



SEC No.: 801-6667

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## **PART 2A OF FORM ADV**

### **CIG Asset Management, Inc.**

**March 31, 2011**

This brochure provides information about the qualifications and business practices of CIG Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at (248) 827-1010. 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 us is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that references to CIG Asset Management, Inc. as a "registered investment adviser" or descriptions of the firm as being "registered" do not imply a certain level of skill or training.

### **SUMMARY OF MATERIAL CHANGES**

This Section is a new requirement under the “Amendments to Form ADV” which was published by the SEC on July 28, 2010. This brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this brochure is materially different in structure and requires certain new information that we were not required to include in our previous brochure. We recommend that you read our entire brochure.

In the future, this Section will discuss only specific material changes (including a summary of those changes) that we made to our brochure since the last annual update of our brochure. At that time, we will also reference the date of our last annual update of our brochure. Currently, you may request our brochure by contacting our Chief Compliance Officer at (248) 827-1010 or [klevy@cigcorporation.com](mailto:klevy@cigcorporation.com). Additional information about us is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about our employees who are required to be registered, as one of our investment adviser representatives.

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## **ADVISORY BUSINESS**

### ***Our Owners and Principals***

We are a Michigan corporation founded in 1997 by Osman R. Minkara. We are a wholly owned subsidiary of CIG Corp., also a Michigan corporation, which is owned by our managing principal, Mr. Minkara.

### ***Types of Services Offered – Wealth Management***

We sponsor the Wealth Management wrap fee program, also referred to as the Program. Through the Program, we provide investment advisory and financial planning services to individuals, employee benefit plans, trusts, estates, charitable organizations, corporations and other business entities for a single fee inclusive of advisory and trading costs. A wrap fee program means that you, as our client, will pay a single fee to cover all costs in connection with securities transactions in your account, investment management services, custody and related services.

Prior to joining the Program, you execute an investment advisory agreement with us setting forth the terms and conditions of our management of your investments within the Program. When you become a client, we will ask you to complete a confidential, in-depth questionnaire called a Client Profile. Our advisory representatives, whom we refer to as our wealth managers, use your answers to understand your financial objectives and goals, establish your tolerance to risk, and identify your most comfortable style of management. Our wealth managers use the Client Profile to design and manage a tailored portfolio for you within the Program. Within your Client Profile, you may also indicate any special instructions or limits that you wish us to follow in managing your assets.

Our wealth managers use the Program to implement investment management and asset allocation plans for you and our other clients. Our Program includes four asset allocation models as follows:

- CIG Capital Vantage seeks a balanced approach utilizing investments mainly in exchange traded funds (ETFs);
- CIG Capital Investment seeks capital appreciation using ETFs;
- CIG Wealth Vantage seeks a balanced approach utilizing investments in ETFs and income producing limited partnerships;
- CIG Dynamic Opportunities seeks a balanced approach utilizing ETFs, income producing limited partnerships, and hedge funds and private equity..

Our wealth managers recommend an appropriate portfolio allocation for your account based upon the information you provide to us in your Client Profile. In managing your overall

portfolio, the wealth manager utilizes a strategic allocation approach and formalizes this into a strategic model allocation according to your risk profile. In addition to the core strategic allocation, our recommended strategy will, from time-to-time, employ tactical repositioning of the domestic equity portion of your portfolio in accordance to our dynamic equity asset modeling. The specific percentages allocated to each asset class may vary from client to client due to the nature of asset performance the investment management model selected and the investment objectives and risk tolerance of each client.

Some strategies may also use options as a way to hedge equity exposure and reduce overall risk to the portfolio. Based on your individual investment objectives, we may honor special requests to utilize available mutual funds, ETFs and/or other securities as well as investment research and sub-advisers beyond the ETFs recommended in our allocation model.

Generally, only offer our Program for accounts larger than \$125,000. You must participate in our Wealth Management program if you want to invest in accordance with our investment models under our Program

#### ***Types of Services Offered – Private Investment Funds***

Either we or one of our related persons manages our pooled investment vehicles. Each of the pooled investment vehicles are formed as a limited liability company or limited partnership. The general partner, in the case of a limited partnership, or managing member, in the case of a limited liability company, of each fund is responsible for the management of the fund. Our pooled investment vehicles are:

*CIG CAM, LP* is a Delaware limited partnership. CIG CAM was formed as a hedge fund to invest and trade in a wide variety of securities and financial instruments, primarily focusing on publicly traded equity securities. CIG Partners, LLC, a Delaware limited liability company, is the general partner of CIG CAM. Our Chief Executive Officer, Mr. Minkara, is the majority owner and executive officer of CIG Partners, LLC and, therefore, controls CIG CAM's operations and activities. We are the investment manager of CIG CAM and have discretionary investment authority over the investment of CIG CAM's assets.

*CIG PlenaStrategy Fund, LP* is a Delaware limited partnership. CIG PlenaStrategy was formed as a "fund-of-funds" to invest in a wide variety of securities and other financial instruments, both domestic and foreign. CIG Partners, LLC is also the general partner of CIG PlenaStrategy. We are the investment manager of CIG PlenaStrategy and we have discretionary investment authority over the investment of CIG PlenaStrategy's assets.

*CIG Capital Partners, LP* is a Delaware limited partnership. CIG Capital Partners was formed to invest in healthcare companies that have potential to deliver cost-effective services and products and have the ability to gain market share in their segments. CIG Venture

Management, LLC, a Michigan limited liability company is the general partner of CIG Capital Partners. Our Chief Executive Officer, Mr. Minkara is the majority owner and executive officer of CIG Venture Management and, therefore, controls CIG Capital Partners' operations and activities. We are the investment manager of CIG Capital Partners and we have discretionary investment authority over the investment of CIG Capital Partners' assets.

*GenOne-CIG, LLC* is a Michigan limited liability company. GenOne-CIG was formed to invest in a healthcare company. The managing member of GenOne-CIG is CIG Venture Management, LLC, a Michigan limited liability company. Our chief executive officer, Mr. Minkara, is the owner of CIG Venture and, therefore, controls its operations and activities.

*Madison Business Park Investments, LLC* is a Michigan limited liability company. Madison Business was formed to invest in real estate. The managing member of Madison Business is CIG Realty, LLC, a Michigan limited liability company. Our chief executive officer, Mr. Minkara, is the owner of CIG Realty and, therefore, controls its operations and activities.

For more information about our funds, please contact Kimberlee Levy, our Chief Compliance Officer, at (248) 827-1010 or [klevy@cigcorporation.com](mailto:klevy@cigcorporation.com).

### ***Types of Services – Subadvisory Services***

In addition to managing our pooled investment vehicles, we may provide investment management services to other persons, including other private investment funds that use an investment program and strategy substantially similar to that used by one of our pooled investment vehicles. If we provide subadvisory services, the terms of our engagement will be set forth in a written subadvisory agreement.

### ***Discretionary and Non-Discretionary Assets Under Management***

As of December 31, 2010, we managed \$139,105,000 in discretionary assets and \$35,895,000 in non-discretionary assets

## **FEES AND COMPENSATION**

### ***Our Wrap Fee – Wealth Management Program***

#### ***Compensation for Services Rendered***

As previously stated, we charge a single wrap fee for our Program. The fee for our Program is based on a percentage of the market value of the average daily balance of all your assets under our management in the Program during each advisory billing fee period. The actual fee we charge is disclosed to you in your investment advisory agreement with us. We may negotiate the fee and minimum account requirements under certain circumstances. If you

negotiate a flat fee schedule, you may or may not pay a higher fee than those who pay under a tiered schedule, depending on your asset levels.

The standard (tiered) fee schedule for the Program is:

<u>Assets Under Management</u>	<u>Initial Annual Fee*</u>
First \$250,000	2.5%*
Next \$250,000	2.0%
Next \$250,000	1.8%
Next \$250,000	1.5%
Next \$500,000	1.0%
Any amount over \$1,500,000	.8%
*\$250 monthly fee on first \$125,000	

The following is an example of the calculation of your fee:

Assuming that you have \$1,000,000 in assets under our management, your annual fee would be 1.950% or \$19,500. We could calculate your fees as follows:

	<u>Asset Amount</u>	<u>Multiplied by Tier Percentage</u>	<u>Equals Fee</u>
	\$ 250,000	2.5%	\$ 6,250
	250,000	2.0%	5,000
	250,000	1.8%	4,500
	<u>250,000</u>	1.5%	<u>3,750</u>
Total Annual:	\$1,000,000		\$19,500

Keep in mind, however, that your actual fees will be charged quarterly or monthly and will take into account changes in your daily balance.

### ***Method of Payment***

We bill the fee for the Program in advance, either quarterly or monthly, as specified in your investment advisory agreement with us. Fees are accrued on a daily basis based on the value of the assets in the account at the close of trading each day in the previous month or quarter. You will also be billed for deposits made to your account during the advisory fee period; however, no adjustments will be made to your bill for monies withdrawn. In any partial advisory fee cycle, we prorate the fee based on the number of days the assets are under our management during the particular period. You may request that related accounts be combined in order to meet fee break points and reduce the advisory fee charged. We reserve the right to

waive the advisory fee for certain accounts such as employee accounts and personal accounts of solicitors who refer business to us.

In each year, other than the first year of your annuity policies, we will include the market value of your annuity policies in the calculation of our management fee. We will, however, deduct from our fee, any trailing commission that we, or one of our affiliates, may receive with respect to your annuities.

If you authorize us, we will direct the custodian of your account to deduct all fees for the Program from your account. The custodian will automatically deduct the fees for the Program at the beginning of the month or quarter, as applicable. At the end of the month, we reconcile all assets held with other third party custodians, but which are included under our management, and instruct your custodian to deduct our additional fee. These amounts are then reconciled quarterly against the average daily assets under management during the applicable month or quarter.

### ***Other Fees***

Our fee includes such services as portfolio management (stock, bond and mutual fund analysis, market analysis, asset allocation decisions, etc.), execution of various securities (mutual funds, ETFs, stocks, bonds, etc.), the custodian's periodic reports, account servicing, and continuous account management. Participation in the Program may cost you more or less than purchasing these services separately. The portfolio size and amount, number of transactions made in your account, as well as the commissions charged for each transaction, will determine the relative cost of the Program versus paying for executions on a per transaction basis and paying a separate fee for advisory services. Our fee may be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

In addition to our fee for the Program, your investments in our Program may also be subject to other fees and charges imposed by other third parties, such as: in the case of mutual fund investments, mutual fund investment management fees, 12b-1 distribution fees, administrative servicing fees, and contingent deferred sales charges upon redemption of previously purchased mutual funds; or in the case of purchases made in connection with an individual retirement account or other qualified plan, various IRA and qualified retirement plan fees; and, in the case of all investments, clearing, custody and other transaction charges and service fees.

### ***Termination***

Either of us may terminate our investment advisory agreement by providing the other party with written notice. Your death, disability or incompetence will not terminate or change the terms of the investment advisory agreement. However, your executor, guardian, attorney-



in-fact or other authorized representative may terminate our investment advisory agreement with you by providing us with proper written notice. Termination will not affect (i) the validity of any action we previously took under the investment advisory agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination; or (iii) your obligation to pay our fees already incurred. Upon termination, we prorate your fee through the date of termination and refund you any remaining balance, as appropriate.

### ***Commissions and Mark Ups***

We are affiliated with CIG Securities, Inc., a broker-dealer and member of FINRA, and. We also have an affiliate, CIG Risk Management, Inc., which is a licensed insurance agency. Our principal executive officers and other related employees are officers, managers, and/or, the case of CIG Securities, registered representatives and, in the case of CIG Risk Management, licensed insurance agents, of these affiliates. CIG Securities and these individuals, as registered representatives of CIG Securities, may effect limited securities transactions for our advisory clients and receive customary compensation for these transactions. If you participate in our Program, payment of commissions will not increase the fee that you pay. Your fee will be the same whether we use our related broker-dealer or an unrelated broker-dealer to effect transactions in your account.

If you buy an insurance product from CIG Risk Management, CIG Risk Management and/or its agents will receive commission of such sale. In order to mitigate any potential conflict which would exist when we recommend you purchase insurance products, we waive our investment advisory fee on the assets invested in an insurance product for the first year. After the first year, we will charge an investment advisory fee on the management of your assets invested in an insurance product but we will reduce your advisory fee by the amount of any trailing commission that CIG Risk Management receives with respect to your assets.

### **PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As previously stated, we manage CIG CAM, LP and CIG PlenaStrategy Fund. CIG Partners, LLC is the general partner of both CIG CAM and CIG PlenaStrategy, and, as such, receives performance based fees. Performance fees are fees based on a share of capital gains on or capital appreciation of the assets of CIG CAM, known as a performance fee. We also receive a fee for managing the assets based on the amount of assets invested in the fund, known as a management fee.

For the CIG CAM fund, if the fund outperforms a certain benchmark, CIG Partners receives an annual performance management fee equal to 20% of each investor's, also called a limited partner, net profits in the fund. For CIG PlenaStrategy Fund, CIG Partners' annual performance fee is equal to 10% of each limited partner's net profits in the fund. However, both of these performance fees are subject to what is called a "high water mark," which means

that CIG Partners only receives a performance fee on increases in the net asset value of the limited partner's account in excess of the highest net asset value the account previously reached. Therefore, if the limited partner has a net loss in a fiscal year, that loss is recorded and carried forward to future fiscal years. Once those losses are recovered, CIG Partners will earn a performance fee, but only on profits in excess of the highest net asset value the account previously reached. .

Performance based fee arrangements may create an incentive for us to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We have designed and implemented procedures to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients. If you would like a copy of these procedures, please contact Kimberlee Levy, our Chief Compliance Officer, at (248) 827-1010 or [klevy@cigcorporation.com](mailto:klevy@cigcorporation.com).

### **TYPES OF CLIENTS**

We provide our services to individuals, employee benefit plans, trusts, estates, charitable organizations, corporations and other business entities. Generally, we do not accept accounts for management less than \$80,000, and we require you to have a minimum account value of \$125,000 to open an account in the Program.

### **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### ***Methods of Analysis***

We utilize fundamental analysis to evaluate investments. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the economic well-being of a financial entity as opposed to only its price movements. When conducting fundamental analysis, we will review a company's financial statements and consider factors including, but not limited to, whether the company's revenue is growing, if the company is profitable, if the company is in a strong enough position to beat its competitors in the future, and if the company is able to repay its debts. Because it can take a long time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the stock's market price rises to the company's true value.

The valuation method is a technique used to calculate a theoretical value for a security in order to estimate potential future market prices. When utilizing the valuation method, we will review such things as a security's earnings per share, price to earnings and growth rate.

We also utilize technical analysis to evaluate potential investments. Unlike fundamental analysis, technical analysis does not analyze the company's value, but instead analyzes the

stock's price movement in the market. Charting is a form of technical analysis in which the various technical factors are diagrammed in order to illustrate patterns. Technical analysis studies the supply and demand in the market in an attempt to determine what direction, or trend, will continue in the future. However, there are risks involved with this method, including the risk that the trends will change unpredictably, which is why we use a combination of methods and obtain information from a variety of sources.

We obtain information from a number of sources, both public and by purchase, including financial newspapers and magazines, inspections of corporate activities, research materials prepared by third-parties, corporate rating services, annual reports, prospectuses and filings with the SEC and company press releases. We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information.

### ***Investment Strategies***

The Program is a strategy in which your assets will be invested in ETFs, individual securities and/or mutual funds in accordance with an asset allocation plan that we design and manage. For your overall portfolio, we will utilize a strategic allocation approach, which will be formalized into a strategic model allocation according to your risk profile. In addition to the core strategic allocation the strategy will, from time-to-time, employ tactical repositioning of the domestic equity portion of the portfolio in accordance to our dynamic equity asset modeling. Some strategies may also employ the use of options as a way to hedge equity exposure and reduce overall risk to the portfolio. Based on your individual investment objectives, we may honor special requests regarding available mutual funds, ETFs and/or other securities to be utilized as well as investment research and sub-advisers.

Your portfolio allocation will be based on your individual characteristics as determined from your Client Profile.

We manage assets in our Program, at least in part, utilizing a strategic allocation approach that seeks to target long-term exposure to a set of non-correlated asset classes based on the tenants of modern portfolio theory (a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk), which is anticipated to provide an optimal level of diversification over the long term. The resulting long-term target allocation has been formalized into a strategic model allocation according to a client's risk profile. Tactical changes may also be made within the domestic equity portion of the portfolio which that involves the rotation of domestic equity exposure among the four major styles of equity investment: large- cap value, large- cap growth, small- cap growth and small- cap value to reflect current economic conditions and asset class return assumptions in accordance to the firm's dynamic equity asset modeling.

Some strategies may also use options as a way to hedge equity exposure and reduce overall risk to the portfolio during times of high risk-to-reward periods determined by an in-house model. Instead of varying equity exposure when we believe the market presents more risk than reward, we will maintain the stated level of equity exposure determined by the strategic allocation model and limit risk (i.e. exposure) through the purchase of put options. The strategy calls for the purchase of puts on the S&P 500 Index (or S&P 500 Index ETFs) with an expiration two months out from when the signal was generated. The strike prices will be determined by our model, but will generally be several percentage points (2-3%) out-of-the-money (an option with no monetary value if it expired today). The amount of exposure we intend to hedge using this strategy will also be determined by our models, but will generally range from 50-100%.

We will still utilize our four equity style allocation rotation model (Russell 1000 (large) Value or Growth and Russell 2000 (small) Value or Growth Indexes) to gain exposure to domestic equities, but use S&P 500 derivatives as a proxy for hedging our equity exposure. We do this for two reasons: first, for liquidity because options contracts on the Russell 1000 Value and Growth Indexes and Russell 2000 Value and Growth Indexes are too thinly traded to effectively hedge all of the equity exposure within managed accounts. S&P 500 Index options, however, are more heavily traded and, therefore, we feel they can more adequately address our current and expected future needs. Second, most of our market timing models and our benchmarking have been back-tested, filtered and based on the subsequent performance of the S&P 500, making it a more appropriate proxy when we hedge exposure against “market” declines.

We seek to invest our asset allocation strategies in the asset classes exhibiting the best characteristics for sustained market leadership and overweight or underweight asset classes in accordance with your Client Profile.

### ***Risk of Loss***

Overall, investing in securities involves risk of loss that you should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. For example, limited partnerships generally have the highest risk, but also the highest potential rate of return but the highest risk. We work with you to attempt to identify the balance of risks and returns that is appropriate and comfortable for you. However, it is still your responsibility to ask questions if you do not fully understand the risks associated with any individual objectives, risk tolerance, and the investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or assure you that no losses will

occur in your investment portfolio. Past performance is one relatively important consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

***Material Risks of Each Significant Investment Strategy or Method of Analysis***

Exchange-Traded Funds and Mutual Funds. Mutual funds and ETFs typically charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees will generally include a management fee, shareholder servicing, other fund expenses, and sometimes a distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge. ETFs generally have lower fees than mutual funds, however, these separate fees and expenses are disclosed in each fund's current prospectus, which is available from the fund or we can provide it to you upon request.

Consequently, for any type of fund investment, it is important for you to understand that you are directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Generally speaking, most mutual funds may be purchased directly, without using our services and without incurring our advisory fees. Also, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders. As described in further detail in **"Relationships or Arrangements Material to Advisory Business"** beginning on page 12, CIG Securities, an affiliated broker-dealer, and some of our employees, in their capacity as registered representatives of CIG Securities, may receive 12b-1 fees.

Most mutual funds offer several "classes" of their shares which may be purchased by different types of investors or investors with different investment objectives. These are also described in the mutual funds' prospectuses. Although mutual funds are not used as part of our Program, depending on an investors investable assets, investment objectives, and time horizon, different classes may be more appropriate for their circumstances. We can discuss the available classes of mutual fund shares that may be available, the different purposes for which they may be purchased, and the differences in commissions and charges associated with each share class.

Variable Annuities. Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features that may or may not have value to you depending on your circumstances, which we can discuss with you. Like other types of investments, commissions are paid for the purchase of

variable annuities and there may be substantial surrender charges. These commissions, surrender charges, and other expenses are disclosed in the prospectus.

Like mutual funds, insurance companies charge a variety of fees and charges against the assets invested in the separate accounts of their policy holders. As noted above, this means that there are two layers of advisory fees paid – one layer to the insurance company and one layer to our firm for our advisory services.

Private Investment Vehicles. Private investment vehicles are generally highly illiquid and are not suitable for all investors. Investing in private investments is intended for experienced and sophisticated investors only, who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. These risks include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and non expected to develop;
- volatility of returns;
- restrictions on transferring interests in the fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is used;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting; and
- less regulation and higher fees than mutual funds.

Individual investments will have specific risks related to their investment programs that will vary from investment to investment.

### **DISCIPLINARY INFORMATION**

As a registered investment adviser, we must inform you of all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

#### ***Our Affiliated Broker Dealer***

We are under common control and ownership, and therefore affiliated with, CIG Securities, Inc., a FINRA member registered broker dealer. Mr. Minkara is the Chief Executive Officer of both our firm and CIG Securities and sole owner by virtue of his ownership in our parent company CIG Corp. Mr. Minkara, our Chief Executive Officer, Richard Gonzales, Chief

Operating Officer, David Martin, Vice President and Senior Portfolio Manager, and Kimberlee Levy, our Chief Compliance Officer are all registered representatives of CIG Securities.

### ***Relationships or Arrangements Material to Advisory Business***

When persons associated with us effect securities transactions as registered representatives of CIG Securities, CIG Securities may receive separate and customary compensation for this activity and may pay a portion of the compensation to these individuals. In some circumstances, CIG Securities may receive customary compensation from mutual fund companies, variable annuity companies or other similar products, including 12b-1 fees, for performing certain administrative and/or shareholder servicing related tasks associated with your investments in such securities. CIG Securities' business is primarily limited to mutual fund shares, ETFs and variable insurance contracts. Both our firm and CIG Securities are wholly owned subsidiaries of CIG Corp. We recommend CIG Securities to our clients for brokerage services. This creates a potential conflict of interest. If you invest in the Program, we mitigate this conflict by offering our services on a wrap fee basis you pay the same fee regardless of the number of transactions. If you invest in one of our pooled investment vehicles, we mitigate this conflict by waiving brokerage and other transaction fees charged by CIG Securities.

### ***Our Pooled Investment Vehicles***

We are an investment manager for the pooled investment vehicles or funds described under “**Types of Services Offered – Private Investment Funds**” beginning on page 2. We or the general managers of the funds receive payment of a percentage of assets invested in these pooled vehicles or performance fees based on the performance of the assets invested in the pooled vehicle.

Each of the pooled investment vehicles are formed as a limited liability company or limited partnership. The general partner or managing member of each fund is responsible for the management of the fund. Either we or one of our affiliates acts as the general partner or managing member of each of the funds. The performance of the management functions may present conflicts of interest. We, along with our affiliates who are acting as the manager of the funds will attempt to resolve these conflicts of interest in a manner consistent with their fiduciary duties to the respective entities with which they are affiliated.

### ***Affiliations with Accountants and Lawyers***

We are not affiliated with any third party accounting firms or law firms. However, our Controller, Lisa Rich, is a Certified Public Accountant and our Chief Compliance Officer, Kimberlee Levy is licensed to practice law in the state of Michigan. Neither Ms. Rich nor Ms. Levy is permitted to provide services to anyone other than us and thus, we do not believe this creates a conflict of interest.

### ***Our Affiliated Insurance Agency***

We are under common ownership and control with CIG Risk Management, Inc., a licensed insurance agency. Our principal executive officers and other related employees are officers, managers, and/or licensed insurance agents of CIG Risk Management. As licensed insurance agents, these individuals may sell life and disability insurance policies to you. In that event, CIG Risk Management receives separate and customary compensation for the sale of insurance and may pay a portion of the compensation to the licensed insurance agent, who is also our employee. This creates a conflict of interest because premiums on insurance policies are generally higher in the first year than our investment advisory fees for the same level of assets. We mitigate this potential conflict by not requiring you to use an affiliated insurance agent, and you are free to purchase any recommended insurance products from an unaffiliated insurance agent. CIG Risk Management is also a wholly owned subsidiary of CIG Corp, our parent corporation.

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

#### ***Code of Ethics Description***

We have adopted a joint code of ethics along with its our parent holding company, CIG Corp. and CIG Securities, our affiliated broker/dealer (the "Code") in compliance with Rule 204A-1 of the Investment Advisers Act of 1940. The Code establishes rules of conduct for our employees and is designed to, among other things; govern personal securities trading activities in the accounts of our employees. The Code contains general ethical principles and personal securities reporting provisions for our employees. In summary, the Code prohibits our employees from taking inappropriate advantage of their positions and the access to information concerning the investments or investment intentions of our clients, or their ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of its clients. Rule 204A-1 makes it unlawful for our employees to engage in conduct which is deceitful, fraudulent, or manipulative, or which involve false or misleading statements, in connection with the purchase or sale of securities. The Code acknowledges the general principles that we, along with our employees, (1) owe a fiduciary obligation to its clients; (2) have the duty at all times to place the interests of their clients first (3) must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility; (4) should not take inappropriate advantage of their positions in relation to client accounts; (5) must comply with the federal securities laws; and (6) must safeguard nonpublic information.



### ***Additional Procedures***

In addition to our Code of Ethics, we have adopted the following provisions to handle conflicts of interest:

1. We maintain records of all securities holdings for our clients, our self, our employees and affiliated parties. These holdings are reviewed on a regular basis by our compliance personnel.
2. No individual shall cause or attempt to cause any of our clients to purchase, sell or hold any interest in a security in a manner calculated to create any personal benefit or benefit any employee account. None of our officers or employees shall 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 upon reasonable inquiry.
3. We require our employees to submit quarterly reports, and acknowledge the firm's policies and procedures with respect to the Code on an annual basis.
4. Our compliance personnel review each employee's personal trading accounts on a regular basis.
5. Any employee not in observance of the above may be subject to disciplinary action, and possible termination.
6. Clients are advised in their agreements with us and in the applicable investment service descriptions of the possible use of our pooled investment vehicles or pooled investment vehicles for which we provide services or in which we have a financial interest. You may at any time, instruct us not to use affiliated funds in your account.

You may request a copy of our Code by contacting Kimberlee Levy, our Chief Compliance Officer, at (248) 827-1010 or [klevy@cigcorporation.com](mailto:klevy@cigcorporation.com).

### **BROKERAGE PRACTICES**

#### ***Directed Brokerage and Soft Dollars***

If you do not participate in our Program, you may direct us to utilize a specified broker-dealer of your choice to effect transactions for or with your account. You should understand that, in the case of such a directed brokerage arrangement:

- you will be solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;

- we will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;
- we will not be able to “batch” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement;
- we will not monitor the performance of or the services provided by the brokers and dealers so designated; and
- you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as where we commit to place a specific level of brokerage with a specific firm in return for which the brokerage firm will pay for various research related products or services for us, such as Bloomberg terminals or other communications links or services, computer hardware or software, investment publication subscriptions or other research related products or services that are generally available for cash purchase.

#### ***Directed Brokerage in our Wrap Fee Program***

If you participate in our Program, we utilize our affiliate CIG Securities for brokerage services. Not all investment advisers require their clients to use a particular broker dealer.

Certain mutual funds and variable annuities in which you may be invested may pay marketing fees, service fees, including shareholder service fees, 12b-1 fees, or bonus commissions to us or CIG Securities, our affiliated broker-dealer, for marketing assistance or the performance of certain administrative tasks associated with making an investment in such fund or annuity. Any such fees received by us will not be credited against the fees otherwise payable by you to us, but will be in addition to those fees. Our employees or associated persons may also be invited to attend seminars and meetings with the costs associated with such meetings borne by a sponsoring brokerage firm or other party extending the invitation.

From time to time, some of our employees, who are also registered representatives of CIG Securities, may receive 12b-1 distribution or other similar fees from funds that we recommended you purchase.

While these payments present a potential conflict of interest, we mitigate this conflict by allowing you, if you do participate in the Program, to direct your brokerage to another unaffiliated broker-dealer, or to participate in the Program, which allows you to pay one fee for all of our services.

### ***Trade Aggregation, Allocation Policy and Partial Fills***

We may aggregate (combine) orders for securities transactions on a portfolio basis such that all client accounts invested in accordance with the same portfolio will be traded in a block trade (an order/trade for a large quantity of securities). In doing so, we strive to treat each client fairly and will not favor one client over another client. Each account that participates in an aggregated order will participate at the average share price for all transactions ordered by us in that security on a given business day. If an aggregated order is partially filled, it may be allocated among participating accounts on a pro rata basis. However, if the partial fill is determined to be inappropriate for an account such that the number of shares for a particular account would be too few to warrant the investment or result in partial shares, then the shares will not be allocated to that account. If the security is so thinly traded that we are unable to obtain sufficient shares for all clients, it is possible that the entire trade would be cancelled.

We will not aggregate trades for your accounts if you have placed restrictions on your accounts or when your account is subject to customized management. We have some accounts where the clients have required that we implement exceptions to trading the account in accordance with our model portfolios and those accounts are not subject to block trading. We are unable to include these accounts in our block trade because the restrictions placed on the account by the client require individual review before we make any trades. Thus, if you place restrictions on your account, we will not aggregate your trades with that of our other clients.

### ***Trade Error Policy***

Our management generally meets as necessary to review reported errors. Possible errors may be identified by us, our clients, financial representatives and others. Management will review the facts surrounding each circumstance to determine whether an error has occurred. If Management determines an error has occurred, it will consider (i) the nature and cause of the error, (ii) whether the client has been disadvantaged by the error, and (iii) suitability of the allocations resulting from an error. Unsuitable trades will always be resolved in the clients favor. If necessary, we will perform calculations to determine whether the client has experienced a loss resulting from our error and we will offset any losses against gains resulting from the same error. Generally, we will credit the affected client's next advisory fee invoice for the amount of the loss determined by the error committee to be our responsibility. In cases where we determine it is not appropriate to credit advisory fees, we may issue a check to the client's custodian for the amount of the loss to be deposited into the client's account, or under some circumstances a check may be sent directly to the client. We will notify clients of errors caused by us that resulted in a loss of more than \$50. Errors less than \$50 will be corrected in the client's account but no notification will be sent to the client.

Our policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

## **REVIEW OF ACCOUNTS**

### ***Account Reviews***

We review managed accounts regularly; however, unusual market conditions, client requests and a change in client circumstances may trigger more frequent reviews. Wealth Managers are responsible for account reviews. Our Chief Executive Officer also initiates random reviews for proper suitability. Financial planning agreements usually terminate upon termination of the plan; however, advisors may perform additional reviews at the client's request for an additional charge or under a new agreement.

Our senior portfolio manager reviews each strategy, the relative strength, momentum and price movement of each asset class and client allocations are weighted to best meet individual risk tolerances and objectives based on the client's selected investment management service. During the daily analysis of economic indicators, should it determine major allocation movements may be necessary, our risk management committee will be consulted to review recommendations for approval. Our senior portfolio manager is responsible for monitoring the asset allocations on a daily basis.

At least annually, all individual clients are asked to meet with their financial representative. Together, the client and the representative determine whether a change in their objectives warrants a change in the criteria used to manage their assets. If the information is current, no further action is required. If any information has changed, you must promptly advise us of any changes. Your Wrap agreement includes annual consultations and changes to your plan at no additional charge.

For all investment services, factors that may affect portfolio weightings include changes in relative strength of the assets, economic changes, changes in client asset levels, or changes indicated by trend analysis as determined by the senior portfolio manager and investment committee.

We facilitate account review through an arrangement with Albridge Solutions ("Albridge"). We have engaged Albridge to provide certain "back office" systems, which enable us to gather and aggregate client data from multiple platforms and providers, maintain portfolio models, review models and accounts for variances, analyze account performance, generate quarterly statements and other reports, facilitate the trading of client accounts and make information available on-line via the internet, in a secure manner, to clients, their

financial representatives and their supervising broker/dealers or soliciting investment advisory firms.

### ***Client Reports***

Your custodian will provide you with a statement, at least quarterly, identifying the amount of funds and of each security in your account at the end of the reporting period and setting forth all transactions in your account during the reporting period. We also make various reports and quarterly performance evaluations accessible to you via secure internet access. Upon your request, we may also provide you with a mailed copy of your quarterly statements and reports. As stated in our investment advisory agreement, you agree to carefully review any statements and reports we provide to you and notify us within 30 days of your receipt should you have any concerns regarding such statements or reports or note any discrepancies.

Your custodian will provide you with trade confirmations and reports of account activity.

We will generally communicate with our clients via letters, market up-dates and other literature. Under circumstances where you expressly consented, we may send you correspondence and notifications via electronic means, such as e-mail, or posted to a secure web site for client access.

### **CLIENT REFERRALS AND OTHER COMPENSATION**

We do not provide or receive an economic benefit for providing referrals for investment advice or other advisory services to our clients. We do not directly or indirectly compensate any person who is not a supervised person for client referrals.

### **CUSTODY**

We do not have custody of your funds or securities in our Program. We use qualified custodians to hold client funds. These custodians send quarterly, or more frequent, account statements directly to you, which you should carefully review.

We also make available electronic aggregated account statements for clients that opt into our CIG Client Dashboard online performance reports. You should compare the account statements you receive from the qualified custodian with those you receive from us.

### **INVESTMENT DISCRETION**

We accept discretionary authority to manage securities accounts on behalf of our clients. You generally grant us this discretionary authority in our written investment advisory agreement. Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, and in most cases, the broker or dealer to be used. You may limit the

extent of discretionary authority given to specific accounts, actions or types of investments by providing us with such limitations and restrictions in writing at the time we execute our investment advisory agreement or in an. You give and/or restrict discretionary authority via execution of our investment advisory agreement and addendum.

#### **VOTING CLIENT SECURITIES**

We do not receive proxies for securities held in client accounts. Unless otherwise agreed in writing, it is our policy not to vote, nor give any advice regarding how to vote, proxies for securities held in your accounts. Proxies for securities held in your accounts will be received by you directly from the custodian of your assets, or will be handled as otherwise agreed between you and the custodian.

#### **FINANCIAL INFORMATION**

As a registered investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.

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