

# IMC INVESTMENT MANAGEMENT CONSULTANTS

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NEVADA CORPORATION

## FIRM BROCHURE

### PART 2A OF FORM ADV ~ APRIL 29, 2011

Required Information: This brochure provides information about the qualifications and business practices of Investment Management Consultants (“IMC”). If you have any question about the contents of this brochure, please contact us at (702) 869-0330. The term Registered Investment Advisor is not meant to imply a certain level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Investment Management Consultants is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### REGISTERED INVESTMENT ADVISORS

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7390 W. SAHARA AVENUE, SUITE 290 ☞☞ LAS VEGAS, NEVADA 89117 ☞☞ (702) 869-0330

## **Material changes from December 31, 2010 Annual Amendment – Item 2**

- **ADDRESS CHANGE:**
  - **7390 W. SAHARA AVENUE, SUITE 290  
LAS VEGAS, NEVADA 89117**
- **NEW INVESTMENT ADVISOR REPRESENTATIVE:**
  - **JAMES A. ARNOLD**

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## ADVISORY BUSINESS – ITEM 4

Investment Management Consultants (“IMC”) is a locally owned, independent, investment-consulting firm located in Las Vegas, Nevada. IMC began operations in 1998 and is registered as an investment advisory firm with the Securities and Exchange Commission (“SEC”). Brad W. Davies and Gary N. Miller are the principals of IMC and have been owners of the company since inception. In the spring of 2011, James A. Arnold joined the IMC team as an Investment Advisor Representative.

IMC consults on issues important to fiduciaries and clients, including setting investment objectives and drafting investment policy statements, asset allocation, investment manager searches (using independent data bases), investment manager selection, employee and trustee education, performance measurement and evaluation, as well as cost containment. For those clients who desire a portfolio of individual equities and bonds to be managed on a discretionary basis, IMC has the capacity to act as an independent money manager. IMC does not participate in wrap-fee programs of any nature.

As of the date of this brochure, IMC managed \$43.5 million in discretionary assets and \$58.6 million in non-discretionary assets.

## FEE SCHEDULE – ITEM 5

IMC is compensated for services rendered by a quarterly fee, which is calculated as a percentage of assets under management. **Fees are negotiable** and confirmed to the client prior to commencement of consulting. Generally, fees are billed quarterly in arrears, and are based on the market value of each account on the last day of the quarter. A client may terminate the Investment Advisory Agreement at any time upon 30 days’ written notice (the fee for the quarter in which termination occurs will be prorated). Clients have the option to have IMC’s consulting fee deducted directly from their asset account or invoiced for fees incurred.

IMC may be compensated on a flat fee basis. Also, an hourly rate of \$150 is available to clients not wishing to engage IMC on a permanent basis. Hourly fees may include, but are not limited to, the following services: setting investment objectives, asset allocation, mutual fund selection and review.

In addition to the consulting fee, the client understands that there may be other expenses such as: money manager fees, mutual fund operating expenses, transactional fees and, if appropriate, custodial fees charged by other organizations associated with the client's accounts. IMC does not have the ability to negotiate mutual fund operating expenses or custodial fees. IMC will not receive any commission or other soft-dollar payments of any nature with respect to the client.

**Percentage of assets under management ("AUM") Fee:** IMC charges a maximum annual fee of 1.0% calculated at the end of the quarter.

Example of Percentage of AUM calculation: a client with IMC who has \$2,000,000 in AUM will pay \$20,000 per year or \$5,000 per quarter based on the above fee schedule ( $\$2,000,000 \times 1.00\%$  or  $.010 = \$20,000$ ).

**Flat Fee:** fees are determined on a client to client basis with a minimum annual fee of \$100.

**Hourly Fee:** \$150/hour

## ***IMC's FEES ARE NEGOTIABLE***

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

IMC does not accept performance-based fees, which are fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **TYPES OF CLIENTS – ITEM 7**

We provide professional advice to many types of clients including but not limited to corporations, qualified and non-qualified retirement plans, trusts, foundations, Taft-Hartley plans, and individuals

In general, IMC requires a minimum account balance of \$100,000, however, at our discretion, we may take on clients with lower balances.

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

IMC initiates every relationship by establishing a clear understanding of each client's particular objectives. We take the time to meet with our clients on an individual basis and establish a clear and comprehensive investment strategy. The information from the initial meetings will lead to the drafting or editing of the Letter of Investment Objectives for qualified plans or a personalized plan for individual investors. Our primary emphasis is to establish realistic and acceptable objectives for each client at the beginning of our association. Due to the unique nature of IMC's client demographic, varying techniques will be utilized (i.e., no two clients are the same).

An initial asset allocation study is then performed defining projected risk and return expectations for a portfolio of domestic and international equities, fixed-income and cash equivalents. Determining an appropriate strategy and asset allocation includes analyzing alternative courses of action during rising, neutral and falling market conditions.

IMC will initially search for money managers/mutual funds from independent databases based on our thorough search criteria. In addition, we will review and evaluate each existing money manager/mutual fund and recommend retention or replacement of that manager. IMC will also conduct a search for additional investment managers, and upon our recommendation to clients, provide detailed performance history, quantitative and qualitative factors for each selection.

After the portfolio has been constructed, our firm will assist each client with the ongoing supervision of his/her assets. IMC will provide quarterly analysis of our firm's observations and findings in a comprehensive report. IMC objectively monitors money manager and mutual fund performance against each client's stated goals.

IMC creates all reports in house and, therefore, has the unique ability to fully customize reports to include specific information for your portfolio depending on client needs. IMC does not farm out any reporting duties to third party vendors.

We will monitor all security trade confirms as they occur; checking for errors in trade executions, settlement prices, and erroneous commissions. This enables us to evaluate each client's account to prevent inappropriate trades, mispriced security transactions or churning. It is our responsibility to negotiate investment manager(s) fees to ensure the lowest possible management fee level. With regard to mutual funds, we will monitor all operating expenses and potential capital gains exposure to ensure that there are no loads or 12b-1 fees associated with our investment recommendations.

Regarding qualified plans, we will work with Trustees and Plan Sponsors to develop various educational programs for participants. IMC believes that employees should be comfortable with a broad range of investment concepts such as risk and return, asset allocation, dollar cost averaging, compounding, tax deferral, and market timing. In addition, we will assist all participants in the enrollment process.

It is imperative that clients recognize the risks inherent when investing in securities in that some investment decisions will result in profits, others in losses. IMC cannot assure that a profit will be obtained, but only that we will apply our best judgment when investing the clients account. The performance of the securities purchased will be continually evaluated to determine whether the security position be liquidated (even if below the original purchase price), increased (even at prices higher than originally acquired), or maintained. Historical performance does not guarantee future performance.

## **DISCIPLINARY INFORMATION – ITEM 9**

IMC has never had any litigation or regulatory actions against the firm or employees.

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

IMC is a Registered Investment Advisory firm and does not partake in other industry activities and does not have other affiliations.

## **CODE OF ETHICS – ITEM 11**

IMC has adopted a written Code of Ethics designed to address the confidentiality of client transactions, insider trading and potential conflicts of interest that may arise. IMC Code of Ethics requires, among other things, the following:

- Employees should observe maximum confidentiality with respect to IMC's clients and that all records of client transactions are kept in a secure manner and shall not be released to anyone other than authorized persons
- Policy prohibiting employees from insider trading
- Employees may not serve as officer or director of a publicly traded company without prior approval

- IMC or individuals associated with IMC may buy or sell securities identical to those recommended to customers for their personal accounts. In addition, any related person(s) may have a current position in securities, which may be recommended to clients. It is the expressed policy that no person employed by IMC may purchase or sell any security prior to a transaction being implemented for a client.
- An owner or employee of IMC shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of IMC shall prefer his or her own interest to that of the client or take part in activities that would be construed as “insider trading” by authorities
- IMC maintains a list of all securities for itself and anyone employed with access to advisory recommendations. These holdings are reviewed on a regular basis by the Principals
- IMC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices
- Any individual(s) not in observance of the above regulations may be subject to termination.

A copy of IMC Code of Ethics shall be provided to any client or prospective client upon request.

## **BROKERAGE PRACTICES – ITEM 12**

Broker Dealer and/or Custodian: Schwab Institutional, Inc., 101 Montgomery Street, San Francisco, California 94104. Schwab Institutional Inc. is a division of Charles Schwab & Co., Inc. Member SIPC/NYSE.

IMC has the ability to use various broker dealers and custodians, however, IMC currently has a relationship with Charles Schwab & Co. IMC does not and has not received fees, commissions or client referrals from this arrangement.

## **REVIEW OF ACCOUNTS – ITEM 13**

Client accounts are reviewed at least annually, unless more frequency is required. The reviewing process will include formal pricing of assets and monitoring of all cash flows including contributions, withdrawals and expenses. In addition, time-weighted performance returns for the quarter, year-to-date, one-year and annualized yearly periods will be compared to appropriate benchmarks to determine if the client’s investment objectives are being met. The reviews will also contain risk statistics such as standard deviation, alpha, beta and R-squared (if statistically valid). Factors that

would trigger a review: changes in the investment advisor/money manager's firm that would be construed as being pertinent to the client's investment objectives, information that is needed to adhere to those investment objectives and/or "Prudent Investor Rule", or changes in the client's investment objectives.

Brad W. Davies, President, and/or Gary N. Miller, CFO, will be responsible for conducting money manager searches, portfolio design and performance reviews with clients.

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

IMC does not compensate any person or entity for client referrals. The only form of compensation received for advisory services is the fees charged for providing investment advisory services.

## **CUSTODY – ITEM 15**

Although IMC does not have custody according to the definition set forth by the SEC, IMC does have the authority to have fees deducted directly from certain accounts upon client approval.

## **INVESTMENT DISCRETION – ITEM 16**

Although IMC does have discretionary authority over certain accounts with client approval, IMC obtains client consent prior to the purchase and sale of investment securities.

## **VOTING CLIENT SECURITIES – ITEM 17**

In general, IMC does not vote proxies. The client may elect to vote proxies associated with their account.

## **FINANCIAL INFORMATION – ITEM 18**

IMC does not require prepayment of fees.

IMC has never been the subject of a bankruptcy petition and is not the subject of a bankruptcy petition at the current time.

**To protect the confidential and proprietary information included in this brochure, no information, partial or complete, may be disclosed or provided to any third parties without the expressed approval of INVESTMENT MANAGEMENT CONSULTANTS (IMC).**