

Item 1 COVER PAGE

**GREENWICH  
INVESTMENT  
MANAGEMENT**

**FORM ADV PART 2A**

**Date of Brochure: March 30, 2017**

**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, PETER L'H. COURTNEY, AND HEATHER SEVILLANO, 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 at [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.

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**Item 2 MATERIAL CHANGES**

GIM will disclose material changes to this document in Item 2 – Material Changes. Anytime a material change is made to this document, GIM will notify Clients and furnish all Clients with a copy of this document at no charge. Please contact GIM directly if any clarification is needed in any point contained herein. Described below are changes made to the Brochure since our last annual filing dated March 30, 2016.

GIM has clarified its disclosures related to a new sub-advisory relationship, how fees are charged for such relationship, account minimums, charitable contributions, and its responsibilities relating to class actions. GIM has established a new relationship with UBS Wealth Management through their Managed Accounts Consulting (MAC) platform. Please review Items 4, 5, 6, 7, 8, 11, 12, 16, 17, and 18 for other minor clarifications.

At any time, you may view the current Firm Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.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 Firm and enter 127161 (our firm’s CRD number) in the field labeled “Firm Name or CRD/SEC#”.
- Click on “Get Details” and the Investment Adviser Firm Summary along with the latest Form ADV Part 1 filed will be displayed.
- This will provide access to Form ADV Part 1 and Part 2A.
- On the left navigation is the Form ADV Part 2A.

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 on December 1, 1999. The firm entered a period of rapid expansion when L. George Rieger joined GIM on January 1, 2007. George Rieger owns 85 percent of GIM and Peter Courtney owns 15 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 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 needs of each individual, family, or institution that we serve. 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. GIM tailors its investment advice, account investment strategy and risk tolerance as described in the completed SIO. Clients have the opportunity to place reasonable restrictions or constraints on the way the client account is managed; however, such restrictions may affect the composition and performance of the client's portfolio. For these reasons, performance of the portfolio may not be identical with our typical client.

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. Dividends come from the ownership of common stock. 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. Clients may choose to 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 all of the client's assets. The SIO as defined above describes the allocation of client assets between bonds and equities (for more information on equity assets managed by GIM, please refer to Item 8).

### SUBADVISORY RELATIONSHIPS

GIM has contracted with a registered investment adviser as manager with discretionary authority to implement the strategies described above. GIM's responsibility as subadvisor is to the RIA not to the underlying client. The authority granted to GIM continues until revoked by the adviser or by the adviser's client in writing. Information and data pertaining to the underlying client originates with the client's adviser to whom GIM is the subadvisor. In these arrangements, GIM will not accept restrictions or tailor our advice based on the underlying accounts full investment profile (which is the responsibility of the registered investment adviser with whom GIM has contracted as a subadvisor).

### UBS MANAGED ACCOUNTS CONSULTING (MAC) PROGRAM

The Managed Accounts Consulting (MAC) program, a Separately Managed Accounts (SMA) Program offered by UBS Financial Services Inc. (UBS), is a consulting program that allows UBS clients to select an SMA Manager (i.e., GIM) and receive performance reporting on the eligible assets in the client's MAC account.

For the MAC program accounts, the client's relationship and investment agreement are directly with the SMA Manager (GIM). UBS will act as the client's consultant, but the client delegates discretionary authority over the client's accounts directly to GIM in a separate agreement. GIM will obtain written agreements with the client granting GIM discretion in the investment and reinvestment of the client's account assets and authorizing GIM to purchase and sell securities for the client's account and to act for the client in all matters necessary or incidental to such purchases and sales pursuant to the GIM Client Agreement. UBS provides certain brokerage and non-discretionary advisory services pursuant to a MAC Program Application and Agreement. Based on the combination of UBS' fees and GIM's fees, the overall fee for the MAC account may exceed 3% of the account value. The overall fee for the MAC Account may be higher than the total fee client would pay in other Programs. Clients should consider these options carefully as some may be more cost-efficient to the client.

### ASSETS MANAGED ON A DISCRETIONARY BASIS

On December 31, 2016, GIM managed \$461,261,168 of securities on a discretionary basis.

On December 31, 2016, GIM client portfolios held \$9,372,555 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

**For Family Portfolios:** GIM will combine the market values of directly related persons in order to provide clients with the lowest possible fee. The lowest fee applies to all assets and is not tiered.

GIM bills quarterly in arrears, except in the case when GIM is acting as subadvisor may accept the billing schedule of the advisor. 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 for which fees are calculated will be the total account value at the close of business on the last day of the previous quarter. Please note that this balance may vary from your custodian statement due to settlement, dividends or other minor reporting issues related to the timing of a transaction. Fees are prorated for accounts opened during a quarter. Under certain circumstances, fees may be waived, discounted and or negotiated to non-standard rates.

The Investment Advisory Agreement between GIM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, a pro-rated portion of the earned but unpaid advisory fee shall be due.

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, directed brokerage fees, 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 or foreign taxes, as applicable.

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).

#### SUBADVISORY RELATIONSHIPS

In a sub-advisory arrangement, our annual management fee shall be negotiated and may be charged on the average month end market value of assets under management at the end of the quarter, which will be paid to GIM in arrears. The subadvisor determines the methodology of calculating the advisory fees and end-clients should review their agreement with the subadvisor.

#### UBS MANAGED ACCOUNTS CONSULTING (MAC) PROGRAM

The MAC Program sub-advisory relationship differs from our typical supervisory arrangement identified above in certain ways, as disclosed here. UBS MAC Program includes management fees charged by UBS and GIM. The UBS fee is negotiated to be no more than 1.25%. The GIM fee is negotiated with the UBS Advisor.

Fees will be calculated by UBS and will be based on the account's asset value, payable in advance on quarterly installments ("Quarterly Fee"). The initial fee ("Initial Fee") will be based on the beginning asset value of the account on the day the account is approved by UBS. The Initial Fee will be prorated from the approval date through the end of the next full quarter. Thereafter, the Quarterly Fee will be based on the account asset value on the last business day of the previous calendar quarter. Please note that for the MAC Program accrued interest will be included when calculating the quarterly fee. Assets received into the account during any fee period will be charged a prorated fee ("Contribution Fee") based on the number of days remaining in the fee period. No adjustments will be made to the fee for any withdrawals, appreciation, or depreciation in the value of the securities held in the account during any fee period.

Should this agreement be terminated by either party (GIM and UBS), a prorated refund of the Initial Fee or Quarterly Fee and any Contribution Fees will be made, if applicable. GIM understands that UBS may at any time, with prior notice to GIM, modify the method by which UBS determines the value of the client's account and the types of fees it charges clients.



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

Neither GIM nor any supervised person of GIM accepts performance-based fees. Side-by-side management is not applicable.

The employees of GIM are clients of the firm pay the same fee schedule as 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, estates, trusts, foundations, endowments, pension and profit sharing plans. The only current minimum requirements are for the MAC Program, which requires a minimum investment of \$750,000.

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 may use 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. 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.

GIM has developed a strategy for clients who seek to allocate a portion of their assets to a more aggressive strategy. The High Performance Tactical Management Strategy is an opportunistic and aggressive asset management strategy whose characteristics may include:

- Heavily concentrated positions
- Assets priced below Book Value
- Low Price to Earnings
- High current yield
- Utilizes the benign O'Neil/technical pattern
- Leverage
- Utilizes both buy and sell limit orders in one position i.e. The Floor and Ceiling Tactic
- Not tax efficient
- Short term focused
- Concentration in crushed equities or little known equities
- Positions in municipal bonds that are candidates for restructure
- Not committed to being fully invested. May be 100% cash at any given time.
- Will not buy/sell against GIM client positions or contrary to GIM client trades

### **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), 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 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, business owners, 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); interest rate risk (bond prices move inversely to interest rate changes); 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).

Please note that there are many other circumstances not described here that could adversely affect the client’s investments and prevent clients from realizing the client’s investment objectives. The list represents the typical risks involved. The explanation of

certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the firm's investment strategies.

### **Performance Presentation Standards**

GIM claims compliance with the Global Investment Performance Standards (GIPS®). GIM is a registered investment adviser. To receive a list of composite descriptions and/or a presentation that complies with the GIPS standards, contact us at the address and/or phone number on the front page of this brochure.

### **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 [www.adviserinfo.sec.gov](http://www.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 Firm and enter 127161 (*our firm's CRD number*) in the field labeled "Firm Name or CRD/SEC #." This will provide access to Form ADV Parts 1 and 2.

Neither GIM nor its personnel have any legal or disciplinary events we are required to report under this Item. However, in an effort to be fully transparent GIM is providing additional information which is not required. As a result of terminating a client relationship in 2016, that client is alleging breach of contract, breach of fiduciary duty, and elder financial abuse. GIM contends that the claims are without merit and intends to vigorously contest the claims. Additional information is available upon request.

### **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 fee schedule 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.

GIM's Code of Ethics requires each access person to acknowledge that they have received a copy, have read, understand and comply 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. The Chief Compliance Officer reviews these reports. 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 will furnish to clients a copy within a reasonable time at the client's current address of record.

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 developed into the High Performance Tactical Management Strategy 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.

### **Donations to Charities**

From time to time, GIM may donate to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. Because GIM's contributions may result in the recommendation of GIM or its products, such contributions may raise a potential conflict of interest. As a result, GIM maintains records of all charitable contributions and requires that all contributions are made directly to the charitable organization, a 501(c)(3) organization. No contribution

will be made if the contribution implies that continued or future business with GIM depends on making such contribution.

## **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 such as FactSet database, the William O'Neil database, Bloomberg database, the economic analysis of A. Gary Schilling and InsiderScore 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. 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, random, or other means to allocate and will use an average price when allocating. However, in certain circumstances, GIM may sell bonds back to 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, 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 (“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.)

### **Administrative Trade Errors**

From time-to-time, we may make an error in submitting a trade order on the client’s behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, GIM may place a correcting trade with the broker-dealer, which has custody of the client’s account. If an investment gain results from the corrective action, the gain will remain in the client’s account unless it is legally not permissible for the client to retain the gain, or GIM confer with the client and the client decides to forego the gain (e.g., due to tax reasons). If a loss occurs due to GIM’s administrative trade error, GIM is responsible and will pay for the loss to ensure that the client is made whole.

Note: To limit the respective administrative expenses and burden of processing small trade errors, it should be noted some custodians (at their own discretion) may elect not to invoice us if the trade error involves a de-minimis dollar amount (usually less than \$100). Generally, if related trade errors result in both gains and losses in the client’s account, they may be netted.

### **Item 13 REVIEW OF ACCOUNTS**

GIM functions under the Unit method of organization. The Investment Management Unit reviews Client portfolios. All personnel are members of the Portfolio Management Unit. The firm’s personnel meet at least 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**

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 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 clients to GIM in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee is a portion of GIM’s investment advisory fee and does not increase the total fee paid by the client for GIM’s services. In no case will the portion of the management fee received by GIM be higher than our standard fee schedule. 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, Wells Fargo 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. 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. Please see Item 12 for important information about client directed brokerage arrangements, which may impede GIM's ability to achieve best execution.

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

##### PROXY VOTING

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 to assist with the voting of proxies. The CCO and investment management unit have the responsibility for oversight of the third-party proxy service provider and for 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 to vote the proxies.

Prior to voting, GIM or the third-party service provider 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. GIM 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.

#### CLASS ACTIONS AND OTHER LITIGATION MATTERS

Sometimes securities held in the accounts of clients will be the subject of class action lawsuits. GIM has engaged Chicago Clearing Corporation ("CCC") to provide a comprehensive review of our clients' possible claims to a settlement throughout the class action lawsuit process. CCC actively seeks out any open and eligible class action lawsuits. Additionally, CCC files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. CCC's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. In recognition of CCC's services, CCC receives 15% of our clients' share of the settlement distribution. When GIM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by clients, it will work to assist clients and Chicago Clearing Corporation in the gathering of required information and submission of claims. Clients are automatically included in this service, but may Opt-Out by indicating as such on Exhibit I of the Investment Advisory Agreement. If a client Opts-Out, GIM and CCC will not monitor class action filings for that client.

#### **Item 18 FINANCIAL INFORMATION**

Neither GIM, nor its management have 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, are currently, nor at any time in the past ten years have been subject to a bankruptcy or financial compromise. GIM 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.