

# **Meeder Public Funds, Inc.**

## **Advisory Services Brochure**

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Meeder Public Funds, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Meeder Public Funds, Inc. is registered with the SEC as an investment adviser; however, registration does not imply any level of skill or training.

Additional information about Meeder Public Funds, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – MATERIAL CHANGES

This brochure is updated annually and whenever any information in the brochure becomes materially inaccurate. Annually the firm provides clients with a copy of the updated brochure or a summary of material changes made to the last annual update. This section describes the updates and changes made to this ADV disclosure brochure since its last annual amendment dated March 31, 2018.

- **Item 4.** A disclosure was added referencing the firm’s acquisition of United American Capital Corporation.
- **Item 5.** The standard fee schedule for new clients was revised.
- **Item 11.** The disclosure language for recommendation of local government investment pools was updated.

The adviser does not consider these updates to be material in nature for existing clients. Copies of the current ADV disclosure brochure are available on Meeder’s website at [www.meederinvestment.com](http://www.meederinvestment.com) or by contacting your investment representative.

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### Item 4 – ADVISORY BUSINESS

Meeder Investment Management, Inc. (“MIM”) offers a complete range of equity, fixed income and cash management investment solutions through its wholly-owned SEC registered investment advisers: Meeder Public Funds, Inc. (“MPF”), Meeder Asset Management, Inc. (“MAM”), and Meeder Advisory Services, Inc. (“MAS”). MIM’s principal owners are Robert Meeder, Jr. and Robert Meeder, Sr. All affiliates of MIM are located at 6125 Memorial Drive, Dublin, Ohio 43017 and share employees.

#### **Meeder Public Funds, Inc.**

MPF provides professional investment advisory and administrative services to state and local public funds managers utilizing a variety of fixed income portfolio solutions. The firm was established in 1990 and changed its name to Meeder Public Funds, Inc. in 2015. In November, 2018, MPF acquired the public funds business of United American Capital Corporation and in some instances MPF may conduct business under the name United American Capital (“UACC”).

As of December 31, 2018, MPF’s regulatory assets under management were \$13,145,369,544, of which \$10,610,680,455 was managed on a discretionary basis and \$2,534,689,089 was managed on a non-discretionary basis.

## Investment Advisory Services

MPF provides a variety of investment advisory services to state and local governments, including counties, cities, school districts, villages, townships, universities, special districts, libraries, state agencies and local government investment pools (“Public Clients”).

## Separately Managed Accounts

MPF provides separately managed account services to Public Clients on a discretionary or non-discretionary basis. MPF provides Public Clients with investment advice limited to the purchase or sale of fixed income securities, including U.S. Government securities, agencies, commercial paper, banker’s acceptances, corporate bonds, municipal debt, bank deposits, and money market funds. MPF may also recommend a local government investment pool or other bank liquidity products for a client’s cash management needs.

MPF tailors its services to its Public Clients, utilizing investments permissible under the applicable state investment code and the Public Client’s investment policy. Public Clients may impose restrictions as long as they are legally permissible under the applicable laws and administrative rules.

## Local Government Investment Pools

MPF provides discretionary investment advisory services to Local Government Investment Pools (LGIP) available to counties, cities, school districts and other government entities. These investment vehicles combine funds contributed by participating entities and invest in securities permitted under the applicable state investment code and the written guidelines for each LGIP. MPF or its affiliates may also provide other services to LGIP clients, including administrative, transfer agency and fund accounting services.

## Item 5 – FEES AND COMPENSATION

The fees charged by MPF for its advisory services are typically based on a percentage of eligible assets under management. Fees are negotiable and may vary depending on a variety of factors, including the types of investments permitted, the size of the portfolio, the relationship with the client, and specific service requirements for a given account.

### Standard Fee Schedule

Assets	Advisory Fee
Up to \$25,000,000	0.15%
\$25,000,000 - \$50,000,000	0.12%
\$50,000,000 - \$100,000,000	0.09%
Over \$100,000,000	0.06%

The fees shown are annual fees and may be negotiable depending on various factors, including the type and size of the account, services offered, and relationship to other accounts. For some clients, MPF also offers advisory services on a flat fee arrangement. The advisory fee is subject to a minimum fee of \$5,000 per year. Consulting and educational services may be provided under hourly or flat fee arrangements that vary depending upon the scope of the engagement.

Typically, advisory fees are calculated and billed monthly in arrears based on the value of the eligible assets at the end of the billing period, but the method of payment is subject to negotiation and quarterly billing arrangements are available. MPF does not require its clients to pay fees in advance and accounts initiated or terminated during a billing period will be charged a prorated fee. Public Clients may authorize their custodian to directly debit the fee from assets held in the custodial account or elect to be billed by invoice.

### **Other Fees and Expenses**

Public Clients may pay other expenses in addition to the fees paid to MPF, including brokerage commissions, transaction fees, custodial fees, transfer taxes, wire transfer fees, and other fees and taxes charged to brokerage accounts and securities transactions. Money market mutual funds and local government investment pools also charge internal management fees which are disclosed in a fund's prospectus or publicly available financial reports. Item 12 of this brochure provides additional information about the Adviser's brokerage practices.

In some cases, MPF pays a separate referral fee, known as a solicitor payment, to an unaffiliated third party broker-dealer or investment adviser pursuant to a written agreement. Any solicitor payment will be fully disclosed in a separate disclosure attached to the client's investment advisory agreement. Annual fees payable to solicitors are negotiable and range up to 0.05% of the assets under management. Item 14 of this brochure provides additional information about the adviser's referral payment policies.

## **Item 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

MPF does not charge performance-based fees.

## **Item 7 – TYPES OF CLIENTS**

MPF offers discretionary and non-discretionary fixed income investment advisory services to Public Clients, including counties, cities, school districts, villages, townships, universities, special districts, libraries, state agencies and local government investment pools.

## **Item 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

As an institutional fixed income manager, MPF's primary investment objectives are to provide safety of principal and liquidity appropriate to each Public Client's cash flow needs while maximizing yield. MPF tailors its advice to each Public Client, utilizing all investments permissible under the applicable state investment code, the Public Client's investment policy, and sources and uses of cash flow.

### **Methods of Analysis and Investment Strategies**

MPF uses a combination of quantitative and qualitative methods of analysis to develop investment strategies for its Public Clients. Each recommended portfolio strategy includes duration and asset allocation targets for securities in the portfolio. Portfolios are constructed and positioned to enhance performance through duration management as deemed appropriate for the anticipated interest rate environment.

The adviser uses utilizes proprietary models designed to evaluate the direction of intermediate-term interest rates and select an overall duration target for a Public Client's portfolio. Short-term interest rate models are also utilized to structure purchases within the portfolios, helping to identify opportunities within the marketplace to maximize interest income for our clients.

Within each available asset class, MPF relies on a disciplined qualitative approach to selection of fixed income securities for Public Client portfolios. Considering credit risk and other fundamental factors, the adviser selects securities and issuers expected to optimize return potential within the applicable investment guidelines and restrictions.

MPF regularly reviews and analyzes portfolio allocation and securities selection for its clients in light of current market conditions. When making changes to portfolios, the adviser considers the impact on cash flows, average duration of the portfolio, and the portfolio's investment return over time. The adviser monitors its portfolios for portfolio risk and makes changes where equivalent earnings can be obtained with less risk.

### **Fixed Income Risks**

Investing in securities involves risk of loss. Although MPF manages assets in a manner consistent with its Public Clients' stated risk tolerance, portfolios may not produce the expected returns, may lose value, or may underperform other portfolios with similar investment objectives. Material risks associated with investing in fixed income securities include:

**Interest Rate Risk:** Fixed income security prices increase or decrease in value as interest rates increase or decrease. Generally, if interest rates increase, the values of fixed income securities decrease; if interest rates decrease, the values of fixed income securities increase.

**Credit Risk:** Issuers may not make payments on securities they issue. If the credit quality of a security is lowered due to the issuer’s financial condition, it may affect the value and liquidity of the security.

**Liquidity Risk:** The liquidity of fixed income securities can be dependent upon the level of demand for the security, the willingness and ability of intermediaries to make a market for the security, and the level of interest from other investors to purchase the security. In times of economic and market stress, MPF may not be able to sell securities at a time and price that is most favorable to the Public Client. In addition, bank certificates of deposit are non-negotiable and principal loss may occur if a Public Client elects to sell the certificate before it matures.

**Market Risk:** The value of portfolio securities may change in response to economic and political developments, Federal Reserve Policy or general market volatility.

## **Item 9 – DISCIPLINARY INFORMATION**

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. MPF has no reportable disclosures.

## **Item 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

MPF is a wholly owned subsidiary of MIM. Other wholly owned subsidiaries of MIM include MAM, MAS, Adviser Dealer Services, Inc. (“ADS”), Mutual Funds Service Company (“MFSCo”) and Meeder Insurance Services, LLC.

MAM is a registered investment adviser that serves as the investment adviser for the Meeder family of Mutual Funds. In addition, MAM provides investment advisory services to individuals, corporations, institutional entities, retirement plans and their participants. MAM also provides investment advisory services to STAR Ohio, a local government investment pool. Doing business as Public Funds Administrators, MAM also serves as the administrator for STAR Plus, an FDIC insured bank deposit program. MAM receives an advisory fee for services provided to STAR Ohio and an administration fee for services provided to STAR Plus.

MAS is registered investment adviser that typically serves as an investment strategist, providing independent broker-dealers, investment advisers, and other financial intermediaries with access to Meeder’s investment portfolios and retirement portfolios, which consist principally of Meeder Funds. In addition, MAS provides investment management services to retirement plans and their participants.

ADS is a limited purpose broker-dealer and FINRA member firm which serves as the principal underwriter and distributor of the Meeder Funds. ADS does not hold client accounts or execute trades for MIM affiliates.

MFSCo provides shareholder, transfer agent and dividend distribution services for the Meeder Funds. Acting as the administrator for Meeder Funds, MFSCo also enters into selling agreements with unaffiliated broker-dealers and financial intermediaries to distribute and provide other services in connection with the sale of fund shares. Doing business as Public Funds Administrators, MFSCo also serves as the co-administrator of STAR Ohio and receives an administration fee for these services.

Meeder Insurance Services, LLC. is a licensed insurance agency. Some Meeder representatives are licensed insurance agents or representatives of Meeder Insurance Services who may recommend the purchase of certain insurance products. Insurance products are offered on a commission basis.

## **Item 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

MPF has adopted a Code of Ethics that complies with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act of 1940. The Code sets forth fiduciary standards that govern the conduct of directors, officers and employees who have access to client information. The Code incorporates the firm's outside employment, political contribution, and gift policies. Personnel subject to the Code must acknowledge their compliance with the Code and applicable securities laws and report any violations of the Code with which they become aware to the firm's Chief Compliance Officer. A copy of the Code is available to prospective and current clients upon request.

### **Personal Trading Policies**

Directors, officers and employees of MPF and its affiliates may take positions in securities owned by the firm's clients, which may pose a potential conflict of interest. The firm has implemented policies designed to detect and mitigate such conflicts of interest, including prohibitions on unacceptable trading activities, such as front running, short-swing trading and insider trading. Directors, officers and employees who recommend securities or have access to non-public information are prohibited from personally trading in reportable securities recommended to clients in close proximity to the client's transaction. Employees having access to this information must also make periodic reports of their securities accounts and transactions in reportable securities.

### **Participation or Interest in Client Transactions**

Where appropriate, MPF may recommend the use of local government investment pools to its Public Clients for cash management purposes. Assets placed in local government investment pools in which MPF earns advisory or administration fees are not included among eligible assets when calculating the advisory fee charged by MPF. Because MPF or its affiliates receive fees in



connection with some of these programs, including STAR Ohio and STAR Plus, use of these programs presents a conflict of interest. To mitigate this conflict, MPF fully discloses this relationship and the terms and conditions of each program to its clients before recommending or utilizing a local government investment pool with which it is affiliated.

## **Item 12 – BROKERAGE PRACTICES**

### **Selection of Broker-Dealers for Client Transactions**

MPF trades with a list of local and nationally recognized broker-dealers that have been selected by the adviser based on their reputation, competitive pricing, and trade execution. MPF's goal when selecting a particular broker or dealer is to obtain the best price and trade execution for our Public Clients. When selecting broker-dealers, MPF does not consider whether the adviser or an affiliate receives Public Client referrals from the broker-dealer.

Public Clients may direct MPF to execute transactions through specific broker-dealers selected by the Public Client. When selecting this option, the Public Client may forgo any benefits from savings on execution costs that the adviser may obtain for its other clients through volume discounts on aggregated orders and may pay higher commission rates than other clients of the adviser.

### **Directed Brokerage and Soft Dollar Arrangements**

MPF does not engage in directed brokerage or soft dollar arrangements, including markups or markdowns in order to obtain research or any other product or service from any broker-dealer.

### **Trade Aggregation**

MPF may elect to aggregate trades executed for a Public Client's account with trades being executed for the same securities in other accounts we manage. Each client participating in an aggregated transaction receives the same price and participation in such trades is allocated pro-rata based on the size of the order.

## **Item 13 – REVIEW OF ACCOUNTS**

MPF generally performs a daily review of transactions in Public Client accounts and portfolios are generally reviewed at least monthly. In addition, Public Client portfolio reviews may be conducted in response to changes in market conditions or changes to client situations. Generally, the assigned portfolio manager performs account reviews in coordination with the portfolio management team.

On a monthly or quarterly basis depending on client needs, MPF generally provides Public Clients with written periodic investment reports summarizing holdings information. In addition, MPF may provide additional forms of reporting to Public Clients as agreed by MPF and the

client. Public Clients also receive a summary statement from their qualified custodian or safekeeping agent at least quarterly.

#### **Item 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

MPF may pay referral fees, known as solicitor payments, to unaffiliated third party broker-dealers and investment advisers pursuant to a written agreement. Under these agreements, MPF or one of its affiliated advisers pays a fee collected from the Public Client to the referring broker-dealer or investment adviser. Any solicitor payment must be approved by the client after being provided with identity of the solicitor, the amount of the compensation, and the nature of the relationship. Annual fees payable to solicitors are negotiable and range up to 0.05% of the assets under management. MPF does not receive any economic benefit from non-clients in connection with giving advice to clients.

#### **Item 15 – CUSTODY**

MPF and its affiliates do not provide custodial services to Public Clients. Public Clients may elect to use the services of MPF's preferred custodian or elect to maintain assets at a bank, broker-dealer, or other qualified custodian of their choosing.

#### **Item 16 – INVESTMENT DISCRETION**

MPF will manage Public Client assets on a discretionary or non-discretionary basis. Under either circumstance, the adviser will observe limitations and restrictions that are outlined in each Public Client's investment policy agreement or restrictions imposed by state laws or regulations. Investment guidelines and restrictions must be provided to the adviser in writing.

For non-discretionary Public Clients, MPF will make recommendations that must be authorized by the Public Client prior to execution of the transaction. For discretionary Public Clients, securities will be purchased and sold for the account without obtaining prior approval for the security selected, amount of securities bought or sold, or the broker-dealer used to execute each transaction. Authorization for discretionary management is obtained through a signed investment management agreement. Discretionary management of accounts is undertaken in accordance with the applicable state investment code and the Public Client's investment policy.

#### **Item 17 – VOTING CLIENT SECURITIES**

MPF does not accept or have the authority to vote Public Client securities. Public Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Public Clients may contact MPF if they have questions regarding a particular solicitation, but MPF will

not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

## **Item 18 – FINANCIAL INFORMATION**

MPF has no financial commitments that impair its ability to meet contractual and fiduciary commitments to its clients and has not been subject to a bankruptcy proceeding.