

---

Item 1 - Cover Page

Kirr, Marbach & Company, LLC  
621 Washington Street  
Columbus, Indiana 47201-6231  
812-376-9444  
[www.kirrmar.com](http://www.kirrmar.com)

This Brochure provides information about the qualifications and business practices of Kirr, Marbach & Company, LLC (“KM”). If you have any questions about the contents of this Brochure, please contact us at [812-376-9444](tel:812-376-9444) and/or [mickey@kirrmar.com](mailto:mickey@kirrmar.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.

[Kirr, Marbach & Company, LLC](#) is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Kirr, Marbach & Company, LLC (CRD# 104634) also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The date of this Brochure is March 27, 2024

---

## **Item 2 – Material Changes**

There are no material changes from the Brochure filed on March 24, 2023.

---

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	7
Item 10 – Other Financial Industry Activities and Affiliations.....	7
Item 11 – Code of Ethics/Participation-Interest in Client Transactions/Personal Trading....	7
Item 12 – Brokerage Practices.....	8
Item 13 – Review of Accounts .....	13
Item 14 – Client Referrals and Other Compensation .....	13
Item 15 – Custody .....	14
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	15
Item 18 – Financial Information.....	15
Brochure Supplement(s)	

---

## Item 4 – Advisory Business

Kirr, Marbach & Company, Inc. commenced business on May 1, 1975 and converted to Kirr, Marbach & Company, LLC (“KM”), an Indiana limited liability company, in 1994. The principal owners of KM are Mark D. Foster, CFA, Chief Investment Officer and Mickey Kim, CFA, Chief Operating/Compliance Officer.

KM manages separate accounts and is the adviser to the Kirr, Marbach Partners Value Fund (“Value Fund”--KMOVAX), an open-end registered investment company (i.e. a mutual fund). Client accounts range from asset allocations of 100% equities/0% fixed income to 0% equities/100% fixed income. **An investment with KM is suitable for long-term investors only.** KM client accounts and shares of Value Fund are *not* short-term investment vehicles.

On the equity or stock investment side of our business, our investing style is “Value.” Our sole equity offering is our “All-Cap Value” strategy/product. The holdings in our “All-Cap Value” strategy/product include large-capitalization (>\$15 billion) stocks, mid-/medium-capitalization (\$1-\$15 billion) stocks and small-capitalization (<\$1 billion) stocks we believe are priced at a discount to our evaluation of “intrinsic value.” **Because of KM’s focus on value investing, an investment with KM may not be a complete investment program for the equity portion of your portfolio.** Additionally, since our “All-Cap Value” strategy/product is proprietary and the sole product/strategy we recommend and, given our fees are based on assets under management, this creates a *conflict of interest* between KM and its clients in that KM benefits from recommending clients place more of their assets in KM’s proprietary strategy/product.

When researching a stock, we evaluate it as if we were going to own the entire business for many years. We look for stocks we believe are undervalued relative to our evaluation of “intrinsic value” and possess certain characteristics we believe will lead to higher market prices over time. We rely primarily on our own fundamental research to identify attractive candidates for investment and use a number of proprietary and non-proprietary sources, including computerized fundamental databases, brokerage and other industry contacts and management interviews. In the fundamental research process, we review certain attributes we believe are important, such as:

- Strong, shareholder-oriented management;
- Strong balance sheet and financial characteristics;
- Low price to earnings ratio;
- Low price to earnings growth (*i.e.*, growth at a reasonable current price);
- Low price to free cash flow ratio;
- Current price reflects substantial discount from the liquidation or sale value of its underlying assets;
- Positive change in company and/or industry fundamentals; and
- Lack of following by a significant number of analysts or out of favor.

---

The securities we select typically possess some but not all of the above attributes. Finally, we look for a “catalyst” (such as a management change, financial restructuring, insider buying or new cost cutting/growth initiatives) that we believe will close the gap between the stock’s current price and our evaluation of its “intrinsic value.” Current income from dividends is generally not a primary factor when we research stocks.

Stocks held in client accounts are subject to stock market risks and significant fluctuations in value. Investing in securities involves risk of loss that clients should be prepared to bear. The primary risk factors include:

- **Stock Market Risk:** If the stock market declines in value, the stocks owned in client accounts are likely to decline in value. Increases or decreases in value of stocks are generally greater than for bonds or other debt investments.
- **Mid-Cap/Small-Cap Risk:** Mid-/medium-capitalization and small-capitalization companies may not have the size, resources or other assets of large-capitalization companies. The securities of mid-/medium-capitalization and small-capitalization companies may fluctuate more than those of large-capitalization companies. Small-capitalization stocks are often very sensitive to changing economic conditions and market downturns because small-capitalization issuers typically have narrower markets for their products or services, fewer product lines and more limited managerial and financial resources than larger issuers. Accordingly, the stocks of small-capitalization companies may be more volatile than those of larger issuers.
- **Stock Selection Risk:** The stocks selected by KM may decline in value or not increase in value when the stock market in general is rising.
- **Liquidity Risk:** KM may not be able to sell stocks at an optimal time or price. Additionally, the securities of mid-/medium- and small-capitalization companies may be less liquid than those of large-capitalization companies, meaning KM might have greater difficulty selling such securities at a time and price that KM would like.
- **Foreign Investment Risk:** KM’s foreign investments may increase or decrease in value depending on foreign exchange rates and foreign political and economic developments.

Client accounts may also hold foreign equity securities, such as American Depositary Receipts (“ADRs”), which are receipts issued by a U.S. bank or trust company that evidence ownership of non-U.S. securities and are traded on a U.S. exchange or in the over-the-counter market. In addition, client accounts may hold shares of investment companies, including open-end and closed-end mutual funds and/or exchange-traded funds (“ETFs”) that invest in foreign equity securities. There may be fees and expenses, in addition to our investment management fee, associated with investing in ADRs, open-end and closed-end mutual funds and ETFs. Shares of closed-end funds and ETFs may trade at a discount or premium to their net asset value in the secondary market. As noted above, foreign equity securities are subject to a variety of additional risk factors and other investment considerations

---

On the fixed income side of our business, we made the decision in late 2018 that, going forward, it was in clients' best interests to utilize "defined maturity" exchange-traded funds ("ETFs") instead of individual fixed income securities. We believe these ETFs offer better trading liquidity and greater diversification than we could achieve with constructing and holding a portfolio of individual fixed income securities. Further, in our judgement these benefits justify clients paying two levels of fees (i.e. both the ETF's and KM's fees). **As individual fixed income securities currently held in client portfolios are sold or mature, our plan is to replace them with these ETFs.**

We previously purchased intermediate maturity (5-10 years) Investment Grade Corporate, U.S. Government/Agency and High-Current-Yield Corporate debt. Our fixed income strategy was to assess the relative attractiveness of intermediate maturity investment grade corporate, United States Government/Agency and high-current-yield corporate securities and construct a portfolio blending these securities that offers what we believed was an attractive risk/return profile. We relied primarily on our own fundamental research.

High-current-yield corporate debt securities, sometimes known as "high yield bonds," "non-investment grade bonds" or "junk bonds," were a component of our fixed income investment strategy and may still comprise a material proportion of a client's fixed income portfolio. High-current-yield corporate debt securities typically offer a greater yield than comparable maturity investment grade corporate debt and United States Government/Agency securities. However, high-current-yield corporate debt securities have a **higher risk of default** than investment grade corporate debt and United States Government/Agency securities. In addition, the market for trading high-current-yield corporate debt is significantly less developed than are the markets for investment grade corporate debt or United States Government/Agency securities. The market for trading high-current-yield corporate debt securities is an "over-the-counter" market where the individual market-making brokers' "bids" and "offers" are not updated and displayed on a continuous basis (as is the case with the NASDAQ National Market for over-the-counter stocks). The market for trading high-current-yield corporate debt securities is **inherently less "liquid"** than are the markets for trading investment grade corporate debt and United States Government/Agency securities. The market for trading high-current-yield corporate debt securities has experienced periods when it has been very difficult for us to effect transactions quickly and/or close to recent quoted price levels. In addition, while we typically engaged in a "block" purchase (typically \$1 million or more par value) of a high-current-yield corporate debt security, the "block" was allocated among individual client accounts for whom we determined the security was an appropriate investment. Accordingly, such allocations resulted in individual client accounts owning "non-block" or "odd lots" of bonds. These "non-block" or "odd-lot" positions may be extremely difficult, if not impossible, to sell quickly and/or at levels close to recent quoted "block" prices.

Corporate debt securities rated as investment grade by one or more of the major credit rating agencies (Standard & Poor's, Moody's Investor Service and Fitch Ratings) generally carry less risk of default than do securities that are unrated or carry ratings below investment grade, but more risk of default than U.S. Government/Agency securities. The trading market for investment grade corporate debt securities is typically an "over-the-counter" market where the individual market-making brokers' "bids" and "offers" are not updated and displayed on a continuous basis. The market for trading investment grade corporate debt securities has experienced periods of "illiquidity," which may make it difficult for us to effect transactions quickly and/or at the recent quoted price levels. In addition, similar to above, "non-block" or "odd lot" positions may be extremely difficult, if not impossible, to sell quickly and/or close to recent quoted "block" price levels.

---

The trading market for U.S. Government/Agency securities is generally highly liquid, is updated continuously and is readily available for us to view on quotation services such as Bloomberg. “Non-block” or “odd lot” positions are generally quickly salable at a small discount to recent quoted “block” price levels.

Client accounts may hold shares of investment companies, including open-end and closed-end mutual funds, exchange-traded funds (“ETFs”) and money market funds. Investment companies pay advisory fees to their investment advisors, which reduce the net asset value of the funds’ shares. Additionally, we charge our clients an advisory fee based on the value of their total portfolio, which may include investment company holdings. Therefore, if and to the extent a client’s account is invested in investment companies, ***the client will pay two levels of advisory fees for the management of the client’s assets, both directly to KM and indirectly through the management fees assessed by the investment companies in the client’s account.*** We will invest in such investment companies when, in our judgment, the potential benefits of such investments, such as increased liquidity and/or diversification, justify the payment of any associated fees and expenses.

Client accounts range from asset allocations of 100% equities/0% fixed income to 0% equities/100% fixed income. Client accounts with similar asset allocations will generally hold the same or similar securities in the same or similar proportions. KM is also a Portfolio Manager for Wrap Fee Programs sponsored by various Investment Adviser/Broker-Dealers. KM manages wrap fee program accounts in the same or similar manner as its regular client accounts. Under a wrap fee program, KM is the portfolio manager and does not enter into a separate investment advisory agreement with the wrap fee program client. KM receives a portion of the wrap fee program client’s wrap fee program fee from the wrap fee program sponsor (see Item 5).

We provide information and education on Retirement Account distributions and rollovers, but we do not make recommendations about Retirement Account distributions and rollovers. A conflict of interest would arise if KM were to make recommendations about Retirement Account distributions and rollovers, including plan rollovers to IRAs, IRA to IRA transfers, IRA to plan rollovers, plan to plan rollovers and change of account types for a plan or IRA (each, a “rollover recommendation”) if it results in KM receiving compensation that it would not have received absent the recommendation, for example, fees for advising or managing a rollover IRA. As a result, KM does not make Retirement Account distribution and rollover recommendations. Instead, KM provides educational information about the alternatives available to the Retirement Account investor. In this way, the investor can make an independent informed decision about whether to take a distribution and/or make a rollover.

KM is able to accommodate client investment restrictions (including, but not limited to, restrictions such as no foreign holdings, no holdings in certain specified sectors or investment grade-rated debt only).

As of December 31, 2023 KM managed \$434,607,983 on a discretionary basis (170 clients). KM did not manage any client assets on a non-discretionary basis.

---

## Item 5 – Fees and Compensation

### KM's Fees

#### Kirr, Marbach & Company, LLC's Standard Fee Schedule for Investment Advisory Services

<u>Annual Rate of Compensation</u>	<u>Market Value of Assets Managed</u>
1.50%	First \$500,000
1.00%	Amount Over \$500,000
Negotiable	Over \$10,000,000

#### Kirr, Marbach & Company, LLC's Institutional Fee Schedule for Investment Advisory Services

<u>Annual Rate of Compensation</u>	<u>Market Value of Assets Managed</u>
1.00%	First \$10,000,000
0.75%	Next \$40,000,000
0.65%	Next \$50,000,000
0.50%	Amount Over \$100,000,000

All fees are subject to negotiation.

While most clients authorize KM to deduct fees directly from their account(s), clients may also elect to pay their fees separately without automatic fee deduction from their account(s).

The specific manner in which fees are charged by Kirr, Marbach & Company, LLC ("KM") is established in a client's written agreement with KM. KM will generally bill its fees on a calendar quarterly basis, *in advance*. In such cases, KM's fees for the quarter will be calculated by multiplying (a) the market value of the client's account (including cash and cash equivalents) as of the last day of the preceding quarter by (b) 25% of the Annual Rate of Compensation. For example, KM's fee for the calendar quarter ending June 30 will be billed in early April and will be based on the market value of the client's account as of March 31. KM will generally not adjust fees for capital contributions and/or withdrawals that may have been made during the quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee (based on the number of elapsed days during the account management period). Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.



---

KM is a Portfolio Manager for wrap fee programs sponsored by various investment adviser/broker-dealers (see Item 4). Under a wrap fee program, the sponsor will charge a client a specified fee or fees not based directly upon the transactions in the client's account. Services offered typically include investment advisory services, execution of client transactions, custody of client assets and reporting. To the extent KM is selected to serve as Portfolio Manager for a client who has established an account under a wrap fee program, KM will receive a fee from the wrap fee program sponsor that is less than our Standard Fee Schedule.

#### Additional Third-Party Fees and Costs

In addition to KM's fees (described on the previous page), clients will also incur in the course of KM's investment management of their account(s):

- Costs associated with securities transactions, such as brokerage commissions, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions; and
- Fees charged by brokers, banks or other qualified custodians for custody services.

Client accounts that purchase securities issued by investment companies, including open-end and closed-end mutual funds, exchange-traded funds ("ETFs") and money market funds, may incur sales charges or service fees to third parties in connection with such purchases, including deferred sales charges. Further, as discussed under Item 4, such investment companies will also charge internal management fees, which are disclosed in the applicable fund's prospectus.

These third-party fees and costs are in addition to KM's fees. KM does not receive any portion of these fees and costs.

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

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

Kirr, Marbach & Company, LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) and therefore is not subject to conflicts of interest that might arise if it managed accounts on a performance-fee basis alongside other accounts that are managed on the fixed fee schedules described in Item 5.

### **Item 7 – Types of Clients**

Kirr, Marbach & Company, LLC provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, foundations, endowments and a registered investment company (i.e. mutual fund).

In general, a separate KM client account needs to have a minimum of \$100,000. The minimum initial investment for the Kirr, Marbach Partners Value Fund is \$1,000.

---

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

Investing in securities involves risk of loss that clients should be prepared to bear.

**For a discussion of KM’s methods of analysis, investment strategies and risk of loss, please see Item 4.**

For a discussion of risk of loss presented by investments in the Kirr, Marbach Partners Value Fund, please see the Prospectus dated January 26, 2024 (available by contacting KM at 812-376-9444 or at [www.kmpartnersfunds.com](http://www.kmpartnersfunds.com) )

## **Item 9 – Disciplinary Information**

This Item would require that KM disclose information if there existed any legal or disciplinary events that would be material to your evaluation of KM’s advisory business or the integrity of KM’s management. There are no such legal or disciplinary events.

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

Matthew D. Kirr, Director of Client Service and Zachary P. Greiner, CFP®, Associate Director of Client Service are registered representatives of Quasar Distributors, LLC, the Distributor for the Kirr, Marbach Partners Value Fund (“Value Fund”).

Kirr, Marbach & Company, LLC is the investment adviser to Value Fund. The registration statement for Kirr, Marbach Partners Funds, Inc. (“Funds”), an open-end investment company incorporated in Maryland, was declared effective on December 18, 1998. Funds commenced operations on December 31, 1998 by offering shares in Value Fund, which is a diversified equity portfolio concentrating on domestic “value” equities. KM’s investment advisory agreement with Funds provides for an investment management fee of 1% of Value Fund’s average daily net assets. Mark D. Foster, CFA, KM’s Chief Investment Officer, is President and a director of Funds. Mickey Kim, CFA, KM’s Chief Operating/Compliance Officer, is Vice President, Treasurer, Secretary, Chief Compliance Officer and a director of Funds. Value Fund buys, sells or holds the same type or class of security owned in KM advisory clients’ accounts. KM employees and their families comprise a significant portion of the assets invested in Value Fund and participate on a pro-rata basis with all other shareholders

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

Kirr, Marbach & Company, LLC (“KM”) and Funds have adopted a Code of Ethics (“Code”) under Rule 17j-1 of the 1940 Act that governs the personal trading activities of all owners and employees of KM. The Code is based upon the principle that KM and its owners and employees have a fiduciary duty to place the interests of KM’s clients and shareholders of Value Fund above their own. The Code is designed to assure that the personal securities transactions, activities and interests of the owners and employees of KM will not interfere with (i) making decisions in the best interest of clients and/or Value Fund and (ii) implementing such decisions while, at the same time, allowing owners and employees to invest for their own accounts. KM will be pleased to provide a copy of the Code to any client or prospective client, upon request.

---

The Code permits KM owners and employees to purchase or sell securities for their own accounts, including securities that may be purchased or held by client accounts and/or Value Fund, subject to certain exceptions. To the extent KM owner(s) and/or employee(s) purchase or sell the same securities for their own account(s) as are purchased or held by client accounts and/or Value Fund, a conflict of interests may arise. For example, KM owners/employees could benefit from the knowledge that KM clients/KM Fund were contemplating a transaction in a specific security by trading that security ahead of KM clients/KM Fund (i.e. a practice known as “front running”). KM acknowledges and addresses this potential conflict of interest by generally prohibiting KM owners and employees from purchasing or selling *equity* securities that are also held in client accounts and/or Value Fund. KM has determined that KM owners’ and employees’ purchase or sale of *fixed income* securities that are also held in client accounts and/or Value Fund would not materially interfere with the best interest of KM’s clients and/or Value Fund. The Code requires all KM owners and employees to complete quarterly transaction reports, acknowledge receipt of the Code, provide an annual list of securities holdings and certify annually that they have complied with the Code. In addition, the Code requires KM owners and employees to pre-clear most securities transactions with KM’s Chief Compliance Officer. The Code also places other limitations on the acquisition of securities by KM owners and employees, including a ban on acquiring securities in an initial public offering, restrictions on the purchase of private placement securities and a prohibition from profiting on short-term trading in securities.

KM owners and/or employees may personally invest for their own accounts in private investment vehicles or accounts that are managed by unaffiliated investment managers or brokers. These investment vehicles or accounts may, without the knowledge, direction or control of KM owners and/or employees, purchase, hold or sell securities that are also purchased, held or sold by KM clients and/or Value Fund.

KM may advise its clients of the opportunity to purchase shares of Value Fund. This creates a conflict of interests, as KM has a financial interest in Value Fund as investment adviser to Value Fund and KM owners, employees and their families hold significant investments in Value Fund. Value Fund trades in the same securities with KM client accounts on an aggregated basis when consistent with KM’s obligation to seek best execution. In such circumstances, KM’s policy is to treat Value Fund on a fair and equitable basis relative to all of its clients (see KM’s Allocation of Execution Opportunities Policy below). Thus, Value Fund and client accounts will share commission costs equally and receive securities at a total average price.

## **Item 12 – Brokerage Practices**

### KM’s Allocation of Execution Opportunities Policy

KM’s policy is to allocate, to the extent operationally and otherwise practical, execution opportunities to each client (including Value Fund) over a period of time on a fair and equitable basis relative to its other client accounts without regard to the size of the client relationship, the fee structure of the client relationship or KM’s financial interest in the advisory client relationship (no client or group of clients is systematically either advantaged or disadvantaged, except as described in the section below regarding KM advisory clients directing brokerage and third-party wrap program clients). KM allocates execution opportunities based on numerous considerations including (but not limited to) cash availability and/or requirements, the time clients had funds available for investment or have had investments available for sale, tax considerations, investment objectives and restrictions, a client’s participation in other opportunities and relative size of

---

portfolio holdings of the same or comparable securities. KM may place orders for the same security for different advisory clients at different times due to (but not limited to) the above considerations.

### Placement of Equity Orders

Where KM buys or sells the same security for two or more clients (including Value Fund), KM may place concurrent orders with a single broker to be executed as a single, aggregated “block” in order to facilitate orderly and efficient execution. Whenever KM does so, each client account on whose behalf an order was placed will receive the average price at which the “block” was executed and will bear a proportionate share of all transaction costs, based on the size of the client account’s order. While KM believes combining orders for accounts into an aggregated “block” will, over time, be advantageous to all participants, in particular cases the average price at which the “block” was executed could be less advantageous to one particular client account than if the client account had been the only account effecting the transaction or had completed its transaction before the other participants. Additionally, KM may determine that it would not be advisable for certain clients to participate in aggregate “block” trades for tax or other reasons.

KM advisory clients directing brokerage or third-party wrap program clients may not be able to participate in an aggregated “block” order, which can result in less favorable order executions than KM’s other advisory clients (see below). In addition, KM generally does not negotiate on the client’s behalf brokerage commissions and charges for the execution of transactions for these clients, which can result in higher transaction costs than KM’s other advisory clients.

- Orders for clients directing brokerage or arrangements where we are effectively limited to utilizing a specific broker-dealer reduce our ability to seek best execution for client transactions and are generally placed **after** orders for clients who give us full authority to choose brokers for their trades have been completed (i.e. after the aggregated “block” orders have been completed). To the extent directed brokerage clients trade behind KM’s other clients, it is possible directed brokerage clients may suffer adverse effects depending on market conditions and may trade at a disadvantage to KM’s other advisory clients. Clients should consider this policy when directing KM to place trades through a specific broker-dealer.
- Third-party wrap fee programs often require all client trades to be executed by the wrap program sponsor or its designated broker-dealer. Clients pay trading costs as part of the wrap fee program fee. Even when KM has discretion to select broker-dealers, utilizing a broker-dealer different from the sponsor or its designated broker-dealer would cause the client to pay additional fees. Third-party wrap fee programs may require KM to place trades on a system separate from our regular trading system, which creates operational inefficiency in trading these accounts, increasing the time it takes us to enter and complete trades. Because these trading delays could negatively impact clients who do not have these restrictions, orders for these wrap fee program clients will generally be placed **after** orders for clients who give us full authority to choose brokers for their trades have been completed (i.e. after the aggregated “block” orders have been completed). To the extent wrap program clients trade behind KM’s other clients, it is possible wrap program clients may suffer adverse effects depending on market conditions and may trade at a disadvantage to KM’s other advisory clients.

---

### Placement of Fixed Income Orders

We made the decision in late 2018 that, going forward, it was in clients' best interests to utilize "defined maturity" exchange-traded funds ("ETFs") instead of individual fixed income securities. We believe these ETFs offer better trading liquidity and greater diversification than we could achieve with constructing and holding a portfolio of individual fixed income securities. Further, in our judgement these benefits justify clients paying two levels of fees (i.e. both the ETF's and KM's fees). **As individual fixed income securities currently held in client portfolios are sold or mature, our plan is to replace them with these ETFs.** See also Item 4.

### Agency Cross-Transactions

The need to liquidate, change asset allocation or otherwise raise cash in a client account may necessitate selling a position or part of a position in a security of a size that is not readily marketable. In order to facilitate the sale of the security, KM *may* arrange with a third-party broker for one of KM's client accounts to sell the security and one or more of KM's client accounts to purchase the security. Such "agency cross transaction" will be contemplated *only* if KM's judgment is that the transaction would be beneficial to *both* the client account(s) selling the security and the client account(s) purchasing the security. The ability to affect an agency cross transaction between client accounts may be a conflict of interest for KM in that it affords KM the opportunity to advantage/disadvantage clients. KM receives no compensation for effecting such agency cross transactions and has adopted a formalized policy and procedure designed to demonstrate KM's impartiality to the account(s) selling and the account(s) purchasing the security. KM's current intention is for agency cross transactions to be utilized on a *very* infrequent basis.

### Initial Public Offering (IPO) Allocations

KM may participate in IPOs. The Statement of Policy above governs the allocation of IPOs, including those IPOs where KM anticipates the security will initially trade in the market at a premium ("hot issues"). KM's participation in IPOs (particularly "hot issues") is extremely limited.

### Broker Selection

In general, there are no limitations on KM's authority to effect investment or brokerage decisions, except as agreed upon with the individual advisory client. KM has the duty to seek "Best Execution" when selecting brokers to effect securities transactions and has formed a Best Execution Review Committee (Mark Foster, CFA--Chief Investment Officer and Mickey Kim, CFA--Chief Operating/Compliance Officer) that monitors compliance. KM may consider the following factors in selecting brokers to effect securities transactions:

- (a) The quality of order execution offered by the broker.
- (b) The financial stability of the broker.
- (c) The broker's responsiveness to KM.
- (d) The broker's ability/willingness to accommodate "step outs" (see Directed Brokerage).
- (e) The commission rate or spread involved.

---

(f) To compensate the broker for proprietary research services that are provided by the broker to KM. Proprietary research services provided by brokers assist KM in making investment decisions and include written research reports on individual companies or industries, information on the U.S. and world economies, technical analysis of individual securities, access to brokerage security analysts, economists and strategists and the opportunity to attend broker-sponsored investment conferences.

(g) To compensate the broker for payment to third party vendors of research services and/or research/trading-related equipment. These services and equipment allow KM's portfolio managers and analysts instantaneous access to fundamental and technical information for thousands of domestic and foreign securities and assists traders in executing orders. These vendors currently include Bloomberg, Refinitiv Eikon, Strategas Research Partners and the New York Stock Exchange.

#### Research and Other Soft Dollar Benefits

Items (f) and (g) in the list of factors set forth above are commonly referred to as "soft dollar" arrangements. These types of arrangements create an inherent conflict of interests between KM and its clients (including Value Fund). When KM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, KM receives a benefit because KM does not have to produce or pay for the research, products or services. Further, KM may have an incentive to select a broker based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving the most favorable execution. In recognition of the brokerage and research services provided by a broker, either directly or through a third-party vendor, KM may cause a client account to pay that broker a commission in excess of that which another broker may have charged for the same transaction. Brokerage commissions generated in a client's account may be used to pay for research services used by KM in managing other client accounts. Likewise, not all services provided by a broker may be used by KM in connection with the client account that paid commissions to the broker providing such services. Further, KM does not attempt to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. KM believes, however, that, over time, all of KM's client accounts will receive some benefit from the research and other products and services purchased with all other clients' brokerage commissions.

KM utilizes a sliding scale for brokerage commission rates, based upon the price of the security being purchased or sold, starting at \$0.04/share for securities priced at \$15.00 per share and above and ending at \$0.010 for securities priced under \$5.00/share.

The purpose of utilizing a sliding scale for brokerage commission rates is to recognize and adjust for the impact a fixed brokerage commission rate can have on the transaction cost of a trade. For instance, while a brokerage commission rate of \$0.04 equates to 0.2667% for a \$15 security, that same commission rate equates to 0.8000% for a \$5 security. Utilizing a sliding scale for brokerage commission rates seeks to make transaction costs more even, on a percentage basis.

KM's Best Execution Review Committee meets quarterly to review trading and soft dollar issues, including to identify the brokers to which client brokerage transactions would be directed in exchange for soft dollar benefits that KM receives, and to determine if KM is meeting its duty to seek "best execution." KM believes

---

that all of the above arrangements for which it receives an economic benefit satisfy the requirements of the “safe harbor” provided by Section 28 (e) of the Securities Exchange Act of 1934.

#### Brokerage for Client Referrals

KM may consider, in selecting brokers for execution of client transactions, whether such brokers (or third parties related to such brokers) refer clients to KM. This creates an inherent conflict of interests between KM and its clients (including Value Fund) in that KM may have an incentive to select a broker based on our interest in receiving client referrals, rather than our clients’ interest in receiving the most favorable execution.

KM did not direct client transactions to a particular broker, however, specifically in return for client referrals during its fiscal year ended December 31, 2022. If KM decides to direct client transactions to a particular broker in return for client referrals, it will be under the supervision of the Best Execution Review Committee.

#### Directed Brokerage

Clients may direct KM to effect securities transactions with a broker to compensate the broker for services provided to the client, either directly or indirectly, including, but not limited to, investment performance monitoring, economic advice and asset allocation advice. These could include instances where KM is a portfolio manager in a “wrap fee program” that is sponsored by the broker. In these client-directed brokerage arrangements, it is KM’s policy to not use brokerage from another client account to pay for services purchased under the arrangement. KM will follow the client’s instructions and **not seek Best Execution** on a directed brokerage execution. Further, clients directing brokerage will not benefit from participation in an aggregated “block” execution (see KM Allocation of Execution Opportunities Policy at beginning of Item 12), unless KM is able to arrange for a “step-out” (see below). As a result, a client that directs KM as to brokerage may incur greater costs in commissions and/or quality of execution. Therefore, the directed brokerage arrangement may cost the client more money than would be the case were KM to be given discretion to seek Best Execution.

#### “Step-Outs”

KM may direct an executing broker to “step-out” on a portion of an order to purchase or sell securities for client account(s). A “step out” trade occurs when the executing broker assigns a portion of an executed order to purchase or sell securities to another broker. “Step outs” may be utilized for reasons including, but not limited to, A) improving the quality of trade executions due to KM dealing with a smaller number of brokers KM believes offer a higher level of service, B) avoiding the need to break-up “block” transactions, C) as an efficient means of compensating brokers for soft dollar research services provided to KM either directly or through a third-party vendor, D) reduce the need to “sequence” trades or E) as an efficient means to accommodate client directed brokerage instructions.

KM’s Relationship with Charles Schwab & Co., Inc. (“Schwab Institutional”)—See Item 15

#### Conclusion

KM believes it is meeting its duty to seek best execution.

---

## Item 13 – Review of Accounts

Matthew Kirr, Director of Client Service, and/or Zachary Greiner, CFP®, Director of Client Service, and/or Margaret Kamman, CFP®, Director of Operations/Fixed Income Portfolio Manager, and/or David Kirr, CFA, Senior Client Service Officer (Part-time), and/or Mark Foster, CFA, Chief Investment Officer, review client accounts on an ongoing basis as part of the portfolio management process. Such reviews are generally conducted quarterly.

KM's Risk Management Committee ("RMC" --Mark Foster, CFA, Chief Investment Officer, Mickey Kim, CFA, Chief Operating/Compliance Officer and Margaret Kamman, CFP®, Director of Operations/Fixed Income Portfolio Manager) is responsible for monitoring various risk parameters of client portfolios. The RMC meets at least quarterly to review risk parameters and makes and keeps a record of its findings. The RMC reviews the following risk parameters: individual position size, industry concentration, performance dispersion and compliance with portfolio restrictions.

Clients generally receive a monthly statement detailing asset holdings and transactions directly from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients utilizing Charles Schwab & Co. as qualified custodian will receive a monthly statement for any account(s) with transactions such as deposits and withdrawals, trades and stock dividend distributions. Clients utilizing Charles Schwab & Co. as qualified custodian will receive a quarterly statement for all account(s).

Each quarter, clients receive statements prepared by KM detailing holdings, asset allocation and investment performance. Performance is calculated for the calendar quarter, year-to-date, prior 12-months and Since Inception of the account. KM also produces a quarterly newsletter discussing our outlook on the economy, the state of the financial markets and our investment strategy.

We are pleased to discuss any topic of interest to a client at the client's convenience.

## Item 14 – Client Referrals and Other Compensation

KM receives certain soft-dollar benefits as a result of its allocation of brokerage to certain brokers (as discussed under Item 12), but KM does not otherwise receive economic benefits for providing investment advice or other advisory services to its clients from a party other than its clients. Further, KM does not currently have a "referral," "solicitation," or "third-party marketing agreement" with any person or company. In the past, KM has entered into written agreements with persons/companies whereby KM has provided cash compensation in return for providing marketing services and/or client referrals. These written agreements were designed to comply with SEC Rule 206(4)-3 (the "Cash Solicitation Rule"). If KM enters into a client referral, solicitation or third-party marketing agreement in the future, such written agreement(s) will be designed to comply with the amended Advisers Act Rule 206(4)-1 (Marketing Rule).



---

## Item 15 – Custody

KM clients generally receive monthly statements directly from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Clients utilizing Charles Schwab & Co. as qualified custodian will receive a monthly statement for any account(s) with transactions such as deposits and withdrawals, trades and stock dividend distributions. Clients utilizing Charles Schwab & Co. as qualified custodian will receive a quarterly statement for all account(s). **KM urges you to carefully review such statements and compare such official custodial records to the quarterly account statements that we provide to you.** Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### KM's Relationship with Charles Schwab & Co., Inc. ("Schwab Institutional")

KM selected Schwab Institutional as a "preferred provider" of custodial services to our clients in 2008.

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional") a registered broker-dealer, to maintain custody of clients' assets and to effect trades for their accounts. KM and Schwab Institutional are separate, unaffiliated entities. Schwab Institutional provides KM with access to its institutional trading and operations services typically not available to Schwab's retail customers. These services generally are available to independent investment advisors at no charge so long as a total of at least \$10 million of the Applicant's clients' account assets are maintained at Schwab Institutional. Schwab Institutional's services include brokerage, custody, research, access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to KM other products and services that benefit KM. Some of these other products and services assist KM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of KM's fees from its clients' accounts and assist with back-office support, record keeping and client reporting.

Some of the products, services and other benefits provided by Schwab Institutional benefit KM and may not benefit KM's clients' accounts. These benefits may include educational events organized and/or sponsored by Schwab Institutional and occasional business entertainment of KM which may include meals and attendance at sporting events and concerts. KM's recommendation that a client place assets in Schwab Institutional's custody may be based in part on benefits to KM, and not solely on the nature, cost or quality of custody and execution services provided by Schwab Institutional.

---

## **Item 16 – Investment Discretion**

KM typically receives discretionary authority from the client at the outset of an advisory relationship (via the investment advisory agreement) to select, purchase and sell securities for the client’s account.

KM will observe limitations and/or restrictions placed by the client on managing the account (See Item 4).

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

KM adopted its Proxy Voting Policies and Procedures, effective August 6, 2003 (the “Policy”). Briefly, KM has retained Institutional Shareholder Services (ISS), via its ProxyExchange platform, to act as voting agent. ISS is the world’s leading provider of proxy voting and corporate governance services. ISS is responsible for research and recommendations on proxy issues, casting proxy votes and the record keeping of proxy votes. ISS has published the Proxy Voting Guidelines Summary, which covers how ISS recommends voting on a wide range of issues. KM has incorporated the ISS Summary into the Policy and our general policy is to follow ISS recommendations. The Policy also addresses how potential or actual material conflicts of interest in proxy voting are handled. KM has formed a Proxy Voting Committee (Mark Foster, CFA, Chief Investment Officer and Mickey Kim, CFA, Chief Operating/Compliance Officer) to administer the Policy and its procedures.

Unless directed otherwise by the client, KM will vote client securities. If a client would like to cast its vote(s) contrary to ISS recommendation(s) and/or how KM intends to vote, KM may be able to accommodate the client’s directions. In this circumstance, the client should issue this instruction by contacting Mickey Kim, CFA, Chief Operating/Compliance Officer.

It will be our pleasure to provide you with information on how your securities were voted and/or a copy of KM’s Proxy Voting Policies and Procedures, promptly upon written request and at no charge. Please address requests for further information to Mickey Kim, CFA, Kirr, Marbach & Company, LLC, 621 Washington Street, Columbus, IN 47201.

## **Item 18 – Financial Information**

KM has no financial commitment or condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, KM has never been the subject of any bankruptcy proceeding.