

Greenwich Investment Management, Inc.



GREENWICH INVESTMENT MANAGEMENT

FORM ADV PART II

BROCHURE

**Greenwich Investment Management, Inc.
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Greenwich Investment Management, Inc. (GIM) is an Investment Adviser whose principal officer is:

L. George Rieger, Chairman and CEO

In this **BROCHURE** we refer to Greenwich Investment Management, Inc. as GIM. In this brochure we disclose and discuss the practices of GIM, the names and qualifications of all of the employees of the firm. Persons who seek additional information about GIM should contact the principals named above and should visit the website whose address at www.greenwichinvestmentmgt.com.

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, skill or training in the business of advising persons on their financial affairs. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state authority.

GIM is a member in good standing of the Investment Adviser Association whose website address is www.investmentadviser.org.

(Item 2) MATERIAL CHANGES

On July 28, 2010, the U.S. Securities and Exchange Commission voted unanimously to adopt amendments to Part 2 of Form ADV and related rules under the Investment Advisers Act of 1940 (the “Advisers Act”). The amendments are designed to require a registered investment adviser to provide clients with a clearly written and meaningful disclosure, in plain English, about the adviser’s business practices, conflicts of interest and advisory personnel. The new Form ADV 2 is divided into two parts, Part 2A and Part 2B.

Part 2A of the new Form (the “Firm Brochure”) provides information about a variety of topics relating to an adviser’s business practices and conflicts of interest. Part 2B of the new Form (the “Brochure Supplement”) requires an adviser to provide information about certain advisory personnel.

GIM believes that communication and transparency are the foundation of our relationship and continually strive to provide you with the complete and accurate information at all times. We encourage all current and prospective clients to read this Firm Brochure and direct any questions that anyone may have to GIM.

Initial Filing – GIM is an existing registered investment adviser; however, this is the initial filing of the Firm Brochure under the new rules.

Future Changes – From time to time, we may amend this Firm Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Firm Brochure or this summary of Material Changes shall be provided to each client annually or if a material change is made.

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

To review the firm information for GIM,

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

You may request a copy of this Firm Brochure at any time, by contacting us at 203.625.5316 or at sf@greenwichinvestmentmgt.com or hs@greenwichinvestmentmgt.com

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Personnel Updates

Brian Alexitch joined GIM in March 2010. His responsibilities include Portfolio Administration and Analysis of the FactSet and Bloomberg databases.

Wendy Diesel is no longer an employee of GIM as of September 1, 2010. Heather Sevillano replaced her as Senior Portfolio Administrator.

Lawrence W. Doyle joined GIM July 1, 2010 as President and Chief Operating Officer and he resigned March 24, 2011.

(Item 3)

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(Item 4) THE ADVISORY BUSINESS

GIM was incorporated November 1999. The firm entered a period of rapid expansion when the current Chairman, L. George Rieger, joined GIM on January 1, 2007.

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 that we will refer to as **Counsel-Client Relationship**.

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

The GIM client selects or has the opportunity to select client's senior advisor. The senior and associate advisors have the responsibility to develop with the client **The Statement of Investment Objectives (SIO)**. The GIM-Client Relationship commences with a thorough review of client's financial and personal circumstances. The purpose of the review is to quantify how client's financial assets will meet the needs and objectives of the individual or institution.

Client service is an important part of the GIM culture. GIM's emphasis upon client service puts the administrative and liaison function in the forefront of the GIM 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, and through the GIM website stay in touch with GIM commentary on the financial markets. Periodically clients have face-to-face meetings with the GIM advisors.

THE SCOPE OF GIM INVESTMENT SERVICE

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

THE PROSPECTIVE CLIENT UNIVERSE

GIM's emphasis on the management of assets to generate current income eliminates potential clients who focus primarily on potential price appreciation. Typically, persons or institutions that hire GIM need current income from financial assets or have some other reason to value cash income over potential market appreciation.

The institutions that hire GIM are foundations and other not for profit organizations that support their operations with current income from their endowment funds.

Frequently persons hire GIM to manage individual taxable portfolios and portfolios that do not pay current income tax such as pension and profit sharing plans and IRA's. The common characteristic of all such portfolios is what GIM perceives as a generous level of current income.

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. GIM has not purchased assets in any foreign country other than Canada. GIM has not purchased exchange-traded funds, open-end mutual funds, derivatives, auction rate securities or commodities. GIM has not used leverage in client portfolios; however, clients in their sole discretion may borrow against their assets to fund personal expenditures and to increase their ownership of financial assets.

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 port and airport authorities, transportation authorities, authorities that sponsor health, education, senior living, charter schools and incarceration facilities.

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 historically has focused its resources on the analysis, ownership and management of such agency bonds that have no rating.

The financial community has described bonds that have no rating as "high yield bonds". The phrase "high yield" is more a term of art than of science. The phrase "high yield" suggests that the interest rate on the bond that has no rating will be higher than the yield on a rated bond. Bonds with no rating do have the ability to achieve investment grade status by applying for and receiving an investment grade rating from one of the three rating agencies.

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As of December 31, 2010, the GIM objective is to earn tax-exempt income net of fees of 6 to 7 percent annually. The implied yield on a newly purchased tax-exempt bond is 7 to 8 percent. That is 2.5 percent more than the yield on a 30-year AAA tax-exempt bond.

The following data show the income yield of the GIM equity portfolio compared with the income yield of two market indices: GIM Equities 6.6%, Russell 2000 1.3% and S&P 500 1.9%.

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 from 0 to 100 percent of client assets. The SIO described above describes the allocation of client assets between bonds and equities.

ASSETS MANAGED ON A DISCRETIONARY BASIS

On December 31, 2010, GIM managed \$378,000,000 of securities on a discretionary basis.

On December 31, 2010, GIM managed \$468,000 on a non-discretionary basis.

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(Item 5) FEES, COMPENSATION AND METHODS OF COMPENSATION

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

Fee Schedule:

<u>Assets Under Management</u>	<u>The Annual Fee is</u>	
0 - \$2,000,000	90	Basis Points
\$2,000,001 to \$5,000,000	80	Basis Points
\$5,000,001 to \$20,000,000	70	Basis Points
Over \$20,000,000	60	Basis Points

For Family Portfolios:

GIM combines the market values of directly related persons to provide clients with the largest possible discount from the standard fee schedule

The fee is not negotiable. GIM bills clients one quarter in arrears.

GIM requests client's permission to deduct fees from client's custodial account following presentation of the bill. Most clients permit the direct deduction, but some clients prefer to pay GIM by check following receipt of the bill. Clients may select either method of billing and payment.

It is the client's responsibility to verify the accuracy of the fee calculation as the custodian will not determine whether the fee is properly calculated. All investment advisory fees paid directly to GIM will be clearly reflected on the client's monthly brokerage statements that are prepared and sent to the client by the custodian. Portfolio assets are valued in such manner as is reasonably determined in good faith by GIM to reflect the fair market value thereof. GIM in calculating client's bill relies upon the market values as presented by the client's account custodian. Each billing will be for one-quarter of the annual fee. For accounts opened during a quarter, fees will be prorated. Based on specific client circumstances, certain exceptions may apply.

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Clients may incur certain fees or charges imposed by third-parties other than GIM in connection with investments made by GIM on behalf of clients. These fees and charges are separate and distinct from the fees paid to GIM and may include, but not be limited to: mutual fund 12b-1 fees, certain deferred sales charges on previously purchased mutual funds transferred into the account, brokerage commissions, other transaction related fees, IRA and Qualified Retirement Plan fees, interest charged on margin borrowing, bank service fees, interest charged on debit balances, “spreads” imposed by brokers and dealers representing transaction costs and transfer taxes. GIM is not responsible for and does not receive any portion of these fees or charges.

GIM is not a broker-dealer. GIM purchases and sells securities through members of the major stock and bond exchanges. GIM clients must pay a brokerage fee for transactions. GIM receives no compensation for the purchase or sale of any security. GIM seeks to minimize all expenses of custodianship and transactions. GIM uses an administrative program for trading known as an Omnibus account. This allows GIM to enter one 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. The Omnibus account minimizes logistical costs and in GIM’s opinion reduces transaction expense.

USE OF CLIENT TRADING COMMISSIONS TO ACQUIRE RESEARCH SERVICES

GIM employs client-trading commissions to purchase research service such as FactSet, the William O’Neil database and common stock analysis from firms such as Raymond James, BB & T and Wells Fargo. The use of commissions is referred to “soft dollars”. GIM’s use of soft dollars may and probably does increase the cost of trading for GIM clients. GIM continuously discloses to clients the use of soft dollars and the reason for using them. As of the date of this filing, no client has either objected to or prohibited the use of commissions from trading to pay for research services.

(Item 6) PERFORMANCE BASED FEES

GIM does not offer performance based fees. If GIM enters into such an arrangement, full disclosure will be made. GIM generally requires a minimum investment account of \$500,000. Exceptions to the above requirement are made where there is a long-term relationship with the Chairman, L. George Rieger.

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

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(Item 7) TYPES OF CLIENTS

GIM advises taxable individuals, tax-exempt entities such as foundations, endowments, IRAs, profit sharing plans and so on. GIM's emphasis on the management of assets to generate current income eliminates potential clients who focus primarily on potential price appreciation. Typically, persons or institutions that hire GIM need current income from financial assets or have some other reason to value cash income over potential market appreciation.

The institutions that hire GIM are foundations and other not for profit organizations that support their operations with current income from their endowment funds.

Frequently persons hire GIM to manage individual taxable portfolios and portfolios that do not pay current income tax such as pension and profit sharing plans and IRA's. The common characteristic of all such portfolios is what GIM perceives as a generous level of current income.

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

Techniques and Resources for Analysis of Common Stocks

GIM uses fundamental methods of equity analysis frequently described as "Graham & Dodd" analysis. Traditional fundamental analysis emphasizes study of income statements and balance sheets of companies that they file with the SEC. Such financial statements have titles such as 10-K, and 10-Q. GIM is usually able to gain access to such documents through the websites of companies under analysis. Companies often post information about themselves that supplements the SEC filings on the website.

GIM personnel will interview management and whenever possible will conduct such interviews in companies' home office.

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 directly pay any balance owed.

Characteristics of Equities Favored By GIM

In general, GIM analyzed and selected equities will have some and may have all of the following characteristics:

- Price earnings ratio or price to cash flow of 15 times or less.
- Price of stock as multiple of book value of 3 times or less.
- Debt as percent of total capital 60 percent or less.
- Dividend yield equal to or greater than the yield on the 10-year Government bond.

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- 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 Equity Portfolios

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

Management of Risk in Equity Portfolios

GIM acknowledges that its equity investment strategy and philosophy are unique and contradict several widely held beliefs of the financial community. GIM believes that it is able to manage risk in the following manner:

- GIM selected equities usually have low volatility as measured by Beta. Therefore, a portfolio of such equities may have less volatility than higher Beta equities in a market downturn.
- GIM selected equities usually have a higher yield than most equities. Such yield or income may provide GIM equities with defensive strength against a market downturn.

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- The presence of income, i.e., cash flow into the equity portfolio creates the opportunity to **compound** income by reinvesting income.
- GIM believes that compound income is a potent force of growth, i.e., wealth creation.
- GIM believes that compound income at high rates is the most potent force of growth in financial wealth.

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

RISKS AND REWARDS OF GIM BOND MANAGEMENT

Clients usually select GIM as their investment adviser because the GIM managed portfolio of assets generates income that clients perceive as greater than the income available from other managers. To obtain such income the client will own assets specifically bonds that have characteristics that prospective clients may find unacceptable. **Such bonds are called "high yield tax exempt bonds" (HYTEB).**

HYTEB Negative Characteristics are:

- Limited or no marketability
- Risk of loss of principal

HYTEB Positive Characteristics are:

- Greater income than is available on high rated bonds
- Security for the bond owner in the form of a mortgage or similar interest in the borrower's property

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

(Item 9) DISCIPLINARY INFORMATION

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

To review the firm information for GIM, click **Investment Adviser Search** in the left navigation menu and enter, select the option for Investment Adviser Firm and enter 127161

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(our firm's CRD number) in the field labeled "Firm IARD/CRD Number". This will provide access to Form ADV Parts 1 and 2.

(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 IAA 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 a supervised individual who has access to clients' purchase or sale of securities, who may make recommendations to clients or who has access to such recommendations. The Code of Ethics is designed to prohibit an access person from misappropriating an investment opportunity from a client for one's personal benefit.

As stated above under Item 6, GIM personnel are clients of GIM, receive exactly the same services that any client receives, pays the same fee that any client pays for a similar size portfolio and are entitled to the same services that clients receive. In view of the foregoing, GIM believes that there is not and cannot be any conflict of interest between GIM personnel and GIM clients.

GIM's Code of Ethics requires each access person to acknowledge that he/she has received a copy, has read it, understands it and will fully 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. These reports are reviewed by the Chief Compliance Officer. The Code of Ethics requires prompt reporting of any violations to the Chief Compliance Officer. For a copy of GIM's Code of Ethics, please call GIM at (203) 625-5316, Monday through Friday between the hours of 9:00 AM and 5:00 PM Eastern Standard Time. You may also request GIM's Code of Ethics by writing to GIM at 67 Mason Street, Greenwich, CT 06830, Attn: Compliance Department.

(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

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“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 the GIM’s responsibilities to its clients. Soft Dollars may be used to offset the cost of certain services, including; research data on particular industries and companies, economic surveys and analysis, quote services, trade execution systems, and computer-related costs. Such products and services provide lawful and appropriate assistance to GIM in the performance of its investment responsibilities for its clients.

GIM employs client-trading commissions to purchase research service such as FactSet, the William O’Neil database, Seven Points Capital, LLC and common stock analysis from firms such as Raymond James, BB & T and Wells Fargo. GIM’s use of soft dollars may increase the cost of trading for GIM clients. GIM continuously discloses to clients the use of soft dollars and the reason for using them. As of the date of this filing, no client has either objected to or prohibited the use of commissions from trading to pay for research services.

In selecting brokers-dealers, and determining the reasonableness of commissions and mark-ups charged, GIM will attempt to effect securities transactions 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 brokers-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 Windward 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

The foregoing factors are expected to enhance its portfolio management capabilities of GIM. GIM does not attempt to demonstrate that such factors are of a direct benefit to all clients on all trades. Research and brokerage service received may be used to service some, or in certain circumstances, all clients, subject to compliance with applicable law.

GIM participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-

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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.)

Clients may direct brokerage. Several clients have chosen the custodian and have directed GIM to allocate brokerage to such custodians. Directed brokerage custodians include Stifel Nicholas, UBS and Morgan Stanley. The directing clients have negotiated their own commission schedule and are aware that their commission costs may be higher than commissions paid by other clients and that transaction efficiency may be less than that achieved by other GIM clients. In these cases GIM will not negotiate commissions, may not obtain volume discounts, or aggregate transactions. 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 an administrative program for trading known as an Omnibus account. This allows GIM to enter one order for a security with a broker that following execution of the order allows GIM to allocate the security efficiently and precisely to client portfolios. As a matter of policy, GIM's trade allocation procedures must be fair and equitable to all clients. GIM will use average pricing to achieve fair and equitable executions. Ordinarily, the executing broker-dealer will provide an average price that will be allocated to all accounts participating in the aggregated trade. Because of prevailing market conditions it may not be possible to execute all shares of an aggregated trade, in which case GIM will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. The Omnibus account minimizes logistical costs and in GIM's opinion reduces transaction expense.

(Item 13) REVIEW OF ACCOUNTS

GIM functions under the Unit method of organization. Client portfolios are viewed by the Portfolio Management Unit. All personnel are members of the Portfolio Management Unit. GIM's Chairman is the head of the Portfolio Management Unit. The firm's personnel meet weekly to review the investment posture of the major common stock and fixed income holdings in client portfolios.

Clients meet with their GIM team at least semi-annually. At such meetings, client and the GIM team review client's circumstances.

GIM sends quarterly reports to all clients that include cost and market value of securities positions and performance information. Such reports have been in hard copy and in the future, such reports may be posted through the GIM's secured website.

(Item 14) CLIENT REFERRALS AND OTHER COMPENSATION

Historically GIM has grown from client referrals. Such referrals are a professional courtesy from GIM to clients. All referrals are a professional courtesy and in the interest of the Client.

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor 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 Advisor 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 Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor 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, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor 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, Advisor 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 Advisor 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 Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor 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

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Advisor (“Solicitation Fee”). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor 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 Advisor on the recommendation of such referred client. Advisor 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.

Advisor’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, Advisor may have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor 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. Advisor’s participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Operations Panel Participation Disclosure

Registrant serves on the TD Ameritrade Institutional Operations Panel (“Panel”). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional (“TDA Institutional”) on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for a three year terms by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. (“TD Ameritrade”) does not compensate Panel members. However, TD Ameritrade pays or reimburses Registrant for the travel, lodging and meal expenses Registrant incurs in attending Panel meetings. The benefits received by Registrant or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's recommendation of TD Ameritrade for custody and brokerage services.

GIM may pay referral fees (non-commission) to independent solicitors for the referral of their clients to GIM in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of Windward’s asset-based investment advisory fee up to 25% or as negotiated. This arrangement will not result in higher costs to the client. In

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this regard, GIM maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by solicitors to GIM will be given full written disclosure describing the terms and fee arrangements between GIM and its solicitor(s). Prior to compensating any person for client referrals, Windward 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.

In the first quarter of 2011, GIM entered into a solicitation agreement with a solicitor subject to the fees and terms as described above.

(Item 15) CUSTODY

GIM is not a custodian for client's assets. The custodian is an agent of the client and client pays custodian for its services. As of the date of filing, client custodians include TD Ameritrade, Fiduciary Trust Co., Charles Schwab, Morgan Stanley, JP Morgan and UBS.

Clients receive 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. Clients may compare the GIM statement to the custodian statement. GIM encourages clients to examine the custodian statement and to compare it to the GIM statement.

GIM does not have custody of client funds or securities. The custodian may pay GIM's fees from the custodial account that holds client's funds. Prior to permitting direct debit of fees, each client gives written authorization that permits fees to be paid directly by the custodian. Each quarter GIM will send the client an invoice showing the account value, the amount of the fee and the method of calculation. After sending the client invoices, GIM will send the custodian the client account numbers and the fee deduction amounts. The custodian sends every client an account statement not less than quarterly showing all account activity, including the amounts disbursed from the account to GIM.

(Item 16) INVESTMENT DISCRETION

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

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(Item 17) VOTING CLIENT PROXYS

As of December 31, 2010, GIM did not have the authority to vote proxies or request for client consent. In the first quarter of 2011, GIM has determined that GIM should vote client proxies and is seeking permission to do so. GIM has retained an organization to handle all of the details and procedures to allow GIM to represent clients and to comply with all relevant SEC regulations. GIM does not anticipate that there will be any conflict in respect to voting their securities.

Should GIM not vote proxies with management, GIM will announce such an event on the GIM website or will inform clients by mail if that is the preferred means of communications.

(Item 18) FINANCIAL INFORMATION

Neither GIM, nor its management have any adverse financial situations conditions that could reasonably impair the ability of GIM to meet all obligations to its clients. Neither GIM, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. GIM is not required to deliver a balance sheet along with this brochure, as the firm does not collect advance fees for services to be performed six months or more in advance. GIM charges fees in arrears for the immediate past quarter during which GIM provided investment management services. Please see Item 5. Fees and Compensation and Methods of Compensations.