

**Informed Investors Group**  
**4701 37<sup>th</sup> Avenue NE**  
**Seattle, WA 98105**

This brochure provides information about the qualifications and business practices of Informed Investors Group. 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 Informed Investors Group is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The effective date of this brochure is March 31, 2011. If you have any questions about its contents, please contact Steven Koenig at 206-524-6511.

## **INFORMED INVESTORS GROUP**

### **BROCHURE UPDATE**

#### **Material Changes**

This section of the brochure is intended to highlight any material changes that have occurred since my last annual update. Although this is the first time I have published a brochure in this format, my ADV Part II was last updated on March 30, 2008.

There are no material changes since this last update.

## **INFORMED INVESTORS GROUP**

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## **1. Advisory Business**

Informed Investors Group was created in 1989 to provide investment management and advisory services to personal accounts, mainly for high net-worth individuals.

As owner I, Steven Koenig, have direct investment management account responsibilities. My biographical information is provided as a supplement to this brochure. Compensation is based on the fees paid by the accounts.

My primary focus is on the selection of high quality growth stocks. An effort is made to tailor portfolios to individual situations, so other types of investments are considered. In some instances, I will utilize mutual funds instead of individual stocks. I also utilize bonds or bond mutual funds for the production of greater income or to control the volatility of a portfolio. Cash is held to insure that there is adequate liquidity.

All clients are permitted to impose restrictions on their account. I offer a suite of customized services to socially responsible investors. This allows me to screen for the types of investments that would be suitable for their accounts. It also provides for alternative investments in Targeted Certificates of Deposit and Community Development Loan Funds.

All of my accounts are managed pursuant to a discretionary contract. As of 12/31/2011 I had \$39,346,111 that was managed in this manner. Nonetheless, I often provide ways for my clients to participate in the investment process even though they have given me discretion to manage their accounts.

## **2. Fees and Compensation**

Informed Investors Group has a standard fee schedule that applies to investment accounts. The schedule is based on assets under management and the income collected from those investments. The fee on assets is graduated, 0.9% is charged on the first \$2,000,000, 0.6% on the next \$2,000,000 and 0.3% on the balance of the assets. In addition, a flat fee of 5% is charged on all of the interest and dividends collected.

The fee is sometimes modified based on the special circumstances that may apply to a particular account. This fee may involve discounts, excluded assets, or the combination of accounts into a single master account. All fees are collected quarterly in arrears. Most fees are deducted from the accounts by the custodian but there are circumstances where they are paid from other accounts or billed separately.

## **3. Performance-Based Fees and Side-by-Side Management**

The fee schedule is based on asset market values, the amount of income collected or flat fees. I do not charge performance fees that are based on realized or unrealized gains in the value of my portfolios. Therefore, there is no side-by-side management of accounts where some are subject to performance fees and others are not.

## **4. Types of Clients**

My business focuses on the management of investments for individuals, most of whom are high net worth individuals. I generally require \$1,000,000 in investable assets to establish an account relationship. Since I operate as a family office, I often have related accounts for family members that are less than this. The account minimum acts as a guideline for the acceptance of new business. There are sometimes circumstances that justify a waiver of these requirements.

## **5. Methods of Analysis, Investment Strategies and the Risk of Loss**

I focus on high quality growth stocks with the objective of being able to buy and hold these investments over longer periods of time. Having lower turnover is a more efficient way to produce after tax returns for taxable accounts. The emphasis on growth is an attempt to mitigate the effects of inflation on both the capital and the income produced by the investments. The emphasis on quality is to protect against the inherent risks involved with equity investments.

My focus on equities relates to the superior long-term returns that can be derived from this asset class. But it involves more short-term risks than other more balanced approaches. While individual risk tolerances are considered in my approach I am typically more comfortable with a higher equity exposure than other managers. My clients need to understand that the higher volatility associated with equities exposes them to higher short-term risks. The clients bear the risk of losses on their investments.

Private Placements and Initial Public Offerings are not generally recommended by me. I may offer a private placement to a client if it is deemed to be a suitable investment and it is offered to all similar clients. Clients may request participation in an IPO. Any offering that is over-subscribed will be allocated on a pro-rata basis. I am not permitted to participate in an IPO that is offered by a broker based on the trading relationships for my clients.

## **6. Disciplinary Information**

Informed Investors Group has not been subject to any disciplinary actions. This includes any criminal cases involving fraud, civil actions related to investments, administrative proceedings before the SEC or other regulatory agencies and any self-regulatory organizations.

## **7. Other Financial Industry Activities and Affiliations**

Informed Investors Group has no other financial industry activities and affiliations.

## **8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A copy of my Code of Ethics is available to clients or prospective clients upon request. It requires me to act in a professional manner with competence and skill, on behalf of my clients with independence and objectivity. I am required to communicate with my clients in a timely and accurate manner and uphold all state and federal laws. I owe a duty of loyalty to my clients and place their interests before my own.

I have rules that prohibit insider trading and require pre-clearance of trading by persons who are involved in my investment process. I may purchase the same securities that are recommended to clients. Clients are given priority in these transactions. My trading rules involve restricted periods to allow client accounts to execute trades before trading is allowed for parties related to me.

I am dedicated to insuring compliance with my regulatory requirements. I seek to preserve confidential information. I provide disclosures that are timely and include all material facts. I calculate investment performance for all individual accounts. Investment performance, proxy voting and SAS 70 and SEC 206 reports are available upon request by my clients.

#### **9. Brokerage Practices**

I help my clients select brokers based on a variety of factors that relate to the services I provide for my clients. In no instances is brokerage used to solicit client referrals. Execution is an important factor especially in foreign trades which are often difficult to execute in foreign markets. Sample testing is performed on my trades to assure that the brokers are providing effective execution.

#### **10. Review of Accounts**

My investment process begins with overviews of general market conditions and detailed review of individual stock recommendations. I also perform a review of current holdings. The accounts are reviewed at least three times each year.

Actions may be taken on accounts between reviews based on new ideas. They may also be the result of changing market conditions or because of circumstances related to my clients. General brokerage research is useful in assisting me in this process.

Investment account clients are provided with asset statements and transaction reports at least quarterly. Performance information is provided as requested by the clients.

#### **11. Client Referrals and Other Compensation**

Many of my client referrals come from other clients. I am pleased that clients do this and I try to reward them with exceptional service, but I provide no financial incentives for doing this. I also offer no reward programs for referrals from external sources.

## **12. Custody**

Informed Investors Group has no custody of client accounts.

## **13. Investment Discretion**

I am given investment discretion in the management of my accounts. Clients are however free to choose to have their accounts managed on a non-discretionary basis. Even though I have discretion, many clients ask to participate in varying degrees in the investment decision-making process. I take a flexible approach to responding to these requests. In some cases I consult with clients, others request reports, and some wish to discuss matters on a case by case basis. By giving me discretion, a client is allowing me to take action without consultation if I think the circumstances merit this action.

## **14. Voting Client Securities**

I have retained proxy voting responsibilities for my accounts. Clients with a large holding in a particular stock may request a separate ballot to vote their own shares. I vote my shares in a progressive manner that focuses on responsible corporate governance and reflects my clients' interests as long-term shareholders. A copy of the guidelines or information about my votes is available upon request.

## **15. Financial Information**

I charge all fees in arrears and do not hold any prepaid fees from clients. I have not been subject to a bankruptcy petition and have no outstanding legal judgments or adverse financial conditions that would be material to any of its clients.

## **16. Biographical Information**

STEVEN KOENIG, CFA

Mr. Koenig is founder and President of Informed Investors Group.

An investment advisor and economist, Mr. Koenig was a Portfolio Manager and Security Analyst for Franklin Research and Development Corporation. He was also a Senior Pension Advisor at Seafirst Bank, and Pension Investment Advisor at Seattle Trust and Savings Bank. As an economist for the United States Economic Development Administration from 1976-82, he monitored economic development grants and acted as liaison with all Indian reservations in the Western United States.

Mr. Koenig is past president of the Seattle Society of Financial Analysts. He has a B.S. in Economics from the University of Illinois and an M.S. in Urban Planning and Regional Economics from the University of Washington.