

THE COMPASS

July 2018

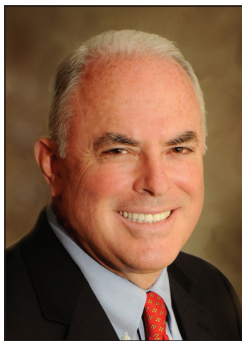
A Quarterly Newsletter of Martin Capital Advisors, LLP

INVESTMENT PERSPECTIVE by Paul Martin, Managing Partner

Stocks Bounce Back on Strong Corporate Earnings

July 25, 2018

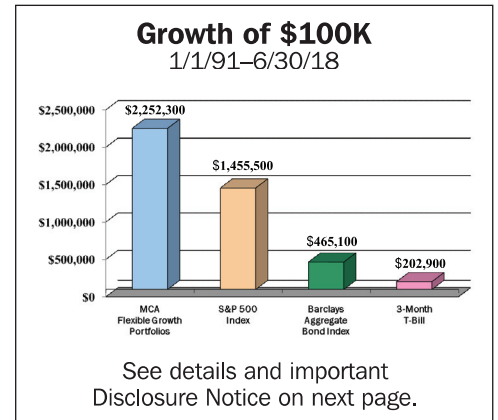
Strong corporate earnings overcame a plethora of negative news in the second quarter to help stock indexes bounce back from losses in February and March, resulting in a positive return year-to-date through the end of June of +2.65% for the S&P 500. Bond prices were mixed, leaving the Barclays U.S. Aggregate Bond Index in negative territory with a -1.62% return for the first half of the year. Gold prices were down in the second quarter – giving back a slight gain from the first quarter and finishing the first six months of the year with about a -5% loss. WTI crude oil built on its first quarter return to advance over +14% year-to-date by the end of June.



Going into the second half of the year, stocks are continuing to advance on strong corporate earnings, bond prices are maintaining their slight bias to the downside, gold is declining further, and oil is giving back some of its gains.

Concerns about trade tariffs have begun to weigh on markets and the economy, but I don't think that they will have a long-term impact. Historically, tariffs have been reversed before doing serious damage to the global economy, because sooner than later all parties realize that they are a losing proposition for everyone.

Of greater concern to me is the likelihood that the Fed will raise the Fed Funds rate enough over the next year to eventually invert the yield curve and drive the economy into a recession in 2020. Here again, historically, rate



increases usually have been reversed well before reaching the deep inversion point that has preceded every major bear market. That said, Martin Capital now has a hedging strategy that can be implemented the next time that a deep yield curve inversion occurs. At this point, however, it's important not to get caught up in worries about the possibilities for short-term corrections and to remain focused on the very positive long-term prospects for stocks, which have out-performed all other asset classes by a large margin since 1926 (please see the annual return information at the end of this newsletter).

COMPARISON OF INVESTMENT RESULTS

January 1, 1991 to June 30, 2018

	Martin Capital Advisors ¹	S&P 500	Russell 3000	Barclays Aggregate Bond Index	3 Month T-Bill	Consumer Price Index
Total ²	2152.3%	1355.5%	1438.8%	365.1%	102.9%	88.0%
Avg. ³	12.0%	10.2%	10.5%	5.7%	2.6%	2.3%

¹Total performance, net of commissions, fees, and expenses of all Martin Capital Advisors' Flexible Growth Portfolios.

²Total compounded return, including reinvestment of dividends and interest. ³1991-2018 annualized return.

— See Important Disclosure Notice on last page. —

RELATIVE LONG-TERM PERFORMANCE

January 1, 1991 to June 30, 2018



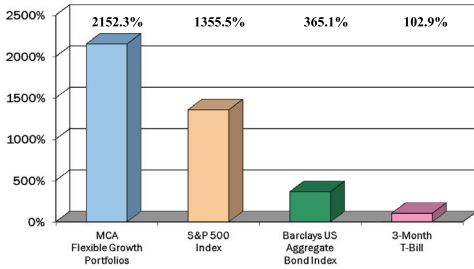
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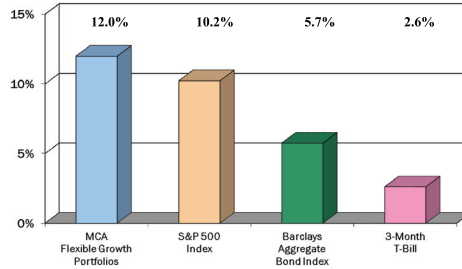
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Martin Capital Advisors, LLP, is a registered investment advisor managing private and institutional investment portfolios.

Total Return



Annualized Return



MCA FLEXIBLE GROWTH PORTFOLIOS TOP 20 STOCKS

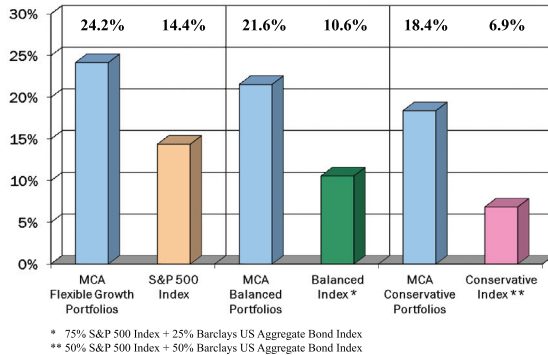
as of June 30, 2018

1 Apple	185.11	6 Edwards Lifesciences	145.57	11 Texas Instruments	110.25	16 Tiffany	131.60
2 Intuitive Surgical	478.48	7 Starbucks	48.85	12 Charles Schwab	51.10	17 Oracle	44.06
3 MasterCard	196.52	8 IDEXX Laboratories	217.94	13 Blackrock	499.04	18 Tractor Supply	76.49
4 IPG Photonics	220.63	9 US Physical Therapy	96.00	14 Costco Wholesale	208.98	19 Toll Brothers	36.99
5 Square	61.64	10 Visa	132.45	15 DaVita	69.44	20 Nasdaq	91.27

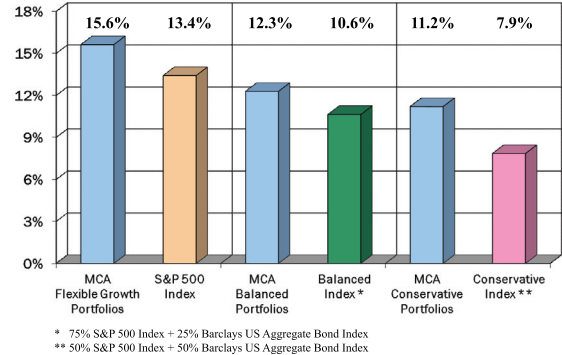
INVESTMENT RESULTS

Martin Capital Advisors' Investment Portfolios vs. S&P 500 and Barclays Aggregate Bond Indexes

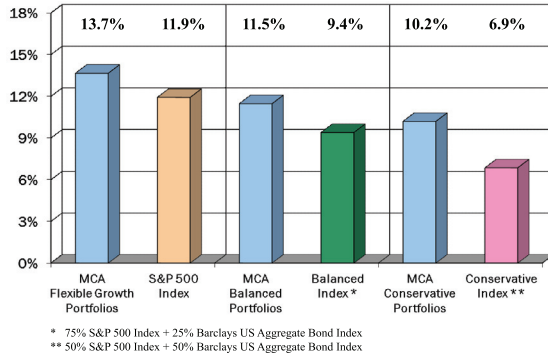
One-Year Returns as of 06/30/18



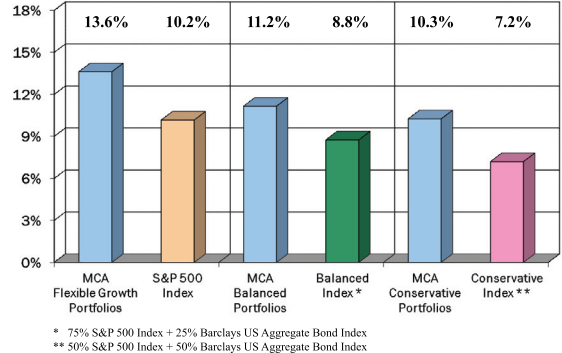
Five-Year Annualized Returns as of 06/30/18



Three-Year Annualized Returns as of 06/30/18



Ten-Year Annualized Returns as of 06/30/18



IMPORTANT DISCLOSURE NOTICE

Past performance does not guarantee future results. Figures include the reinvestment of all dividends received and reflect cash and cash equivalents. Martin Capital Advisors, LLP (MCA) composite returns are net of all fees and expenses. From time to time, composite performance may reflect the use of margin investing and options, as well as material investments in bonds and cash, and volatility may differ from that of the benchmark. As of 06/30/2018, the MCA Flexible Growth/Balanced/Conservative portfolios' returns represent, respectively, 37/6/2 individual portfolios and 70%/22%/3% of all funds under management by MCA. Clients explicitly elect these management styles on their Personal Data Form. The MCA Flexible Growth Portfolios are managed for capital appreciation, and the MCA Balanced and Conservative Portfolios are managed for capital appreciation and income. Independent performance reporting is provided by CGM Investment Management.

MCA claims compliance with the Global Investment Performance Standards (GIPS). MCA has been independently verified for the periods January 1, 1991 to June 30, 2018 by Dabney Investment Consulting Associates, Inc. The verification reports are available upon request. The listed composites contain all fee-paying accounts with an investment strategy as indicated by the composite title. Non-fee paying or nondiscretionary portfolios are excluded from the composites, but are included in the definition of total firm assets. Performance results are expressed in U.S. dollars. To receive a complete list and description of Martin Capital composites and a presentation that adheres to the GIPS standards, contact Darby Ivins at (210) 694-2100, ext. 2, or darby@martincapital.com.

Long Term Performance of Stocks, Bonds, T-Bills & Inflation: 1926-2017*

	Non-Inflation Adjusted								Inflation Adjusted					
	Stocks		Bonds		T-Bills		Inflation		Stocks		Bonds		T-Bills	
	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.
1926	11.6%	11.6%	7.8%	07.8%	3.3%	03.3%	-1.5%	-1.5%	13.3%	13.3%	9.4%	9.4%	4.8%	4.8%
1927	37.5%	53.5%	8.9%	17.4%	3.1%	06.5%	-2.1%	-3.5%	40.4%	59.1%	11.2%	21.7%	5.3%	10.4%
1928	43.6%	120.4%	0.1%	17.5%	3.6%	10.3%	-1.0%	-4.5%	45.0%	130.7%	1.1%	23.0%	4.6%	15.4%
1929	-8.4%	101.8%	3.4%	21.5%	4.8%	15.5%	0.2%	-4.3%	-8.6%	110.9%	3.2%	27.0%	4.5%	20.7%
1930	-24.9%	51.6%	4.7%	27.2%	2.4%	18.3%	-6.0%	-10.1%	-20.1%	68.5%	11.4%	41.4%	9.0%	31.5%
1931	-43.3%	-14.1%	-5.3%	20.4%	1.1%	19.6%	-9.5%	-18.6%	-37.4%	05.5%	4.7%	48.0%	11.7%	46.9%
1932	-8.2%	-21.1%	16.8%	40.7%	1.0%	20.7%	-10.3%	-27.0%	2.4%	08.0%	30.3%	92.8%	12.6%	65.4%
1933	54.0%	21.4%	-0.1%	40.6%	0.3%	21.1%	0.5%	-26.6%	53.2%	65.5%	-0.6%	91.7%	-0.2%	65.0%
1934	-1.4%	19.7%	10.0%	54.7%	0.2%	21.3%	2.0%	-25.1%	-3.4%	59.9%	7.8%	106.7%	-1.8%	62.0%
1935	47.7%	76.7%	5.0%	62.4%	0.2%	21.5%	3.0%	-22.9%	43.4%	129.2%	1.9%	110.7%	-2.7%	57.6%
1936	33.9%	136.7%	7.5%	74.6%	0.2%	21.7%	1.2%	-22.0%	32.3%	203.3%	6.2%	123.8%	-1.0%	56.0%
1937	-35.0%	53.8%	0.2%	75.0%	0.3%	22.1%	3.1%	-19.5%	-37.0%	91.1%	-2.8%	117.6%	-2.7%	51.7%
1938	31.1%	101.6%	5.5%	84.7%	0.0%	22.1%	-2.8%	-21.8%	34.9%	157.8%	8.5%	136.2%	2.8%	56.0%
1939	-0.4%	100.8%	5.9%	95.7%	0.0%	22.1%	-0.5%	-22.2%	0.1%	157.9%	6.5%	151.4%	0.5%	56.8%
1940	-9.8%	81.1%	6.1%	107.6%	0.0%	22.1%	1.0%	-21.4%	-10.6%	130.5%	5.1%	164.2%	-1.0%	55.3%
1941	-11.6%	60.2%	0.9%	109.6%	0.1%	22.2%	9.7%	-13.8%	-19.4%	85.7%	-8.0%	143.0%	-8.8%	41.7%
1942	20.3%	92.7%	3.2%	116.3%	0.3%	22.5%	9.3%	-5.8%	10.1%	104.5%	-5.6%	129.5%	-8.3%	30.0%
1943	25.9%	142.6%	2.1%	120.8%	0.4%	22.9%	3.2%	-2.8%	22.0%	149.6%	-1.0%	127.1%	-2.7%	26.4%
1944	19.8%	190.6%	2.8%	127.0%	0.3%	23.3%	2.1%	-0.7%	17.3%	192.7%	0.7%	128.7%	-1.7%	24.2%
1945	36.4%	296.5%	10.7%	151.4%	0.3%	23.7%	2.3%	1.5%	33.4%	290.6%	8.3%	147.6%	-1.9%	21.9%
1946	-8.1%	264.5%	-0.1%	151.1%	0.4%	24.2%	18.2%	19.9%	-22.2%	203.9%	-15.5%	109.4%	-15.1%	3.5%
1947	5.7%	285.3%	-2.6%	144.5%	0.5%	24.8%	9.0%	30.7%	-3.0%	194.7%	-10.7%	87.0%	-7.8%	-4.6%
1948	5.5%	306.5%	3.4%	152.8%	0.8%	25.8%	2.7%	34.3%	2.7%	202.7%	0.7%	88.3%	-1.8%	-6.3%
1949	18.8%	382.8%	6.5%	169.2%	1.1%	27.2%	-1.8%	31.9%	21.0%	266.2%	8.4%	104.1%	3.0%	-3.6%
1950	31.7%	535.9%	0.1%	169.3%	1.2%	28.7%	5.8%	39.5%	24.5%	355.9%	-5.4%	93.1%	-4.3%	-7.7%
1951	24.0%	688.7%	-3.9%	158.7%	1.5%	30.6%	5.9%	47.7%	17.1%	434.0%	-9.3%	75.2%	-4.1%	-11.6%
1952	18.4%	833.6%	1.2%	161.7%	1.7%	32.8%	0.9%	49.0%	17.3%	526.6%	0.3%	75.7%	0.8%	-10.9%
1953	-1.0%	824.3%	3.6%	171.3%	1.8%	35.2%	0.6%	49.9%	-1.6%	516.6%	3.0%	80.9%	1.2%	-9.8%
1954	52.6%	1,310.7%	7.2%	190.8%	0.9%	36.4%	-0.5%	49.2%	53.4%	845.8%	7.7%	94.9%	1.4%	-8.6%
1955	31.6%	1,755.9%	-1.3%	187.0%	1.6%	38.5%	0.4%	49.7%	31.1%	1,139.7%	-1.7%	91.7%	1.2%	-7.5%
1956	6.6%	1,877.7%	-5.6%	171.0%	2.5%	41.9%	2.9%	54.0%	3.6%	1,184.3%	-8.2%	76.0%	-0.4%	-7.8%
1957	-10.8%	1,664.5%	7.5%	191.2%	3.1%	46.4%	3.0%	58.6%	-13.4%	1,012.2%	4.3%	83.5%	0.1%	-7.7%
1958	43.4%	2,429.6%	-6.1%	173.4%	1.5%	48.6%	1.8%	61.4%	40.9%	1,466.9%	-7.7%	69.4%	-0.2%	-7.9%
1959	12.0%	2,732.1%	-2.3%	167.3%	3.0%	53.0%	1.5%	63.9%	10.3%	1,628.4%	-3.7%	63.1%	1.4%	-6.6%
1960	0.5%	2,745.4%	13.8%	204.1%	2.7%	57.1%	1.5%	66.3%	-1.0%	1,611.2%	12.1%	82.9%	1.2%	-5.5%
1961	26.9%	3,510.6%	1.0%	207.0%	2.1%	60.4%	0.7%	67.4%	26.0%	2,056.9%	0.3%	83.4%	1.5%	-4.2%
1962	-8.7%	3,195.4%	6.9%	228.2%	2.7%	64.8%	1.2%	69.4%	-9.8%	1,844.9%	5.6%	93.7%	1.5%	-2.7%
1963	22.8%	3,946.7%	1.2%	232.2%	3.1%	69.9%	1.7%	72.2%	20.8%	2,249.5%	-0.4%	92.9%	1.4%	-1.3%
1964	16.5%	4,613.6%	3.5%	243.8%	3.5%	76.0%	1.2%	74.3%	15.1%	2,604.5%	2.3%	97.3%	2.3%	1.0%
1965	12.5%	5,200.4%	0.7%	246.3%	3.9%	82.9%	1.9%	77.6%	10.3%	2,884.0%	-1.2%	94.9%	2.0%	3.0%
1966	-10.1%	4,667.2%	3.7%	258.9%	4.8%	91.6%	3.4%	83.6%	-13.0%	2,496.8%	0.3%	95.5%	1.4%	4.4%
1967	24.0%	5,810.4%	-9.2%	226.0%	4.2%	99.6%	3.0%	89.2%	20.3%	3,024.5%	-11.9%	72.3%	1.1%	5.5%
1968	11.1%	6,464.1%	-0.3%	225.1%	5.2%	110.0%	4.7%	98.1%	6.1%	3,213.7%	-4.8%	64.1%	0.5%	6.0%
1969	-8.5%	5,906.1%	-5.1%	208.6%	6.6%	123.9%	6.1%	110.2%	-13.8%	2,757.4%	-10.5%	46.8%	0.4%	6.5%
1970	3.9%	6,138.0%	12.1%	246.0%	6.5%	138.5%	5.5%	121.7%	-1.5%	2,713.3%	6.3%	56.0%	1.0%	7.5%
1971	14.3%	7,030.0%	13.2%	291.8%	4.4%	148.9%	3.4%	129.2%	10.6%	3,011.0%	9.5%	70.9%	1.0%	8.6%
1972	19.0%	8,384.0%	5.7%	314.1%	3.8%	158.5%	3.4%	137.0%	15.1%	3,479.8%	2.2%	74.7%	0.4%	9.1%
1973	-14.7%	7,137.7%	-1.1%	309.5%	6.9%	176.4%	8.8%	157.9%	-21.6%	2,706.9%	-9.1%	58.8%	-1.7%	7.2%
1974	-26.5%	5,221.9%	4.4%	327.3%	8.0%	198.5%	12.2%	189.3%	-34.5%	1,739.5%	-7.0%	47.7%	-3.7%	3.2%
1975	37.2%	7,203.2%	9.2%	366.6%	5.8%	215.8%	7.0%	209.6%	28.2%	2,259.0%	2.0%	50.7%	-1.1%	2.0%
1976	23.9%	8,950.9%	16.8%	444.8%	5.1%	231.9%	4.8%	224.5%	18.2%	2,689.3%	11.4%	67.9%	0.3%	2.3%
1977	-7.2%	8,302.8%	-0.7%	441.0%	5.1%	248.9%	6.8%	246.5%	-13.0%	2,325.4%	-7.0%	56.2%	-1.5%	0.7%
1978	6.6%	8,854.9%	-1.2%	434.6%	7.2%	273.9%	9.0%	277.7%	-2.3%	2,270.7%	-9.4%	41.5%	-1.7%	-1.0%
1979	18.6%	10,521.4%	-1.2%	428.0%	10.4%	312.7%	13.3%	328.0%	4.7%	2,381.6%	-12.8%	23.4%	-2.6%	-3.6%
1980	32.5%	13,973.3%	-4.0%	407.2%	11.2%	359.1%	12.4%	381.1%	17.9%	2,825.3%	-14.5%	5.4%	-1.0%	-4.6%
1981	-4.9%	13,280.9%	1.9%	416.6%	14.7%	426.6%	8.9%	424.1%	-12.7%	2,453.1%	-6.5%	-1.4%	5.3%	0.5%
1982	21.6%	16,164.5%	40.4%	625.1%	10.5%	482.2%	3.9%	444.4%	17.0%	2,887.7%	35.1%	33.2%	6.4%	6.9%
1983	22.6%	19,833.8%	0.7%	629.8%	8.8%	533.4%	3.8%	465.1%	18.1%	3,427.7%	-3.0%	29.2%	4.8%	12.1%
1984	6.3%	21,083.6%	15.5%	742.8%	9.9%	595.8%	4.0%	487.4%	2.2%	3,506.4%	11.1%	43.5%	5.7%	18.5%
1985	31.7%	27,805.2%	31.0%	1,003.8%	7.7%	649.5%	3.8%	509.5%	26.9%	4,478.1%	26.2%	81.1%	3.8%	23.0%
1986	18.7%	33,015.1%	24.5%	1,274.6%	6.2%	695.7%	1.1%	516.4%	17.3%	5,272.2%	23.1%	123.0%	5.0%	29.1%
1987	5.3%	34,753.6%	-2.7%	1,237.4%	5.5%	739.2%	4.4%	543.6%	0.8%	5,315.4%	-6.8%	107.8%	1.0%	30.4%
1988	16.6%	40,542.8%	9.7%	1,366.7%	6.4%	792.5%	4.4%	572.0%	11.7%	5,947.6%	5.0%	118.2%	1.8%	32.8%

* Source: Ibbotson and Associates Stocks: S&P 500 Total Return Bonds: 20 Year US Treasury Bonds T-Bills: 30 Day T-Bills Inflation: CPI

Long Term Performance of Stocks, Bonds, T-Bills & Inflation: 1926-2017*

	Non-Inflation Adjusted								Inflation Adjusted					
	Stocks		Bonds		T-Bills		Inflation		Stocks		Bonds		T-Bills	
	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.	Annual	Cum.
1989	31.7%	53,422.5%	18.1%	1,632.3%	8.4%	867.2%	4.7%	603.3%	25.8%	7,510.2%	12.9%	146.3%	3.6%	37.5%
1990	-3.1%	51,763.3%	6.2%	1,739.4%	7.8%	942.7%	6.1%	646.3%	-8.7%	6,849.7%	0.1%	146.5%	1.6%	39.7%
1991	30.5%	67,566.1%	19.3%	2,094.4%	5.6%	1,001.1%	3.1%	669.1%	26.6%	8,698.0%	15.8%	185.3%	2.5%	43.2%
1992	7.6%	72,722.2%	8.1%	2,271.0%	3.5%	1,039.7%	2.9%	691.4%	4.6%	9,101.6%	5.0%	199.6%	0.6%	44.0%
1993	10.1%	80,062.7%	18.2%	2,703.5%	2.9%	1,072.8%	2.8%	713.2%	7.1%	9,758.0%	15.1%	244.8%	0.1%	44.2%
1994	1.3%	81,120.9%	-7.8%	2,485.6%	3.9%	1,118.5%	2.7%	734.9%	-1.3%	9,628.4%	-10.2%	209.7%	1.2%	46.0%
1995	37.6%	111,643.7%	31.7%	3,304.5%	5.6%	1,186.8%	2.5%	756.1%	34.2%	12,952.8%	28.4%	297.7%	3.0%	50.3%
1996	23.0%	137,300.0%	-0.9%	3,272.9%	5.2%	1,253.8%	3.3%	784.5%	19.0%	15,433.9%	-4.1%	281.3%	1.8%	53.1%
1997	33.4%	183,136.7%	15.9%	3,807.5%	5.3%	1,325.0%	1.7%	799.6%	31.1%	20,269.8%	13.9%	334.4%	3.5%	58.4%
1998	28.6%	235,505.7%	13.1%	4,317.8%	4.9%	1,394.3%	1.6%	814.0%	26.5%	25,676.5%	11.3%	383.3%	3.2%	63.5%
1999	21.0%	285,077.2%	-9.0%	3,921.9%	4.7%	1,464.2%	2.7%	838.5%	17.9%	30,285.5%	-11.3%	328.5%	1.9%	66.7%
2000	-9.1%	259,126.0%	21.5%	4,785.9%	5.9%	1,556.3%	3.4%	870.3%	-12.1%	26,614.8%	17.5%	403.5%	2.4%	70.7%
2001	-11.9%	228,304.1%	3.7%	4,966.6%	3.8%	1,619.8%	1.6%	885.4%	-13.2%	23,079.1%	2.1%	414.2%	2.2%	74.5%
2002	-22.1%	177,826.8%	17.8%	5,870.5%	1.7%	1,648.1%	2.4%	908.8%	-23.9%	17,536.8%	15.1%	491.8%	-0.7%	73.3%
2003	28.7%	228,856.2%	1.5%	5,957.1%	1.0%	1,666.0%	1.9%	927.8%	26.3%	22,176.2%	-0.4%	489.3%	-0.8%	71.8%
2004	10.9%	253,766.6%	8.5%	6,472.6%	1.2%	1,687.2%	3.3%	961.3%	7.4%	23,820.1%	5.1%	519.3%	-2.0%	68.4%
2005	4.9%	266,231.4%	7.8%	6,985.9%	3.0%	1,740.4%	3.4%	997.6%	1.4%	24,164.7%	4.2%	545.6%	-0.4%	67.7%
2006	15.8%	308,285.2%	1.2%	7,070.2%	4.8%	1,828.8%	2.5%	1025.5%	12.9%	27,300.1%	-1.3%	537.1%	2.2%	71.4%
2007	5.5%	325,215.5%	9.9%	7,778.6%	4.7%	1,918.6%	4.1%	1071.4%	1.4%	27,671.3%	5.6%	572.6%	0.6%	72.3%
2008	-37.0%	204,848.8%	25.9%	9,816.8%	1.6%	1,950.9%	0.1%	1072.5%	-37.1%	17,380.2%	25.8%	745.8%	1.5%	74.9%
2009	26.5%	259,078.2%	-14.9%	8,339.2%	0.1%	1,953.0%	2.7%	1104.4%	23.1%	21,420.1%	-17.2%	600.7%	-2.6%	70.5%
2010	15.1%	298,110.5%	10.1%	9,194.9%	0.1%	1,955.5%	1.5%	1122.4%	13.4%	24,295.1%	8.5%	660.4%	-1.4%	68.1%
2011	2.1%	304,402.7%	27.1%	11,713.9%	0.0%	1,956.3%	3.0%	1158.6%	-0.8%	24,093.7%	23.4%	838.6%	-2.8%	63.4%
2012	16.0%	353,123.1%	3.4%	12,119.1%	0.1%	1,957.5%	1.7%	1180.5%	14.0%	27,484.7%	1.7%	854.2%	-1.7%	60.7%
2013	32.4%	467,532.1%	-12.8%	10,557.5%	0.0%	1,957.9%	1.5%	1199.8%	30.4%	35,876.2%	-14.1%	719.9%	-1.5%	58.3%
2014	13.7%	531,550.9%	24.7%	13,190.9%	0.0%	1,958.3%	0.8%	1209.7%	12.8%	40,492.8%	23.8%	914.8%	-0.7%	57.2%
2015	1.4%	538,887.7%	-0.7%	13,104.5%	0.0%	1,958.8%	0.7%	1219.3%	0.6%	40,754.8%	-1.4%	900.9%	-0.7%	56.1%
2016	12.0%	603,350.7%	1.8%	13,335.6%	0.2%	1,962.9%	2.1%	1246.6%	9.7%	44,713.4%	-0.3%	897.8%	-1.8%	53.2%
2017	21.8%	735,083.9%	6.2%	14,174.0%	0.8%	1,979.4%	2.1%	1275.0%	19.3%	53,368.0%	4.0%	938.1%	-1.3%	51.2%
Max.	54.0%		40.4%		14.7%		18.2%		53.4%		35.1%		12.6%	
Min.	-43.3%		-14.9%		0.0%		-10.3%		-37.4%		-17.2%		-15.1%	
Avg.	12.1%		6.0%		3.4%		3.0%		9.0%		3.1%		0.5%	
Comp. Avg.		10.2%		5.5%		3.4%		2.9%		7.1%		2.6%		0.5%

* Source: Ibbotson and Associates Stocks: S&P 500 Total Return Bonds: 20 Year US Treasury Bonds T-Bills: 30 Day T-Bills Inflation: CPI

ADDITIONAL DISCLOSURE NOTICE

MARTIN CAPITAL ADVISORS, LLP (MCA) is a registered investment advisor based in San Antonio, Texas, founded in 1989. MCA specializes in managing customized equity and balanced investment portfolios with an all-cap equity strategy to grow capital, as well as balanced strategies to grow capital with less volatility.

MCA claims compliance with the Global Investment Performance Standards (GIPS®).

Returns are shown in U.S. dollars net of fees.

Leverage (margin) is not normally used except temporarily or at client request. Derivatives such as options may be used occasionally as a risk reduction measure.

Martin Capital Advisors, LLP has been independently verified for the periods January 1, 1991 to June 30, 2018 by Dabney Investment Consulting Associates, Inc. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

MCA Flexible Growth Portfolios are invested in publicly traded companies with the goal of maximizing long-term returns. These portfolios are classified as an all-cap core strategy, but predominately invest in large and mid-cap stocks, blending the characteristics of both growth and value investing. Each portfolio typically invests in 30 to 40 stocks that are rigorously selected to meet our core philosophy of investing in companies with an enduring competitive advantage that offer growth at a reasonable price. These portfolios are for investors who are willing to accept significant short-term volatility in the pursuit of superior long-term returns. The benchmark for this composite is the S&P 500 Index, which is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe.

MCA Balanced Portfolios are invested in equities and fixed income securities with a target asset allocation of 75% equities and 25% fixed income. These portfolios are for investors with a long-term investment horizon who seek to grow capital, but want to do so with less short-term volatility than the MCA Flexible Growth Portfolios. The equity investments in the portfolios are classified as an all-cap core strategy and are managed in the same way as the MCA Flexible Growth Portfolios. Fixed income investments include both individual and ETF fixed income securities. The benchmark for this composite is a blend of 75% S&P 500 Index and 25% Barclays U.S. Aggregate Bond Index, rebalanced monthly. The S&P 500 is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe. The Barclays U.S. Aggregate Bond index is made up of the Barclays U.S. Government/Corporate Bond Index, Mortgage-Back Securities Index, and Asset-Backed Securities Index, and only includes securities that are investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

MCA Conservative Portfolios are invested in equities and fixed income securities with a target asset allocation of 50% equities and 50% fixed income. These portfolios are for investors who prefer to significantly reduce short-term volatility in their investments rather than maximize long-term returns. The equity investments in the portfolios are classified as an all-cap core strategy and are managed in the same way as the MCA Flexible Growth Portfolios. Fixed income investments include both individual and ETF fixed income securities. The benchmark for this composite is a blend of 50% S&P 500 Index and 50% Barclays U.S. Aggregate Bond Index, rebalanced monthly. The S&P 500 is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe. The Barclays U.S. Aggregate Bond index is made up of the Barclays U.S. Government/Corporate Bond Index, Mortgage-Back Securities Index, and Asset-Backed Securities Index, and only includes securities that are investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

To receive a list of composite descriptions of MCA and/or a compliant presentation, contact Darby Ivins at (210) 694-2100, ext. 2, or darby@martincapital.com.

DABNEY INVESTMENT CONSULTING ASSOCIATES, INC.

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(281) 335-3859

July 20, 2018

Mr. Paul Martin
MARTIN CAPITAL ADVISORS, LLP
559 East Huisache
San Antonio, Tx 78212

RE: Independent Verifier's Report – Verification Opinion Letter

Dear Mr. Martin,

DABNEY INVESTMENT CONSULTING ASSOCIATES, INC. has examined the Claim of Compliance of MARTIN CAPITAL ADVISORS, LLP with the Global Investment Performance Standards (GIPS®) for the time period January 1, 1991 through June 30, 2018.

The firm's management is responsible for compliance with the GIPS and for the design of its processes and procedures. Our responsibility is to express an opinion based on our examinations.

Our examination was conducted in accordance with the Verification Procedures set forth in the GIPS, and, accordingly, included procedures examining, on a test basis, evidence about the firm's compliance with the requirements mentioned below, evaluating the design of the firm's processes and procedures referred to below, and performing the procedures for a Verification as set forth by the GIPS and other such procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the firm has, in all material respects (1) complied with all the composite construction requirements of the GIPS on a firm-wide basis; and (2) designed its processes and procedures to calculate and present performance results in compliance with the GIPS.

In performing the examination, we, DABNEY INVESTMENT CONSULTING ASSOCIATES, INC., have not performed a performance audit of any specific composite and have not determined whether any specific composite presentation is presented in conformity with the GIPS. Accordingly, we express no opinion on any such specific composite performance results.

Sincerely,



Joseph T. Dabney III, CFA, CIPM
President