

(Item 1) COVER PAGE

# GREENWICH INVESTMENT MANAGEMENT

## FORM ADV PART 2A

**Date of Brochure: March 31, 2014**

**Greenwich Investment Management, Inc.**  
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CRD No.: 127161  
SEC File No.: 801-67774

GREENWICH INVESTMENT MANAGEMENT, INC. IS AN INVESTMENT ADVISER WHOSE PRINCIPAL OFFICERS ARE:

L. GEORGE RIEGER, HEATHER SEVILLANO, AND PETER L'H. COURTNEY,  
MEMBERS OF THE EXECUTIVE COMMITTEE

In this **Brochure**, we refer to Greenwich Investment Management, Inc. as GIM. This **Brochure** provides information about the qualifications and business practices of GIM. If you have any questions about the contents of this **brochure**, please contact one of the principals named above at (203) 625-5316. You should also visit GIM's website [www.GreenwichInvestmentMgt.com](http://www.GreenwichInvestmentMgt.com). 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.

Additional information about GIM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

GIM has registered with the Securities and Exchange Commission as an Investment Adviser. Such registration does not imply that GIM or any of its employees have qualifications, skills or training in the business of advising persons on their financial affairs.

**(Item 2) MATERIAL CHANGES**

This Item is a summary of changes to the **Brochure** and discusses only specific material changes made to the **Brochure** dated March 29, 2013. The below information describes the changes made by Item:

**Item 4. THE ADVISORY BUSINESS** – The following sentences were added under “THE NATURE AND CULTURE OF GIM” to further describe the nature of the Statement of Investment Objectives (SIO):

GIM develops a customized SIO to satisfy the individual needs of each individual, family, or institution that we serve. The SIO is an agreement between GIM and the client on the general objectives of the portfolio. The SIO includes an overview of the investment strategy to be employed and types of assets that will be used to meet client objectives.

**Item 5. FEES, COMPENSATION AND METHODS OF COMPENSATION** – The sentences, “Portfolio assets are valued in such manner as is reasonably determined in good faith by GIM to reflect the fair market value thereof. Generally, GIM will rely on account values as determined by the client’s account custodian.” has been replaced with, “The price of portfolio assets is determined and reported by independent pricing services.” to better describe portfolio asset valuation.

**Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS** – The section “Risks and Rewards of GIM Bond Management” have been rewritten and clarified. Four distinct sections were added to provide information GIM Managed Bonds. Below are summaries of those sections:

**Techniques and Resources for Analysis of GIM Managed Bonds.** GIM uses traditional analysis of financial statements from borrowers to determine financial stability and to calculate debt service. GIM compares reported data to budgets prepared by the borrower. GIM endeavors to purchase bonds that generate high current income and deleverage over time. A description of the detailed due diligence performed by GIM with respect to such bonds is provided in Item 8 of the complete ADV Part 2A.

**Characteristics of Bonds Favored By GIM.** Bonds favored by GIM finance the construction of plant property and equipment (PP&E). The PP&E is the collateral for the obligation to repay indebtedness and is secured by first mortgage and other forms of lien. Bonds favored by GIM typically pay interest quarterly and make amortization of principal payments monthly to the Trustee.

**Description of GIM Managed Bonds.** The sectors favored by GIM include the following: charter schools, fixed base operations (FBOs), senior retirement facilities, and other special projects. Such projects and bonds typically depend

on revenue derived from use of the PP&E, otherwise known as “Revenue bonds.”

**Risk and Management of Risk in GIM Managed Bonds.** GIM makes and effort to manage and mitigate risk through ongoing credit analysis and through the security provided by a first mortgage or similar interest in the borrower’s property. The management of high yield tax-exempt bonds requires legal knowledge and financial sophistication that exceed the resources of many prospective clients. Persons and prospective clients who do not have the background described above should consult their legal and financial advisors about the advisability of hiring GIM to manage their financial assets.

**Item 14. CLIENT REFERRALS AND OTHER COMPENSATION** – The paragraph under “Panel Participation Disclosure” has been stricken, as it is no longer applicable.

At any time, you may view the current Firm **Brochure** on-line at the SEC’s Investment Adviser Public Disclosure website at <http://adviserinfo.sec.gov>.

To review the firm information for GIM,

- Click Investment Adviser Search in the left navigation menu and enter.
- Select the option for Investment Adviser Firm and enter 127161 (our firm’s CRD number) in the field labeled “Firm IARD/CRD Number”.
- ADV Part 1 will be displayed.
- This will provide access to Form ADV Part 1 and Part 2A.
- On the left navigation, Form ADV Part 2A is located near the bottom.

You may also request a copy of this firm **brochure** at any time, by contacting us at 203.625.5316 or at [LGR@GreenwichInvestmentMgt.com](mailto:LGR@GreenwichInvestmentMgt.com).

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**(Item 4) THE ADVISORY BUSINESS**

GIM was incorporated November 1999. The firm entered a period of rapid expansion when L. George Rieger joined GIM on January 1, 2007. George Rieger owns 95 percent of GIM and Peter Courtney owns 5 percent.

**THE NATURE AND CULTURE OF GIM**

GIM advises persons and institutions to allocate their savings to financial assets whose characteristics are explained in this **brochure**. GIM describes such persons or institutions as **clients** of GIM. GIM's only source of revenue is the fees that GIM charges clients for investment counsel. In this **brochure**, we describe the relationship between GIM and clients as the Counsel-Client Relationship.

GIM assigns to clients a team of advisers that consists of the primary or senior adviser, the associate adviser, the administrative or client liaison and the head of client administration and client services.

The GIM client selects or has the opportunity to select client's senior advisor. The senior and associate advisors have the responsibility to develop with the client the **Statement of Investment Objectives (SIO)**. GIM develops a customized SIO to satisfy the individual needs of each individual, family, or institution that we serve. The SIO is an agreement between GIM and the client on the general objectives of the portfolio. The SIO includes an overview of the investment strategy to be employed and types of assets that will be used to meet client objectives. The Counsel-Client Relationship commences with a thorough review of client's financial and personal circumstances. The purpose of the review is to quantify how a client's financial assets will meet the needs and objectives of the individual or institution.

Client service is an important part of the GIM culture. GIM's emphasis upon client service puts the administrative and liaison function in the forefront of the Counsel-Client Relationship.

GIM's goal is to make accessible to every client the investment and administrative personnel and resources of the firm. Clients are able to communicate with GIM directly, and through the GIM website. Periodically clients have face-to-face meetings with GIM advisors.

**THE SCOPE OF GIM INVESTMENT SERVICE**

GIM specializes in the analysis and management of financial assets that offer what GIM considers a generous level of current income. The income that clients receive is either dividends or interest. The dividends come from the ownership of common stock. The interest comes from ownership of fixed income securities such as bonds.

## THE UNIVERSE OF POTENTIAL INVESTMENTS

GIM purchases and manages money denominated instruments that trade on established stock and bond exchanges in the United States and Canada. Historically, GIM has not purchased assets in any foreign country other than Canada and has not purchased exchange-traded funds, open-end mutual funds (except money market funds), derivatives, auction rate securities or commodities. Historically, GIM has not used leverage in client portfolios; however, clients may borrow against their assets to fund personal expenditures and to increase their ownership of financial assets.

GIM client portfolios may include both Equity and Fixed Income assets. Additional information on GIM's investment strategies, methods of analysis and the risk of loss on investment can be found in Item 8 of this **Brochure**.

## FIXED INCOME MANAGEMENT BY GIM

GIM specializes in the analysis, acquisition and ownership of a particular type of fixed income security. That security is a bond issued by a state or the agency of a state. The word "agency" includes any entity that has the authority to issue bonds for purposes that benefit the state and the public at large. State agencies include entities such as marine and airport authorities, transportation authorities, authorities that sponsor health, education, senior living, charter schools and incarceration facilities. Such projects and bonds typically depend on revenue derived from use of Property Plant and Equipment (PP&E). In the market place, these bonds are referred to as "Revenue bonds."

The bonds issued by such authorities and agencies may have no rating by any of the three nationally recognized agencies such as Moody's, Standard and Poor's Corp. and Fitch. GIM has focused its resources on the analysis, ownership and management of such agency bonds that have no rating.

Bonds favored by GIM finance the construction of PP&E. The PP&E is the collateral for the obligation to repay indebtedness and is secured by first mortgage and other forms of lien.

Bonds may account for 0 to 100 percent of a client's assets. The SIO as defined above describes the allocation of client assets between bonds and equities. (for more information on fixed income assets managed by GIM, please refer to Item 8).

## COMMON STOCK (EQUITY) MANAGEMENT BY GIM

The phrase "common stock" and the word "equity or equities" are synonymous. GIM may purchase common stocks for GIM clients. Common stocks may account for 0 to 100 percent of a client's assets. The SIO as defined above describes the allocation of client assets between bonds and equities (for more information on equities, please refer to Item 8).

## ASSETS MANAGED ON A DISCRETIONARY BASIS

On December 31, 2013, GIM managed \$386,287,192 of securities on a discretionary basis.

On December 31, 2013, GIM client portfolio held \$1,302,947 of securities on a non-discretionary basis.

**(Item 5) FEES, COMPENSATION AND METHODS OF COMPENSATION**

## MANAGEMENT FEES

GIM manages client portfolios for which GIM charges its management fee based upon the following fee schedule:

<u>On Assets Under Management</u>	<u>The Annual Fee is</u>	
From \$0 to \$2,000,000	100	Basis Points
From \$2,000,001 to \$5,000,000	90	Basis Points
From \$5,000,001 to \$20,000,000	80	Basis Points
Over \$20,000,000	70	Basis Points

GIM will combine the market values of family portfolios in order to provide clients with the largest possible discount from the standard fee schedule.

GIM bills clients each quarter in arrears. GIM clients may permit the deduction of fees from client's custodial account following presentation of the invoice. Most clients permit the direct deduction, but clients may request to pay their management fees by check.

Clients may verify the accuracy of the fee calculation as the custodian will not determine whether the fee is properly calculated. All investment advisory fees paid to GIM are reflected on the client's monthly (or quarterly) brokerage statements, which are independently prepared and provided to the client by the custodian. The valuation of clients' portfolios is determined and reported by independent pricing services. The account value will be the total account value at the close of business on the last day of the previous quarter. Fees are prorated for accounts opened during a quarter.

Clients may incur fees or charges from third-parties. These fees and charges are separate and distinct from the fees paid to GIM and may include, but are not be limited to: mutual fund 12b-1 fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, brokerage commissions, other transaction related fees, IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, bank service

fees, interest charged on debit balances, spreads imposed by brokers and dealers representing implicit transaction costs and transfer taxes.

GIM is not a broker-dealer. GIM purchases and sells securities through members of the major stock and bond exchanges. GIM clients pay a brokerage fee for transactions. GIM receives no direct compensation for the purchase or sale of any security (please refer to Item 12). GIM seeks to minimize custodian and transaction expenses. GIM uses block trading to consolidate an order for a security and such consolidation facilitates the purchase and allocation of the security to achieve best execution. Block trading minimizes logistical costs and in GIM's opinion reduces transaction expense. Not all client portfolios will qualify for block trading. Clients who select their own custodian (also considered "directed brokerage") will not qualify for block trading (for more information on directed brokerage and block trading, please refer to Item 12).

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

GIM does not offer performance-based fees. Side-by-side management is not applicable.

The employees of GIM are clients of the firm, pay the same fees as all clients, receive the identical services that other clients receive and therefore have no advantage or disadvantage in respect to clients of GIM.

#### **(Item 7) TYPES OF CLIENTS**

GIM advises both taxable and tax-exempt entities. These include individuals, trusts, investment companies, foundations, endowments and pension plans. GIM has no minimum account size.

GIM's emphasis is on the management of assets to generate current income. Typically, persons or institutions that hire GIM value current income.

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

##### **Techniques and Resources for Analysis of GIM Equities**

GIM uses fundamental methods of equity analysis frequently described as "Graham & Dodd" analysis. Traditional fundamental analysis emphasizes study of income statements and balance sheets filed with the SEC. Companies often post information about themselves that supplement the SEC filings on their websites. GIM endeavors to interview management and strives to conduct such interviews at companies' home offices.

GIM uses three databases that are essential to GIM's analytic process. One is the FactSet Database. The second is the William O'Neil Database. Third is the Bloomberg

Database. GIM will use client commission dollars to pay for those databases and if such commissions are insufficient, GIM will pay any balance owed (the practice known as “soft dollars” is discussed further in Item 12 of this **Brochure**).

### **Characteristics of Equities Favored By GIM**

The equities analyzed and selected by GIM will have some, but rarely all of the following characteristics:

- Price earnings ratio or price to cash flow of 15 times or less.
- Debt as percent of total capital is 60 percent or less.
- Dividend yield equal to or greater than the yield on the 10-year Government bond.
- Dividend yield equal to or greater than 2 times the dividend yield of the S&P 500 index of common stocks.
- Dividend payout as a percent of cash flow is 60 percent or less.
- Calculation of equity’s **Implied Total Rate of Return (ITR)** using a dividend discount model suggests ITR equal to or greater than 10 percent annually.
- Company has a clear, well-defined and apparently effective strategy for growth.
- Company’s common stock not heavily or over owned by institutions.
- Company’s financial profile evidences company’s concern for financial integrity. (Latter point GIM describes as the Quality of Earnings, or “Q of E” analysis)
- The stock should have a price movement history as contained in the Wm. O’Neil Database that GIM has defined as “attractive.”
- The stock will usually have low volatility compared to most stocks, i.e., a low Beta.
- The common stock as described above may be difficult for GIM either to acquire or later to sell, i.e., such equities may be thinly traded.

By using all of the techniques described above, GIM endeavors to hold for clients’ portfolios only those equities whose ITR’s equal or exceed 10 percent annually.

### **Description of GIM Managed Equities**

GIM favors equities that have the above characteristics. The result is that GIM equity portfolios may be **not diversified** as the term “diversified” is commonly used in the financial community. If GIM equity portfolios are not diversified, they are so because the above equity selection criteria are **highly exclusive**. GIM’s selection process may lead to clients owning assets (equities) in a few industries or sectors. Heavy concentration in few industries or sectors and possibly in few equities within those sectors will create the possibility of extreme volatility in the common stock portion of client portfolios. The possibility of volatility suggests that GIM’s strategy and philosophy are suitable for clients who are entrepreneurial, understand and tolerate volatility, and whose financial posture is strong.

### **Risk and Management of Risk in GIM Managed Equities**

GIM believes that we are able to manage and mitigate risk using the following techniques:

- GIM selected equities usually have low volatility (Beta).
- Equities with high yields may provide portfolios with defensive strength during a market downturn.
- The presence of income, i.e., cash flow into the equity portfolio creates the opportunity to **compound**.
- GIM believes that compound income is a potent force for wealth creation.

The fundamental risks of investing in equity securities include the following: market risk (the risk that an investment will decline in value); liquidity risk (the risk that you will be unable to sell an asset); economic risk (the risk of a general downturn in the economy); and tax risk (the risk that the value of investments will be adversely affected by changes in taxation).

In summary, GIM's strategy to control risk depends upon the existence, the maintenance, and the growth of cash flow in the equity portfolio.

### **Techniques and Resources for Analysis of GIM Managed Bonds**

GIM uses traditional analysis of financial statements from borrowers to determine financial stability and to calculate debt service. GIM compares reported data to budgets prepared by the borrower. GIM personnel and other parties including GIM clients may visit the site of the financial entity. GIM endeavors to purchase bonds that generate high current income and deleverage over time.

GIM's due diligence includes some or all of the following:

- Site visits
- Corporate structure of the borrower, including related entities
- Financial statements
- Operating history, including forecasts
- Projected project costs
- Contractual obligations
- Sources of collateral
- Additional sources of income
- Litigation history
- Management and internal controls
- Key employees
- Competition
- Potential for expansion/growth
- Other factors such as marketing plans, use of outside consultants, and equity contribution

**Characteristics of Bonds Favored By GIM**

Bonds favored by GIM finance the construction of plant property and equipment (PP&E). The PP&E is the collateral for the obligation to repay indebtedness and is secured by first mortgage and other forms of lien.

Bonds favored by GIM typically pay interest quarterly and make amortization of principal payments monthly to the Trustee.

**Description of GIM Managed Bonds**

The sectors favored by GIM include the following: charter schools, fixed base operations (FBOs), senior retirement facilities, and other special projects. Such projects and bonds typically depend on revenue derived from use of the PP&E. In the market place, these bonds are referred to as "Revenue bonds."

The source of revenue for fixed based operations and senior retirement facilities is usually private funds such as sales and rentals to senior citizens, and fuel sales and hangar rentals for corporate aircraft. The source of revenue for charter schools is usually from state taxes.

**Risk and Management of Risk in GIM Managed Bonds**

GIM believes that we are able to manage and mitigate risk through ongoing credit analysis and the security provided by first mortgage or similar interest in the borrower's property.

The management of high yield tax exempt bonds requires legal knowledge and financial sophistication that exceed the resources of many prospective clients. Historically, GIM clients have been and are lawyers, accountants, financial executives, career investment executives and sophisticated institutions. Persons and prospective clients who do not have the background described above should consult their legal and financial advisors such as their accountants or financial planners about the advisability of hiring GIM to manage their financial assets.

The fundamental risks of investing in bonds include the following: market risk (the risk that an investment will decline in value); liquidity risk (limited or no marketability); economic risk (the risk of a general downturn in the economy); tax risk (the risk that the value of investments will be adversely affected by changes in taxation); and business risk (the risk of inadequate profits or losses due to uncertainties.)

**(Item 9) DISCIPLINARY INFORMATION**

GIM and its advisory personnel value the trust you place in us. We advise all clients, to perform the requisite due diligence on any adviser or service provider with which you partner. Background information is available on the Investment Adviser Public Disclosure website at <http://adviserinfo.sec.gov>.

To review the firm information for GIM, click **Investment Adviser Search** in the left navigation menu and enter, select the option for Investment Adviser Firm and enter 127161 (*our firm's CRD number*) in the field labeled "Firm IARD/CRD Number." This will provide access to Form ADV Parts 1 and 2.

Neither GIM nor its personnel have any legal or disciplinary events to report.

**(Item 10) OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS**

There are no financial industry activities or affiliations to report. All relationships are for contracted services only, and no affiliation is created by way of these various service agreements.

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

GIM has adopted the Investment Adviser Association Code of Ethics to govern the conduct of its personnel to ensure that all acts, practices and courses of business engaged in by access persons of GIM reflect high standards and comply with the requirements of the Investment Advisers Act of 1940 and any and all requirements necessary to comply with federal securities laws. An access person is defined as a supervised person who has access to non-public information regarding clients' purchase or sale of securities, is involved in making recommendations to clients, or has access to such recommendations that are non-public.

As stated under Item 6, GIM personnel are clients of GIM, receive the same services that clients receive, pay the same fees that clients pay and are entitled to the same services that clients receive. GIM believes that there is no conflict of interest between GIM personnel and GIM clients, except as discussed below with respect to test accounts.

GIM's Code of Ethics requires each access person to acknowledge that he/she has received a copy, has read, understands and complies with this Code of Ethics. The Code of Ethics requires personal trading reports from all access persons on a quarterly basis, in addition to signing an annual securities holding report. These reports are reviewed by the Chief Compliance Officer. The Code of Ethics requires prompt reporting of any violations to the Chief Compliance Officer. For a copy of GIM's Code of Ethics, please call GIM at (203) 625-5316, Monday through Friday between the hours of 9:00 AM and 5:00 PM Eastern Standard Time. GIM's Code of Ethics is available, upon request, by writing to GIM at 200 First Stamford Place, 2<sup>nd</sup> Floor, Stamford, CT 06902, Attn: Compliance Department.

GIM may establish one or more management test accounts under an existing employee account. Such test account may not follow the same investment strategy as other clients. However, any such test account is subject to the approval of the CCO, and, under GIM's Code of Ethics, the trading activity in such account is monitored on a quarterly basis.

Such account is also a fee-paying account. GIM clients may examine the trading activity and performance of the test accounts.

GIM has established a brokerage account in which GIM has or will deposit a portion of GIM's working capital. GIM intends to purchase financial assets in that account to improve GIM's return on working capital. Such financial assets will be those in which GIM clients have positions. GIM's primary objective for this working capital account is current income. GIM will be obligated to sell such financial assets from time to time to meet GIM operating expenses. Such sales by GIM may and probably will take place when GIM retains those financial assets in client portfolios.

The GIM working capital account has different objectives than most GIM client portfolios. The record of the working capital account will be available to clients upon their request and GIM will answer any questions that clients may have about GIM's management of the working capital account.

In adopting the tactic of trading, GIM recognizes the following conflicts: (a) such trading may conflict with the day to day requirements of GIM clients; (b) such trading is a tactic that GIM does not offer to clients (however, if the tactic succeeds, GIM may offer the trading tactic to clients) and (c) the trading tactic may result in losses that impair GIM's working capital, which may have consequences for GIM's financial stability and its ability to advise clients.

GIM will utilize our third party compliance consultant to supervise trading and monitor the possible conflicts with GIM portfolio management for clients. GIM trading in its own account will also be subject to the Code of Ethics.

#### **(Item 12) BROKERAGE PRACTICES, RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Consistent with GIM's Best Execution policies and Section 28(e) of the Securities and Exchange Act of 1934, GIM may pay commissions to broker-dealers at a level, which may be higher than those charged by other firms. The difference in commission rates is known as "Soft Dollars." These higher commission rates may be paid if GIM determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker viewed in terms of GIM's responsibilities to its clients. Soft Dollars may be provided directly by brokers (proprietary trading and analysis products), by third parties at the direction of brokers, or purchased with credits provided by brokers. Soft Dollars may be used to pay the cost of services that include; research data on industries and companies, economic surveys and analysis, and consultant services. Such products and services aid GIM in the performance of our management responsibilities for our clients.

GIM uses Soft Dollars to purchase research services including FactSet database, the William O'Neil database, Bloomberg database, and common stock analysis from various firms. GIM uses Soft Dollars to pay for fixed income research including analysis from Municipal Market Advisers (MMA). GIM believes that fixed income research is a

valuable resource for all GIM clients. Such research benefits GIM clients who own municipal bonds more than clients who own only common stocks. Not all GIM clients who own equities own municipal bonds. GIM believes that the amount of Soft Dollars paid attributable to research and analysis on municipal securities is modest in relation to total Soft Dollar payments for services that benefit primarily equity portfolios.

Research obtained with Soft Dollars is not always utilized by GIM for the specific account that generated the soft dollars. The value of research and brokerage services cannot be measured precisely and commissions paid for such services generally cannot be allocated to clients in direct proportion to the value of services to the client. GIM does not attempt to allocate the relative costs or benefits of research among accounts because it believes that, in the aggregate, the research it receives benefits clients and assists GIM in fulfilling its overall duty to clients. Therefore, commissions in one account may in effect subsidize services that benefit another account, as noted above with respect to research and analysis on municipal bond trading.

GIM invites clients to discuss with GIM personnel the use of research Soft Dollars.

GIM selects broker-dealers based upon the reasonableness of commissions and mark-ups charged. GIM seeks to transact for clients in such a manner that the clients receive the highest quality transaction, under the circumstances. This is known as “Best Execution.” In selecting broker-dealers, GIM need not solicit competitive bids and does not have an obligation to seek the lowest available transaction cost (e.g., commission cost).

GIM may consider a number of factors in utilizing broker-dealers for client brokerage transactions. Among the factors considered by GIM are:

- Transaction net costs
- Security price
- Clearance and settlement practices
- Ease of execution
- Integration with existing GIM systems
- Interface applications for monitoring client investments
- Firm commitment to regulatory compliance
- Industry reputation
- General financial strength and stability
- Breadth of products and services
- Research capabilities

Clients may choose their custodian, which will be their directed broker. Directing clients negotiate their own commission schedule and are aware that their commission costs may be higher than commissions paid by other GIM clients and that transaction efficiency may be less than that achieved by other GIM clients. In such cases, GIM may not obtain volume discounts. Commission charges will vary among clients and Best Execution may not be obtained.

GIM is not required or obligated to engage any broker or dealer to execute any transaction for a client if, in the sole and absolute discretion of GIM, the use of the services of such broker or dealer would violate any applicable law, regulation or stated position of the Securities and Exchange Commission or other regulatory body.

GIM uses a trading method known as block trading. Block trading allows GIM to consolidate an order for a security with a broker that, following execution of the order, allows GIM to allocate the security efficiently and precisely to client portfolios. As a matter of policy, GIM's trade allocation procedures must be fair and equitable to all clients. GIM will use average pricing to achieve fair and equitable executions. Ordinarily, the executing broker-dealer will provide an average price that will be allocated to all accounts participating in the aggregated trade. Because of prevailing market conditions it may not be possible to execute all shares of an aggregated trade, in which case GIM will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. Block trading minimizes logistical costs and in GIM's opinion reduces transaction expense.

As a matter of policy, an adviser's allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other client. GIM's policy prohibits any allocation of trades in a manner whereby GIM's proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. Typically, GIM will use factors such as pro-rata allocation, rotational allocation, or other means to allocate and will use an average price when allocating. However, in certain circumstances, GIM may sell bonds back to the obligor (borrower), usually in small denominations (less than \$100,000). Under such circumstances, GIM shall use absolute and relative size positions held by each client as the criteria to determine for which client(s) GIM will sell the bond. The client(s) selected based on this criterion may be an affiliated person of GIM. The process of selection may recognize unique client circumstances and thus may be arbitrary. Under these circumstances, the allocation method shall be reviewed and approved by the CCO, or if in the case where the affiliated person is the CCO, by another senior officer of GIM or a third party compliance consultant. In the past 7 years (2007 – 2013) there have been few purchases of bonds by borrowers (obligors). Clients may request and will receive from GIM the details of such transactions. Client confidentiality will be continuously maintained.

GIM participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. GIM receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.)

### **(Item 13) REVIEW OF ACCOUNTS**

GIM functions under the Unit method of organization. Client portfolios are reviewed by the Investment Management Unit. All personnel are members of the Portfolio Management Unit. The firm's personnel meet weekly to review the investment posture of the common stock and fixed income holdings.

Clients meet with their GIM team periodically as requested by GIM clients. At such meetings, the client and the GIM team review the client's circumstances.

GIM sends quarterly reports to all clients that include cost and market value of securities positions and performance information. Such reports are provided in hard copy format or electronically through GIM's secure website.

**(Item 14) CLIENT REFERRALS AND OTHER COMPENSATION**

Historically GIM has grown from client referrals. GIM may refer clients to various third parties to provide certain services necessary to meet financial goals. Likewise, GIM may receive a client referral from a third party. In either case, no compensation is given or received. All referrals are a professional courtesy and in the interest of the client.

As disclosed under Item 12 above, GIM participates in TD Ameritrade's Institutional customer program and GIM may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between GIM's participation in the program and the investment advice it gives to its clients, although GIM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving GIM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to GIM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by GIM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit GIM but may not benefit its client accounts. These products or services may assist GIM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help GIM manage and further develop its business enterprise. The benefits received by GIM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, GIM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by GIM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence GIM's choice of TD Ameritrade for custody and brokerage services.

GIM may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, GIM may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with GIM and there is no

employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise GIM nor does it have responsibility for GIM's management of client portfolios or GIM's other advice or services. GIM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to GIM ("Solicitation Fee"). GIM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by GIM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired GIM on the recommendation of such referred client. GIM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

GIM's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, GIM may have an incentive to recommend to clients that the assets under management by GIM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, GIM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. GIM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

GIM may pay referral fees (non-commission) to independent solicitors for the referral of their clients to GIM in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of GIM's asset-based investment advisory fee up to 25% or as negotiated. This arrangement will not result in higher costs to the client. In this regard, GIM maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by solicitors to GIM will be given full written disclosure describing the terms and fee arrangements between GIM and its solicitor(s). Prior to compensating any person for client referrals, GIM will ensure that the person is properly registered or exempt from the registration requirements. The solicitors shall be appropriately licensed as investment adviser representatives in accordance with applicable state law(s) when required.

#### **(Item 15) CUSTODY**

GIM is not a custodian for clients' assets. The custodian is an agent of the client. Client directed custodians may charge for custody services. As of the date of filing, client custodians include, but are not limited to, TD Ameritrade, Fiduciary Trust Co., Charles Schwab, Morgan Stanley, JP Morgan, Fidelity, Stifel Nicolaus and UBS. GIM clients

may direct GIM to use a particular custodian, which may have an effect on the broker used for the client's account (for example, the custodian may require trading be executed with the custodian's affiliated broker dealer). Please refer to Item 12 for further details on client directed brokerage.

Clients receive an account statement from the custodian no less than quarterly, and in most cases monthly. Such statement may be by electronic delivery or hard copy or both. GIM encourages clients to examine and compare the GIM statement to the custodian statement.

While GIM does not have custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds. Prior to permitting direct debit of fees each client provides written authorization permitting fees be made direct from the custodian. Each quarter, GIM will send the client an invoice showing the account value, the amount of the fee and the way in which it was calculated. Simultaneously or after sending the client invoices, GIM will send the custodian the client account numbers and the fee deduction amounts. The custodian sends every client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to GIM.

#### **(Item 16) INVESTMENT DISCRETION**

GIM exercises authority to purchase and sell securities on behalf of clients. The nature of the discretionary authority is described in the SIO that we have discussed under Item 4. The SIO permits clients to limit the authority of GIM following the execution of the standard GIM advisory contract. It should be noted that with regard to commission rates, GIM does not have the power to determine the rates paid, only the authority to negotiate with and accept or reject rates offered by various broker-dealers.

#### **(Item 17) VOTING CLIENT SECURITIES**

GIM has accepted responsibility to vote proxies on behalf of advisory clients. A client has the option to retain proxy voting privileges on behalf of their own account provided they have indicated as such on the Investment Advisory Agreement or in writing to GIM. Should a client choose this option, then that client will receive proxies or other solicitations directly from their custodian; however, the client may contact GIM with questions regarding solicitations by calling (203) 625-5316.

GIM's proxy voting procedures are designed to ensure that proxies are voted. Our voting guidelines have been designed to promote accountability of a company's management and board of directors to its shareholders; to align the interests of management with those of shareholders; and, to encourage companies to adopt best practices in terms of their corporate governance.

GIM has engaged a third party proxy service provider, EC Proxy Voting Service ("EC Proxy"), to assist with the voting of proxies. The CCO and investment management unit

have the responsibility for oversight of EC Proxy and ensuring that proxies are voted in the best interest of clients.

In voting, GIM or the third party shall vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot. GIM has developed guidelines, which EC Proxy uses to vote the proxies. A weekly report of upcoming proxy votes is sent to GIM for review prior to being voted on by EC proxy.

Prior to voting, EC Proxy verifies whether an actual or potential conflict of interest with GIM exists in connection with the subject proposal(s) to be voted upon. The determination regarding the presence or absence of any actual or potential conflict of interest is documented by EC Proxy. EC Proxy retains the following information on behalf of each proxy voted: a copy of the proxy statement received; a record of the vote cast; a record memorializing the basis for the vote cast; and any other documentation which was material to the decision voted. Clients may request a copy of how securities in their account were voted by contacting GIM at (203) 625-5316.

#### **(Item 18) FINANCIAL INFORMATION**

Neither GIM, nor its management has any adverse financial situations that would reasonably impair the ability of GIM to meet all obligations to its clients. Neither GIM, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. GIM is not required to deliver a balance sheet along with this **brochure**, as the firm does not collect advance fees for services to be performed six months or more in advance. GIM charges fees for only the immediate quarter for which it will provide services. Please see Item 5. Fees and Compensation for additional information.