

McClain Value Management, LLC

CRD# 114074



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**Form ADV Part 2A
Brochure**

April 5, 2021

This brochure provides information about the qualifications and business practices of McClain Value Management, LLC, and is intended to fulfill the requirements of Part 2A of Form ADV. If you have any questions about the contents of this brochure, please contact us at 203-966-3197 or pmcclain@mcclainvalue.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. Registration as an Investment Advisor does not require and should not be interpreted to imply any special qualifications.

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

Item 2 - Material Changes

This Firm Brochure provides you with a summary of McClain Value Management, LLC's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. This item is used to provide our clients with a summary of new and /or updated information.

This is the new registration with the state of Connecticut for McClain Value Management, LLC. Previously, McClain Value Management, LLC was registered with the SEC.

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Item 4 - Advisory Business

McClain Value Management, LLC (“MVM” or the “firm”) was founded in 2001 by Phil McClain. MVM is registered with the State of Connecticut. Phil McClain is the sole equity holder of the firm. The firm’s clients consist of institutional investors, high net worth and other individuals.

MVM’s investment advice is limited to the portfolio management, other investment management services and equity research services described herein. The firm’s equity investment strategies are Select Value and Tactical Value - they can both be described as “concentrated, out-of-favor value”. In order to focus its efforts on these two strategies, the firm discontinued its Small-Cap and Opportunity strategies. The firm also offers a Conservative Income strategy which primarily invests in fixed income mutual funds and ETF’s complemented with a small proportion of income-oriented stocks. Each of the firm’s strategies are described more fully in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.

In general, each client within a particular strategy will have the same portfolio holdings and weightings as any other client. However, certain stock-specific restrictions can be accommodated such as socially responsible mandates and high net worth individuals who might have an executive or insider role at a particular company. Temporary differences may arise from the firm’s policy of mitigating short term gains for taxable accounts.

We offer discretionary asset management services only. As of February 28, 2021 MVM had \$49,649,930 in assets under management. **MVM does NOT participate in wrap fee programs.**

In addition to its primary portfolio management business, MVM also has two other business lines; investment management outside of the primary MVM managed portfolios and equity research services. The investment management services that are not part of the primary MVM managed portfolios include, but are not limited to, asset allocation and investment recommendations relating to mutual funds, bonds, and money market funds. These services typically entail MVM implementing the recommendations.

The firm’s equity research services are provided to one client, a larger institutional investment advisor. Such services may include providing investment recommendations, brief reports, financial models, and client consultation.

Item 5 - Fees and Compensation

MVM earns compensation for its investment strategies and its other investment management services based on each client’s assets under management. Unless otherwise negotiated, the firm’s current schedule for its investment strategies is as follows:

	<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

No fees are payable in advance. Fees are calculated quarterly in arrears based on the market value of the client’s account at quarter-end. Upon written request, client may instead calculate its fees based on an average daily balance method. Clients are invoiced shortly after quarter-end. When permissible by the client’s custodian, the client may choose (via written authorization) to have MVM deduct such fees directly from the client’s account.

In addition to MVM's investment advisory fees, clients incur brokerage and other transaction costs (commissions, etc.) that are paid to executing brokers. Such costs are explained more fully in Item 12 – Brokerage Practices. Clients should also be aware that certain custodians sometimes charge fees for miscellaneous services including trade away fees, generally on smaller accounts. Finally, with respect to the firm's other investment management services, although MVM prefers utilizing no-load funds, clients should be aware that mutual funds levy their own investment management and administrative fees.

Fees for equity research services are negotiated on a case-by-case basis.

Supervised persons at MVM do not accept compensation for the sale of securities or other investment products and therefore, the conflict of interest resulting from such arrangements does not arise.

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

MVM does not accept performance-based fees for its investment advisory services. We do not manage any proprietary investment funds or limited partnerships and have no financial incentive to recommend any particular investment to its Clients.

Item 7 - Types of Clients

MVM manages accounts for a variety of clients, including high net worth individuals, trusts, foundations, endowments, and pension funds. Current account minimums are \$500,000 for the firm's investment strategies and \$3 million for its other investment management services. At MVM's discretion, it may waive account minimums for certain clients.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Equity Portfolios:

MVM provides investment advisory services in the form of actively managing discretionary accounts. Clients select one of the firm's long-term, value-based portfolios for investing in publicly traded stocks: Select Value and Tactical Value. These are in the form of separately managed accounts, not pooled investment vehicles.

The firm's traditional strategy, Select Value, is an all-cap strategy. In 2016, the firm introduced Tactical Value, an absolute-return oriented strategy. It is intended to be even more concentrated and offer greater flexibility of cash levels than Select Value. As a complement to its highest conviction stocks, Tactical Value also invests in dividend-oriented stocks and is free to devote a small proportion to non-equity opportunities which we deem of value. Tactical Value also places an even higher threshold for downside risk than our traditional strategy.

The same underlying investment philosophy guides stock selection for each of our strategies and thus, stock overlap exists among all equity products. Within each of the strategies, all accounts are managed alike, except with respect to any client-specific restrictions or tax timing considerations. Also, client weightings in specific stocks may differ based on MVM's judgment of the relative merits of each stock at the time the account was initiated.

We follow a long-term value approach to investing. We invest primarily in stocks that are out-of-favor, enjoy quality underlying assets and are either undergoing change or offer attractive free cash flow. We believe concentrated, yet prudently diversified portfolios provide the best way to realize superior risk-adjusted returns. We believe our fundamental analysis and strong valuation skills provide our distinctive edge in stock selection and that our strict buy and sell disciplines mitigate risk.

We seek stocks which exhibit most or all of the following:

- **Out of Favor Bias** - We believe looking where others don't represents the most fertile ground to unearth superior investments.
- **Quality Assets Essential** - We invest in companies with at least solid, if not top-quality assets. Top quality assets can facilitate premium valuations. Solid assets provide assurance that a buyer can be found in difficult situations.
- **Change Can Represent Opportunity** - Management changes, corporate changes (e.g. asset sales, share buybacks, spin-offs) and industry changes (e.g. deregulation) often provide opportunity.
- **Free Cash Flow** - allows flexibility for managements to fix troubled businesses and also to capitalize on healthy businesses through reinvestment, acquisitions or share buybacks.
- **Managements Matter and Fundamental Research is Critical** - MVM conducts an in-depth review of not only a company's financial and competitive outlook, but also its management and its strategic alternatives.
- **Tailored Valuation** - We bring our combined investment banking, equity research and portfolio management experience to bear, using private market value for businesses that might be sold and favoring free cash flow and earnings metrics for businesses likely to remain publicly traded.
- **Conviction** - increases the odds of successful investing. We demonstrate conviction by investing alongside our clients and by running concentrated portfolios.
- **Discipline** - enhances returns and mitigates risk. Our buy discipline includes patience in waiting for bad news to be well-discounted, maximum stock weightings and careful diversification as to both industry sectors and balance sheet quality. Our sell discipline is at least as critical and includes unanticipated management change, material long-term deterioration in fundamentals or a stock's substantial decline relative to the market.

Ideas are generally derived in one of two ways. In the first method, we monitor the business press and canvass industry and Wall Street contacts for stocks with negative headlines, undergoing change as well as for insider purchases. The second come from stocks the firm's portfolio managers have either owned or extensively researched in the past.

Bottom-up elements are critical to our approach. Stocks must meet our prerequisites for being out-of-favor and possessing solid to top quality assets and are typically undergoing change and/or have attractive free cash flow. Once an idea meets such criteria, initial research consists of assessing potential valuation, surveying company information (10K, 10Q's, proxy, website, and webcasts) and sell-side research and often, an overview call with company investor relations.

Assuming further research is deemed warranted, MVM conducts a three-fold, in-depth analysis assessing company financials, strategic business position and management. Price targets are then set using a combination of (1) price to normalized earnings (2) free cash flow yield and (3) discount to private market value. Buy points are then set factoring in relative risk.

Risks

As concentrated portfolios of equity securities, all of MVM's equity products face the risks of permanent loss of capital as well as temporary loss due to volatility of investment returns. Also, fundamental analysis does not attempt to anticipate market movements. This presents a risk as the price of the security may move up or down with the overall market regardless of the economic or financial factors considered by MVM in evaluating a stock. The Tactical Value portfolio also could be construed to have elements of market timing related to the flexibility of cash levels. While this flexibility could preserve capital in periods of market

declines, should the strategy have high cash levels when markets are moving higher the strategy, all else equal, could lag equity market returns.

Income Portfolios:

The firm's Conservative Income strategy, like its equity strategies, provides investment advisory services via active discretionary management utilizing separately managed account structures. Over long periods, it seeks to deliver returns above those for money market and short-term bond funds with only moderate additional risk. The strategy primarily invests in money market funds and other cash vehicles, government, mortgage and corporate bond mutual funds and ETF's. It is also free to invest up to 10% of assets in preferred stocks and dividend-oriented common stocks. Up to 10% of assets may also be invested in mutual funds or ETFs focused on foreign fixed income markets. Direct bond investments are permissible, although unlikely due to generally higher transaction costs.

The choice for most of the strategy's investments is predicated on the firm's view of interest rates and macroeconomic factors. We primarily form our views from a combination of economic information gleaned via our fundamental stock research and our interpretations of various analyses of government statistics and the business press available in the public domain. The stock allocations all result from work done in the normal course for our equity strategies.

Risks

With only a small proportion invested in equities, our income portfolios generally entail only modest equity risk, and we note that fixed income investments are inherently less risky than equity securities. Risk on the predominant fixed income proportion of our income portfolios relates mostly to interest rate risk and the duration and convexity of our investments. Both of these are measures of interest rate sensitivity. Duration generally reflects weighted average maturities. Longer duration entails greater sensitivity to interest rates. When interest rates rise, fixed income prices fall and vice versa. Our strategy will generally have more duration or interest sensitivity than money market funds, but less than long-term bond funds. Convexity relates to how duration changes as interest rates change and we often take this into account. For instance, when we expect interest rates to rise, we may be inclined to choose investments with negative convexity such as mortgages. Credit risk, which reflects the risk that a borrower may default on its payments, exists in our strategy, but is mitigated by both the diversification inherent in using mutual funds or ETF's more so than direct bond purchases and also by our typically shorter than average duration. The income portfolios are also subject to currency risk for the portion of the portfolio invested in foreign vehicles. For such investments, the interest rate we expect to receive could be translated back to U.S. dollars at a lower or higher amount depending on shifts in foreign exchange rates.

Other Investment Management Services

For MVM's Other Investment Management Services practice, the firm develops appropriate investment and asset class allocations for certain individuals typically utilizing a combination of MVM's equity portfolios as well as mutual funds accessible via MVM's relationship with Schwab Institutional. All of this is tailored to the client's particular goals and objectives, risk tolerance, constraints, tax situation and liquidity needs. Given the more diversified nature of the investments beyond MVM's concentrated equity portfolios (e.g. fixed income mutual funds and generally more diversified equity funds), risk of loss and volatility of investment returns is less than for the company's primary equity strategies, but such risks still remain.

Item 9 - Disciplinary Information

Neither the firm nor its principals and employees have been subject to any disciplinary actions nor is the firm aware of any that might be in process.

Furthermore, MVM does not have related persons nor entities involved in the following:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

In relation to its equity portfolios, for which MVM provides direct portfolio management and which constitute approximately 90% of the firm’s assets under management, MVM does not recommend other investment advisers, nor does it receive compensation directly or indirectly which could create a material conflict of interest. However, the firm, for its other investment management services, does recommend and purchase for its clients certain no-load and low-load mutual funds which are managed by unrelated investment advisers. MVM does not receive compensation from the mutual fund companies as it pertains to the mutual fund recommendations.

The firm also is unaware of any other business relationships that would cause a material conflict of interest.

Item 10 - Other Financial Industry Activities and Affiliations

MVM has no other financial activities or affiliations.

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

McClain Value Management, LLC has adopted a Code of Ethics that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”). Upon request, MVM will provide this information directly to the client or prospective client.

The Code establishes rules of conduct for all employees of McClain Value Management, LLC and is designed to, among other things; govern personal securities trading activities in the accounts of employees. The Code is based upon the principle that McClain Value Management, LLC and its employees owe a fiduciary duty to McClain Value Management, LLC's clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that the high ethical standards long maintained by McClain Value Management, LLC continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee.

Most employee trading is conducted via employee accounts set up within one or more of the firm’s four equity strategies and thus employees receive pro rata trade allocations no more or less favorable than any other client. See “Trade Allocation” in Item 12 for further discussion. For

employee trading outside of the firm's equity portfolios, current policies and procedures prohibit employee trades while the same position is being transacted for client accounts and require advance approval of the firm's chief compliance officer.

MVM does not participate in Principal trading or Agency Cross Trades.

Item 12 - Brokerage Practices

MVM takes brokerage discretion on behalf of its clients. MVM conducts the majority of its trading via an outsourcing relationship with an independent trading firm Tourmaline Partners, LLC. Tourmaline Partners, LLC possesses competitive commissions, breadth and depth of trading expertise, efficient and effective trading, and allocation systems as well as the ability to access independent research. MVM believes each of these attributes are key factors supporting MVM's duty to achieve best execution. In certain instances, per share commission rates under the outsourcing arrangement may be higher than per share rates available elsewhere. Any research received is used to service all of MVM's accounts.

In addition, MVM retains the capability to trade via Schwab. MVM believes that Schwab's competitive commissions, the efficiency and effectiveness of its trading and allocation platform and the responsiveness of its service and trading teams are some of the key factors satisfying MVM's duty to achieve best execution.

There are certain ancillary economic benefits McClain Value Management receives as a result of its relationship with Tourmaline and the Schwab Institutional platform. As for Tourmaline, these primarily relate to its allocation systems as well as its ability to access independent research. For Schwab, these include a trading and allocation platform, the client service benefits and technological support of its service teams and, as it relates to our other investment management services business, preferential access for our clients to its mutual fund line-up.

Soft Dollars

Another aspect of MVM's brokerage practices concerns the use of soft dollars. When MVM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, MVM receives a benefit because we do not have to produce or pay for the research, products, or services. Soft dollar research services are used for the benefit of all clients.

Prior to September 2010, the firm had no facility to utilize soft dollars and did not do so. Beginning with the Tourmaline relationship, the firm set up the capability to utilize soft dollars. To date, MVM has utilized the arrangement only to pay for research report services and to pay a select number of established brokers for their research MVM deems of value. In all such instances, in accordance with the firm's soft dollar policies, MVM ensures that only approved research services or products are being obtained on a soft dollar basis and that any soft dollar arrangements are consistent with the safe harbors established by Section 28(e) of the Securities Exchange Act of 1934 and are only allowed after appropriate reviews and approvals.

Note that soft dollar arrangements can cause conflicts of interest in that they may give incentives for managers to disregard their best execution obligations when directing orders to obtain client commission services as well as to trade client securities inappropriately in order to earn credits for client commission services.

Directed Brokerage

MVM does not routinely offer clients the option to direct brokerage. However, from time to time a client may request MVM to make "best efforts" to trade with certain brokerage firms or types of brokerage firms

such as those deemed “emerging” (often minority-owned) or those residing in the state in which the client is domiciled. When these instances occur, MVM makes every effort to meet these requests.

A client who requests MVM to direct brokerage should understand that MVM may be unable to achieve most favorable execution of client transactions. In addition, directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because MVM may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Aggregating Purchase and Sales of Equity Securities

It is MVM’s practice to aggregate purchase or sale of equity securities for various client accounts. Aggregating trading has the benefit of lower average commissions per trade.

Trade Allocations

Trades are allocated to client accounts on a pro rata basis. In limited circumstances, such as when only a small proportion of an order is filled on a given day and full pro rata treatment would be impractical, orders may be allocated pro rata to either large or small accounts on an unbiased basis.

In certain limited circumstances, exceptions to pro rata treatment may be made. Instances when this can occur include the following:

1. Account Size/Nominal Order Fills – when only a small portion of a full order can be completed for the day (typically due to price limits set by the portfolio manager or insufficient trading volume for the security), the trade will be allocated to either large accounts or small accounts on an unbiased, rotating basis.
2. Client Investment Restrictions and Preferences – Restrictions arise on trades in securities in which (1) inherent conflicts exist such as an individual who serves as a director, executive or consultant for a specific company or industry or (2) client-imposed preferences limit ownership, such as drugs, arms, tobacco, alcohol, etc. In such instances, the affected clients receive zero allocation of the restricted security. Instead, the Adviser either manages the affected account with a higher cash balance, purchases slightly higher weightings of other portfolio securities to bring cash levels into line with otherwise similar accounts, or a combination of the two.
3. Client Cash Levels – in general, Adviser has discretion on what cash levels to hold in client accounts. However, certain clients request that account assets be invested at all times at certain minimum cash levels (often 5%). In instances where this threshold would otherwise be breached, Adviser will purchase for affected accounts additional amounts of existing holdings or an entirely new holding in order to bring cash levels below the threshold. This process is reversed when cash levels would otherwise go negative in affected accounts. In addition, some clients make modest distributions (typically 1% - 4% of account value) for expenses or to fund endowment grants. In these instances, it often is not cost-effective to rebalance weightings in the affected account, which inherently leaves the account with lower cash levels than unaffected accounts. In turn, this means that the affected account may not have sufficient cash to purchase the same weighting in a new security as unaffected accounts.
4. Tax-management effects – for taxable accounts, considerations are made to mitigate or defer material gains and/or to realize losses. This is done as an accommodation, usually near year-end, when in the Adviser’s judgment and/or at client’s request, the tax advantages outweigh any potential disadvantages of an affected taxable account being temporarily out of alignment with unaffected portfolios. In such instances, trades are made (e.g. realizing a loss) or not made (e.g. deferring a gain) in affected accounts differently than for unaffected accounts. Affected accounts are usually rebalanced shortly into the new tax year.

Item 13 - Review of Accounts

The Managing Partner performs reviews of all accounts. Equity strategy portfolios are reviewed at least weekly, more when appropriate, triggered by completion of new or additional research or changes in the price of individual securities, among other factors. Trades, if any, are reconciled daily by the portfolio administrator.

Accounts related to the firm's other investment management services are monitored continuously and formally reviewed at least annually, more when mutually agreed upon.

For equity strategy accounts, statements and portfolio comments are provided quarterly. Accounts related to the firm's other investment management services receive statements quarterly. Clients also receive monthly account statements via Charles Schwab (or an alternative mutually agreed upon broker/dealer).

Item 14 - Client Referrals and Other Compensation

MVM may engage a third-party marketer to assist in generating new clients. In such arrangements, the third-party marketer's compensation is tied to fees generated by clients brought in by such marketer.

Item 15 – Custody

All MVM clients must place their assets with a qualified custodian. Our Clients receive, at least quarterly, account statements directly from their custodian(s), listing account balances, transaction history and any fee debits or other fees taken out of the account. MVM has written authorization from the Client to deduct advisory fees from the account held with the qualified custodian. We recommend that Clients compare the account statements received from their custodian(s) with the portfolio review reports and portfolio information available from MVM.

Item 16 - Investment Discretion

MVM offers discretionary investment services. However, under certain circumstances, the client may limit the types of stocks MVM may purchase, such as a socially responsible account mandate. Additionally, certain clients may restrict us from owning stock on their behalf of a company for which they are employed or otherwise deemed a related party.

Item 17 - Voting Client Securities

For those clients who authorized, McClain Value Management, LLC, as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting. Our policy includes making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Voting Guidelines

- In the absence of specific voting guidelines from the client, McClain Value Management, LLC will vote proxies in the best interests of each particular client. McClain Value Management, LLC's policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client. Clients are permitted to place reasonable restrictions on McClain Value Management, LLC's voting authority in the same manner that they may place such restrictions on the actual selection of account securities.

- McClain Value Management, LLC will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors, absent conflicts of interest raised by an auditor's non-audit services.
- McClain Value Management, LLC will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights.
- Notwithstanding the above, in reviewing proposals, McClain Value Management, LLC will further consider the opinion of management and the effect on management, and the effect on shareholder value and the issuer's business practices.
- Clients may upon request receive copies of proxy policies and the actual voting record.
- Clients may vote their own proxies via incorporation of such retained authority within the advisory agreement or subsequently, by written request to MVM.

McClain Value Management, LLC will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of McClain Value Management, LLC with the issuer of each security to determine if McClain Value Management, LLC, or any of its employees has any financial, business, or personal relationship with the issuer.

If a material conflict of interest exists, our Compliance Officer will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third-party voting recommendation. McClain Value Management, LLC will maintain a record of the voting resolution of any conflict of interest.

Item 18 - Financial Information

MVM does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. A balance sheet is not required to be provided because MVM does not serve as a custodian for client funds or securities. MVM has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered nor do we serve as custodian for client funds or securities. Therefore, we are not required to include a financial statement.

MVM has not been the subject of a bankruptcy petition at any time during the past ten years.

Requirements for State-Registered Advisors

The following individual is the principal executive officer and management person of McClain Value Management, LLC

- Phillip McClain, Founder and Managing Partner

Information regarding the formal education and business background for the individual listed above is provided in the Brochure Supplement, ADV, Part 2B.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory, or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

Our firm and our management personnel have no reportable disciplinary events to disclose. As previously disclosed in “Other Financial Industry Activities and Affiliations,” neither MVM, nor our management personnel have a relationship or arrangement with any issuer of securities.



McClain Value Management, LLC

CRD# 114074

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**Phillip C. McClain
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**Form ADV Part 2B
Brochure Supplement**

April 5, 2021

This brochure supplement provides information about Phillip McClain and supplements the McClain Value Management, LLC (“MVM”) brochure. You should have received a copy of that brochure. Please contact us at 203-966-3197 or pmcclain@mcclainvalue.com. if you did not receive MVM’s brochure, or if you have any questions about the contents of this supplement.

Additional information about Phillip is available on the SEC’s website at www.AdviserInfo.sec.gov.

1. Supplement 1 – Phillip C. McClain, CFA

Mr. McClain (60) founded MVM in 2001 after many years in institutional investment management as well as prior experience in investment banking and public accounting (former CPA). He serves as a Managing Partner. His responsibilities include portfolio management, equity research, marketing, and administration.

2. Education Background and Business Experience

In 1982, Mr. McClain received a Bachelor of Science in Accounting with honors from Lehigh University located in Bethlehem, PA.

In 1987, Mr. McClain received a Master's in Business Administration with distinction from Cornell University's Johnson Graduate School of Management located in Ithaca, NY.

Beginning in 1982, Mr. McClain worked in public accounting with Arthur Andersen & Co. in New York City. After business school, he spent four years in investment banking, first with Wertheim Schroder in New York City and then with Stamford-Atlanta Capital in Stamford, CT. In 1992 he began his investment management career when he joined Forstmann-Leff Associates in New York City as an equity analyst. In 1996, he moved to Sasco Capital, a value-oriented investment firm based in Fairfield, CT, first as a Vice President and Research Analyst and eventually rising to Managing Director. Mr. McClain has worked exclusively at MVM since 2001.

3. Disciplinary Information

Mr. McClain has not been involved in an award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) An investment or an investment-related business or activity;
- (b) Fraud, false statement(s), or omissions;
- (c) Theft, embezzlement, or other wrongful taking of property;
- (d) Bribery, forgery, counterfeiting, or extortion; or
- (e) Dishonest, unfair, or unethical practices.

4. Other Business Activities

Mr. McClain has no participation in any other investment-related business and received no compensation from the sale of securities or any other investment product. He is not involved in any other business that prevents him from fulfilling his responsibilities for MVM and its clients.

5. Additional Compensation

Mr. McClain did not receive any additional compensation outside of his role with MVM. He, like every MVM employee must abide by the Firm's Policies and Procedures regarding conflicts of interest, fiduciary responsibility, and standards of conduct.

6. Supervision

Phillip C McClain is the Founder and sole investment adviser representative of McClain Value Management, LLC; therefore, Phillip supervises all duties and activities of the firm, and is responsible for all advice provided to clients. His contact information is on the cover page of this disclosure document.

Requirements for State-Registered Advisers

- Additional Disciplinary History – Phillip C McClain has no additional reportable disciplinary history.
- Bankruptcy History – Phillip C McClain has not been the subject of a bankruptcy petition.