

McClain Value Management, LLC



**175 Elm Street
New Canaan, CT 06840**

**Phone: 203-966-3197
Fax: 203-966-3460**

www.mcclainvalue.com

**Form ADV Part 3
Relationship Summary**

June 29, 2020

Item 1. Introduction

- A. McClain Value Management, LLC (“MVM” or “we”) is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. We are not a broker-dealer. Investment advisory and brokerage services and fees differ. It is important that a Retail Investor (“you”) understand the differences.
- B. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS. The site also provides educational materials about broker-dealers, investment advisers and investing.

Item 2. Relationships and Services

- A. *What investment services and advice can you provide me?*
- B. The primary investment advisory services MVM provides to retail customers entails portfolio management of U.S. equities. We utilize a value-investing approach to build portfolios of out-of-favor stocks. Our style is more concentrated than most, generally holding 20 stocks or less. We offer three versions including Select Value, Opportunity and Tactical Value. These strategies differ in the number of stocks held, risk tolerance, flexibility of cash levels and market capitalization.

We also offer a Conservative Income strategy which primarily invests in fixed income mutual funds and ETF’s complemented with a small number of income-oriented stocks. In addition, for a small number of clients we provide asset allocation and investment recommendations relating to mutual funds, bonds and money market funds. These services typically entail MVM implementing the recommendations.

You can find a more detailed discussion of the strategies we offer in our Form ADV, Part 2, Item 8.

The Managing Partners perform reviews of all accounts. Equity strategy portfolios are reviewed at least weekly, more when appropriate. Accounts related to the firm’s other investment management services are monitored continuously and formally reviewed at least annually, more when mutually agreed upon. These review and monitoring steps are part of our standard service.

We offer discretionary management services only. This means that you entrust us to make purchase and sale decisions for your portfolio(s). However, we do not have withdrawal or disbursement authority except as to deducting our management fees if pre-approved by you.

Our investment offerings to retail investors are limited to those we describe above. Recommended account minimums are \$500,000, but we do consider smaller accounts on a case-by-case basis. For our asset allocation services, our minimum is \$3 million.

- C. Additional Information:

MVM was founded in 2001 by Phil McClain. In 2008, Joseph Donaldson joined the firm to co-manage both the investment portfolios and the firm. Phil McClain and Joseph Donaldson are the sole equity holders of the firm. There are no other related entities and the firm has no debt. The firm’s clients consist of institutional investors, high net worth and other individuals.

Additional detail on our business and client relationships can be found in our ADV, Part 2, Items 4 and 7.

- D. Here are some additional questions you might want to ask of us or another investment adviser before opening an account:
 - i. *Given my financial situation, should I choose an investment advisory service? Why or why not?*
 - ii. *How will you choose investments for my portfolio?*
 - iii. *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

Item 3. Fees, Conflicts and Standard of Conduct

A. *What fees will I pay?*

You will pay us investment advisory fees based on the total market value of your account(s) with us. Unless otherwise negotiated, our current fee schedule is:

	<u>Equity Strategies</u>	<u>Income Strategy</u>
On the first \$10,000,000	1.00% per annum	0.40% per annum
On the next \$15,000,000	0.90% per annum	0.30% per annum
Over \$25,000,000	0.80% per annum	0.25% per annum

For accounts in excess of \$5 million, we do offer a performance fee alternative to our regular fee schedule.

No fees are payable in advance. Fees are calculated quarterly in arrears based on the market value of your account at the end of the quarter.

In addition to MVM's investment advisory fees, clients will pay other fees and costs to other parties such as brokerage commissions, custodian fees and fees related to mutual funds, etc.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

More information on our fees is shown in our ADV, Part 2, Items 5 and 6.

Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

B. *What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?*

When we act as your adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

- i. Because we receive fees based on a percentage of assets, we may be incentivized to encourage you to add assets to your account.
- ii. Also, clients should be aware that performance fee arrangements can provide a conflict of interest to the extent we can make greater fees by favoring clients with such arrangements.

How might your conflicts of interest affect me, and how will you address them?

Additional information about our potential conflicts of interest is provided in our ADV, Part 2, particularly items 5, 6 and 12.

C. *How do your financial professionals make money?*

The two partners share profits which are derived from the firm's revenues less the firm's expenses, including staff compensation and benefits, rent, utilities, compliance and regulatory fees and other operating costs. As such, the conflicts of interest we have are the same as those described in Item 3.B for the firm as a whole.

Item 4. Disciplinary History

- A. *Do you or your financial professionals have legal or disciplinary history?*

No.

You can research our firm and financial professionals using a free and simple search tool by visiting Investor.gov/CRS

As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5. Additional Information

- A. **Additional information about our firm can be found in our ADV, Parts 2 and 2B and on our website at www.mcclainvalue.com.**
- B. You may request a copy of this Relationship Summary, our ADV and any updates thereof by calling us at 203-966-3197 or writing us at McClain Value Management, LLC, 175 Elm Street, New Canaan, CT 06840.
- C. Other questions you might ask:

Who is my primary contact person?

Is he or she a representative of an investment adviser or a broker-dealer?

Who can I talk to if I have concerns about how this person is treating me?