

# TELEMUS

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INVESTMENT MANAGEMENT

## **Firm Brochure**

(Part 2A of Form ADV)

**TELEMUS INVESTMENT MANAGEMENT, LLC**  
**TWO TOWNE SQUARE, SUITE 800**  
**SOUTHFIELD, MI 48076**  
**TELEPHONE: 248-827-1800**  
**FACSIMILE: 248-827-1808**  
**WWW.TELEMUSCAPITAL.COM**  
**ERIC.OPPENHEIM@TELEMUSCAPITAL.COM**

Item 1: This brochure provides information about the qualifications and business practices of TELEMUS INVESTMENT MANAGEMENT, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 827-1800 or by email at [eric.oppenheim@telemuscapital.com](mailto:eric.oppenheim@telemuscapital.com). 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 TELEMUS INVESTMENT MANAGEMENT, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 31, 2011

## Item 2: Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. This brochure dated March 31, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and format, and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our brochure may be requested by contacting Eric C. Oppenheim, General Counsel and Chief Compliance Officer, at (248) 827-0103 or [eric.oppenheim@telemuscapital.com](mailto:eric.oppenheim@telemuscapital.com). Our brochure is also available on our web site at [www.telemuscapital.com](http://www.telemuscapital.com).

Additional information about Telemus Investment Management, LLC (“TIM”) 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 any persons affiliated with TIM who are registered, or are required to be registered, as investment adviser representatives of TIM.

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## Item 4: Advisory Business

TELEMUS INVESTMENT MANAGEMENT, LLC, ("TIM") is a SEC registered investment adviser founded in 2005. It provides personalized and confidential investment management services primarily to individuals, trusts and estates, pension and profit sharing plans and other retirement accounts, charitable organizations and business entities.

TIM is a Delaware limited liability company and a direct, wholly owned subsidiary of Telemus Capital Partners, LLC ("TCP"). Neither TIM, TCP nor any of their subsidiaries or affiliates are publicly held.

TIM provides personalized investment management services, generally on a discretionary basis only. TIM provides these services after first evaluating each client's financial circumstances, investment objectives and goals. At the outset of each new client relationship, TIM begins a comprehensive process that involves a thorough understanding of the client's needs and objectives. The initial review stage, which is the basis for developing an investment strategy and a wealth management plan if desired, involves several meetings between the relationship manager and client and is completed prior to the first transaction. The following are assessed as part of the review:

- Return goals and expectations;
- Risk tolerance;
- Market outlook;
- Future planning needs.

The client's needs and objectives are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Based on the client assessment, TIM determines the appropriate asset allocation for the client's portfolio. The portfolio is allocated (and periodically reallocated) among various investment vehicles, including mutual funds, exchange traded funds, hedge funds, variable annuities and variable life insurance sub-accounts. TIM may also engage sub-advisers to manage all or a portion of a client's

account. Beacon Asset Management, LLC ("Beacon"), an affiliate of TIM, may be selected as one of the sub-advisers.

TIM does not impose specific conditions on the establishment or maintenance of direct advisory client accounts. However, clients are required to enter into a written and signed investment advisory agreement with TIM. TIM reserves the right to decline any new account, or to resign as adviser to any account after initiation of the investment advisory relationship. Agreements may not be assigned without client consent.

TIM may also serve as the investment adviser to limited partnerships or other pooled investment vehicles. The limited partnerships or other pooled investment vehicles may be sponsored by one or more of TIM's affiliates. As the investment adviser to the limited partnership or other pooled investment vehicle, TIM may receive an advisory fee and utilize its affiliate, Telemus Investment Brokers, LLC ("TIB"), to provide brokerage, custody and account services to the limited partnership or other pooled investment vehicle.

As of December 31, 2010, TIM manages approximately \$976,745,636 in assets for approximately 2089 clients. Approximately \$965,242,961 is managed on a discretionary basis, and \$11,502,674 is managed on a non-discretionary basis.

## **Item 5: Fees and Compensation**

The specific manner in which fees are charged by TIM is established in a written agreement with the client. TIM generally bills its investment management fees quarterly in advance, based on the average daily balance of the assets under management during the prior quarter. Clients ordinarily authorize TIM to debit fees directly from their account(s). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of an account, any prepaid, unearned fees will be promptly refunded, and any unearned, unpaid fees will be due and payable.

TIM's standard fee schedule is as follow:

- I. Equity and Balanced Accounts
  - a. 1.65% on the first \$500,000;
  - b. 1.45% on the next \$500,000;
  - c. 1.20% on the next \$1 million
  - d. 1.00% on the next \$8 million;
  - e. 0.80% over \$10 million.

## II. Taxable/Tax-Exempt Accounts

- a. 0.60% on the first \$500,000;
- b. 0.55% on the next \$500,000;
- c. 0.50% on the next \$2 million
- d. 0.40% on the next \$2 million;
- e. 0.35% over \$5 million.

## III. Blended Fixed Accounts

- a. 1.00% on the first \$500,000;
- b. 0.90% on the next \$500,000;
- c. 0.85% on the next \$2 million;
- d. 0.60% on the next \$2 million;
- e. 0.45% over \$5 million.

## IV. Mutual Fund Accounts

- a. 1.25% on the first \$500,000;
- b. 1.00% on the next \$500,000;
- c. 0.75% on the next \$4 million;
- d. 0.50% over \$5 million.

## V. Alternative Investments

- a. 1.25% on the first \$500,000;
- b. 1.00% on the next \$500,000
- c. 0.75% on the next \$4 million;
- d. 0.50% over \$5 million.
- a. 0.35% over \$3 million.

TIM's fees are inclusive of brokerage commissions, transactions fees, and other related costs and expenses which may be incurred by a client *if* the client's account is custodied with TIB and its clearing broker, National Financial Services, LLC ("NFS"). TIM's fees do not include brokerage commissions and related fees, costs and expenses if the client's account is held by another custodian. In any event, clients may incur certain other charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, inactivity fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are

disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to TIM's fee, and TIM will not receive any portion of these commissions, fees and costs.

All fees are subject to negotiation. TIM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients).

TIB receives compensation for administrative, distribution or shareholder related services from the sale of securities or other investment vehicles used in TIM portfolios. These include shareholder servicing fees and distribution payments from the sale of mutual funds. TIB has entered into solicitor agreements with certain funds and receives compensation for referring clients. These practices present conflicts of interest and create an incentive to recommend investment products based on the compensation received, rather than on a client's needs. However, TIM has policies and procedures designed and implemented to prevent these potential conflicts from influencing its investment recommendations. The policies and procedures are intended to ensure that (i) TIM and its supervised persons adhere to their fiduciary responsibility to put client interests first; (ii) only suitable and appropriate investment recommendations are made to clients; and (iii) accounts are managed in a manner consistent with client investment objectives, including reasonable investment restrictions.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

In some cases, TIM client accounts may be invested in private funds where an affiliate of TIM may receive a performance-based fee (i.e., a fee based on a share of capital gains on or capital appreciation of the client's assets). Any such performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (the "Advisors Act") will be structured in accordance with the available exemptions available under the Advisors Act, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, realized and unrealized capital gains and losses will be included. Such performance based fee arrangements may create an incentive for an adviser, such as TIM, to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. They may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. TIM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to

prevent these potential conflicts from influencing investment recommendations or the allocation of investment opportunities among clients.

## **Item 7: Types of Clients**

TIM provides investment management services to individuals, high net worth individuals, individual retirement accounts, corporate pension and profit sharing plans, trusts, estates, charitable institutions, foundations, endowments, corporations and partnerships.

Client relationships vary in scope and length of service.

Clients receiving ongoing asset management services will be assessed a \$2,500 minimum annual fee. TIM may in its discretion waive the account minimum.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

**Investing in securities involves risk of loss that *clients* should be prepared to bear.** Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.



- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

TIM uses various methods of analysis and sources of information in formulating investment advice. The methods of analysis include charting, fundamental analysis, technical analysis, and cyclical analysis. TIM's main sources of information include Bloomberg, Morningstar Direct, Thompson Reuters, Baseline, Value Line, Investors Business Daily, R4 Research, The Markets.com, Standard & Poor's and KDP Corporate Bond Research. Other sources of information include "street" research materials, financial periodicals and the internet.

TIM also uses various investment strategies in managing clients' assets. The investment strategy for each client is based upon the objectives identified during consultations with the client. The client may change these objectives at any time. Each client executes an Investment Policy Statement that documents the client's objectives and desired investment strategy.

Investment strategies used by TIM include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). TIM also offers advice to clients on investing in limited partnerships and other pooled investment vehicles.

In executing its investment management process, TIM creates various model client portfolios. Clients with similar investment objectives and risk tolerances may receive substantially identical portfolio recommendations, depending upon each client's circumstances. TIM seeks to minimize risk for a targeted return goal, that is, TIM seeks to provide the least risky portfolio necessary to achieve each client's needs and objectives. TIM believes in broadly diversified portfolios with exposures to traditional asset classes (i.e., global stocks, bonds and cash), non-traditional asset classes (e.g., infrastructure, natural resources, REITS), absolute return strategies and opportunistic strategies.

TIM divides the investment universe into six broad asset classes: global equities, global fixed income, real assets, absolute return strategies, opportunistic investment strategies and cash. Each of these asset classes is further divided by its component parts. For example, global equities would be divided by domestic large-, mid- and small-cap stocks, international developed and emerging markets. Each of those sub-asset classes would, in turn, be divided by growth and value distinctions.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all *material* facts regarding legal or disciplinary events that would be material to your evaluation of TIM or the integrity of TIM's management. TIM has no information applicable to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

TIM is NOT registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

TIB is registered with the SEC and various states as a broker-dealer. It is also a FINRA member firm and is a licensed insurance agency with the State of Michigan. Certain officers of TIM are also officers of TIB. TIB's registered representatives may also be investment adviser representatives of TIM and may offer TIM's advisory products and services. TIB registered representatives may refer clients to TIM.

TIM is also affiliated with Beacon and Telemus Wealth Advisors, LLC ("TWA"), which are SEC registered investment advisers. Certain officers of TIM are also officers of Beacon and TWA. Investment adviser representatives of TIM may be

investment adviser representatives of Beacon and TWA, and TIM, Beacon and TWA may refer clients to each other.

TIM clients may invest in limited partnerships, limited liability companies or other pooled investment vehicles (“investment vehicle”) which are sponsored by affiliates of TIM. The affiliates may receive a fee for serving as general partner of the investment vehicle. The investment vehicle may invest in securities, real estate and other asset classes. TIM may serve as the investment adviser to the investment vehicle and receive a management fee for its services. TIM may also operate as a selling or placement agent for the investment vehicle. In addition, please refer to Item 6 for discussion of client investments in private funds, where an affiliate of TIM may receive a performance-based fee.

Such arrangements may create an incentive for an adviser, such as TIM, to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. They may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. TIM has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent these potential conflicts from influencing investment recommendations or the allocation of investment opportunities among clients.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TIM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at TIM must acknowledge the terms of the Code of Ethics annually, or as amended.

TIM anticipates that, in appropriate circumstances, consistent with clients’ investment objectives, it will cause accounts over which TIM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the sale of securities in which TIM, its affiliates and/or clients, directly or indirectly, have a position of interest. TIM’s employees and persons associated with TIM are required to follow TIM’s Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of TIM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for TIM’s clients. The Code of Ethics is

designed to assure that the personal securities transactions, activities and interests of the employees of TIM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interests of TIM's clients. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between TIM and its clients.

TIM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Eric C. Oppenheim, General Counsel and Chief Compliance Officer, at (248) 827-0103 or [eric.oppenheim@telemuscapital.com](mailto:eric.oppenheim@telemuscapital.com). The Code is also available on our web site at [www.telemuscapital.com](http://www.telemuscapital.com).

## **Item 12: Brokerage Practices**

TIM does not generally engage in soft dollar arrangements.

Although clients are not obligated to do so, TIM will generally recommend that clients custody their accounts through TIB, its affiliated broker-dealer. Client accounts are custodied with, and transactions are cleared through, NFS. TIM believes that NFS' execution capabilities qualify and its process for monitoring the same to be well within applicable industry standards and requirements. TIM will seek to obtain, through TIB and NFS, the best combination of price and execution when effecting brokerage transactions for client accounts.

Some broker-dealers may charge fees and commission rates that are lower than those charged by TIB and NFS. Because TIM believes that the brokerage services offered by TIB/NFS (including such factors as custodial services, execution capability, willingness to commit capital, financial stability and clearance and settlement capability offered through and provided by NFS, its clearing broker) are of high quality, TIM will not solicit competitive execution fees or commission rates from other brokers. TIB/NFS may not (i) deal directly with market makers in over-the-counter or fixed income securities transactions, (ii) always bundle the transactions of an account with transactions of other accounts in order to receive volume discounts, or (iii) execute transactions at the lowest fees or commission rates available. Accordingly, transactions will not always be executed by TIB and NFS at the lowest available execution fees or commission rates and in some instances the charges may be higher.

In some circumstances, affiliated and client accounts will share commission costs equally and receive securities at a total average price. TIM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

TIB may aggregate multiple account orders into blocks for execution, including orders of non-managed “inside accounts.” Participating accounts will receive the average price of any execution, where multiple executions are effected at different prices or where there is a partial execution of the block order. Where a block order is executed through TIB, individual accounts will not receive volume discounts on brokerage commissions. In such instances, brokerage commissions vary by client depending upon the applicable commission discount. The client’s brokerage commission may be higher than if effected through another broker-dealer. In addition to commissions charged, a mark-up or mark-down may be included on trades in equities where NFS acts as a specialist and in bond trades and equities that trade in the OTC market.

If there is a partial execution of an aggregated order, the aggregated executed order is allocated alphabetically to accounts in the amounts of the original order for such accounts until the number of shares/bonds from the partial execution is utilized. The next partial allocation commences with the next alphabetical account in order and is allocated the same way, and so on, so that all accounts receive fair priority. All blocked equity orders for inside accounts and equity orders for “outside accounts” rotate, every other trade, for first execution. Outside account executions are further rotated among outside brokerage firms (i.e., first outside broker for an outside account that receives an execution in a series of executions which then becomes the last outside broker for an outside account on the next series of executions). Alternatively, TIM may choose to allocate to each account a percentage of the allocation on a prorated basis until the block is completed.

Due to the decentralized, dealer-based nature of the corporate bond market and the availability of issues, TIM seeks competitive bids and offers for its bond orders. Where permitted, outside accounts are block traded with inside accounts for best available execution. The bonds are then delivered to the respective brokerage firms, which, in turn, execute the trade. Whether an account is an inside account or an outside amount, client direction to execute through TIB or another broker-dealer in whole or in part could limit or eliminate TIM’s ability to negotiate commissions and otherwise obtain best price and execution. Client direction also may limit TIM’s ability to aggregate the client’s transaction with those of other TIM clients purchasing or selling the same securities.

TIB does not inventory securities for proprietary trading purposes. To the extent permitted by applicable law, however, TIB may (1) buy securities from or sell securities to the client for TIB's own account, as principal, and (2) effect "agency cross" transactions in which TIM or TIB or any party controlling, controlled by or under common control with TIM or TIB act as agent for both the buyer(s) and seller(s) in the transaction. In both types of transactions, TIM and TIB may have potential conflicts of interest. In an "agency cross" transaction, TIM and TIB may receive compensation from parties on both sides of the transaction (the amount of which may vary). In such a principal transaction, TIB may realize customary dealer profits or losses on the trade based on the spread between the client's cost and TIB's cost to purchase. Should TIB transact with a client on such a principal basis, appropriate disclosures will be made by TIM to the client.

TIB may purchase securities such as municipal bonds in a principal capacity so as to accommodate specific orders on behalf of TIM accounts. These types of transactions, on which there may be a spread between the customer's cost and TIB's cost to purchase, are commonly known as "riskless principal" transactions. Similarly, TIB may participate in a selling group to accommodate specific orders for TIM accounts. TIM will comply with the provisions of Section 206(3) of the Investment Advisers Act of 1940 when the foregoing transactions so require.

In most instances, the broker-dealer selected by an "outside account" for execution of transactions has referred that client to TIM as an advisory client. Outside accounts may pay brokerage commissions in excess of that which another broker or TIB might have charged. TIM reserves the right to approve the broker-dealer selected by an outside account. In some instances, TIM may recommend that a client utilize another broker-dealer for execution of transactions. TIM may receive research services from such broker-dealer, although as noted above, TIM does not generally engage in soft dollar arrangements. Clients with outside accounts should recognize that they may be able to obtain discounts from published brokerage commission rate schedules. Clients with outside accounts must seek such discounts themselves, and TIM will not seek such discounts on their behalf.

## **Item 13: Review of Accounts**

TIM reviews all accounts for conformity with investment policy guidelines and the individual client's stated needs and objectives. Accounts are reviewed by TIM's investment adviser representatives, who are supervised by its executive officers. Account reviews are generally conducted at least quarterly and as market conditions warrant. Account reviews may also be triggered by changes in the tax laws, new investment information, and changes in a client's own situation. Account reviewers consider the client's current security positions and the

likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive a quarterly statement (monthly, if requested) from the custodian providing a list of holdings with valuations, to the extent they are available, and account activity, as well as confirmations of all securities transactions. Clients will also receive a quarterly performance report statement from TIM, showing account performance during the period reported. Clients will also receive other periodic communications from both the custodian and TIM.

## **Item 14: Client Referrals and Other Compensation**

From time to time, TIM may enter into agreements providing cash compensation to persons who refer clients to them. These agreements are governed by, and require that the solicitor meet the disclosure and other requirements of Rule 206(4)-3 under the Investment Advisers Act. The terms of the agreements may differ somewhat depending upon the circumstances, but generally TIM pays a portion of the fees it receives from the introduced clients directly to the solicitor. However, clients will not pay a greater advisory fee or any other fee to TIM or any of its affiliates as a result of such arrangements.

In addition, please refer to Item 5 for discussion of the compensation that TIB receives from certain funds for referring clients, the conflict that such solicitor arrangements create, and the policies and procedures that TIM has implemented to prevent these arrangements from influencing its investment recommendations.

## **Item 15: Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. In the case of most of TIM's clients, the custodian will be NFS. TIM urges you to carefully review the statements received from your custodian and compare them to the performance report statements that we provide. Our statement may vary from custodian statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

TIM generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought

or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account.

When selecting securities and determining amounts, TIM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to TIM in writing.

## **Item 17: Voting Client Securities**

TIM has adopted proxy voting procedures to ensure that necessary information is received and votes are cast in a timely manner. TIM recognizes that proxies have economic value and, in keeping with TIM's fiduciary responsibilities, are voted in the best interests of the shareholder or plan beneficiary. Because TIM generally makes investments in companies in which TIM has confidence in management, proxies are generally voted in favor of management's recommendations. When TIM has been granted the authority to vote proxies on behalf of clients, TIM's portfolio managers will review, analyze and indicate the vote to be cast. In the event of a material conflict of interest between TIM and its clients, shares will always be voted in the best interests of the client.

TIM's proxy voting policies and procedures provide that proxies with respect to foreign companies may not be voted if the costs to the client of voting the shares outweigh the benefits, or where the company is in a country which prohibits shareholders who vote proxies from trading the company's shares within a certain period of time around the shareholder meeting date ("share blocking"). If the application of the voting guidelines is unclear, the matter is not covered by the voting guidelines or the voting guidelines call for case-by-case review, TIM's portfolio managers will formulate a recommendation on the matter consistent with TIM's goal of maximizing client assets.

Proxy materials are received from various sources. The portfolio managers review the proposals as described above and forward the written voting instructions to the Operations Department for entry. All signed proxy forms are maintained in the proxy files.

Clients may obtain a copy of TIM's proxy voting policies and procedures upon request. Clients may also obtain information from TIM about how TIM voted any proxies on behalf of their account(s).



## **Item 18: Financial Information**

TIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19: Business Continuity Plan**

TIM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, or services.

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan also covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. TIM's custodian may also assist, depending on the type of disaster, with back office and trading assistance. TIM's custodian also has its own disaster recovery plan with multiple backup facilities in different parts of the U.S. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location for a period of time.

## **Item 20: Information Security Program**

TIM maintains an information security program to reduce the risk that your personal and confidential information may be breached. TIM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from you may include information about your personal finances, information about your health to the extent that it is needed for the financial planning process, information about transactions between you and third parties, and information from consumer reporting agencies, such as credit reports. We use this information to help you meet your personal financial goals.

With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

With your permission, we will disclose limited information to attorneys, accountants, and other parties with whom you have an established business relationship. You may opt out from our sharing information with any nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. All client records are locked in a secure area with limited access. Client records are also stored electronically. We employ a firewall barrier and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.