce.

**General Disclosures:**

*Calvin S. Koonce and Franklin S. Koonce continue to maintain a license as Registered Representatives of Koonce Securities, LLC. (noting Koonce Securities no longer acts as custodian for client assets). To avoid potential conflicts, the following procedures have been established within Montgomery's procedures and are supervised in an ongoing manner:*

- *Montgomery Investment Directors do not receive compensation from custodians for any investment advisory transactions.*
- *No employee of Montgomery may receive any form of commissions/trailer from orders placed on behalf of Montgomery clients.*
- *MIM will attempt when possible to have executions for clients done on an agency or riskless principal basis*

*Montgomery Investment Mgmt., Inc. monitors both client and employee executions. Supervision includes, but is not limited to monitoring for best execution and conflicts of interest. The Managing Directors, the firm's compliance officer, Laura Murphy, and Elaine Schuler, firm administrator, will jointly check for suitability, and other areas to ensure accounts are being handled correctly and in the best interest of the client. Trades will be monitored via execution reports and additionally through custodial statements. Laura Murphy will be responsible for reviewing statements of the firm's Directors and employees to avoid potential conflict with trades executed for Montgomery client accounts.*

**MONTGOMERY INVESTMENT MANAGEMENT, INC.**  
**PRIVACY POLICY**

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Montgomery Investment Management, Inc. requires personal information regarding all clients be gathered at the time accounts are initially opened, and updated periodically thereafter as long as the account is managed by our firm.

All information is used for the specific business purpose of administering the account as set by the client's stated objectives. All nonpublic information gathered and maintained must comply with state, federal, and industry regulations. We do not disclose any nonpublic information about our clients or former clients outside of a limited number of service providers or third-party relationships necessary to enhance the best possible service and performance of client accounts. Additionally, our firm will respond to government subpoenas and consumer reporting agencies.

Guarding your privacy is our obligation. We restrict access to customer information solely to those employees that have a business reason to have such access. We also maintain physical and electronic procedural safeguards to private client information in addition to screening and restricting service providers to specific business use of such information.

Feel free to contact us with any questions regarding our firm's Privacy Policy. If you choose to 'opt out' of such policy, please contact a representative of Montgomery Investment Management within 30 days of receiving this notice.