

**Form ADV Part 2 Brochure –**  
**Dated March 22, 2012**

**Goelzer Investment Management, Inc.**

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This Form ADV Part 2 (“Brochure”) provides information about the qualifications and business practices of Goelzer Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (317) 264-2600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any other state securities authority.

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

Goelzer Investment Management, Inc. is a registered Investment Advisor. However, please note that registration as an Investment Advisor does not imply any level of skill or training.

## ITEM 2 - Material Changes

This Brochure, dated March 22, 2012, contains no material changes from the firm's prior Brochure, dated March 1, 2011 with the exception of updated Assets under Management figures, located in the third paragraph of Item 4.

### ITEM 3 – Table of Contents

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## ITEM 4 – Advisory Business

Goelzer Investment Management, Inc. is an SEC registered Investment Advisory firm, whose Principal Officers include Gregory W. Goelzer, Chief Executive Officer and Chief Compliance Officer, and Brett D. McKamey, President. Goelzer Investment Management, Inc. is an employee owned company, with majority ownership by The Goelzer Family. In addition to being a registered Investment Advisor, Goelzer Investment Management, Inc. is also a FINRA and SEC registered Broker/Dealer, as more fully disclosed in other sections of this Brochure.

Formed in 1969, Goelzer Investment Management, Inc. (“Goelzer”) provides discretionary and non-discretionary Asset Management Services to our clients. In addition, in certain instances, the firm may provide Portfolio Monitoring & Consulting Services to clients that wish to have Goelzer monitor and report on investments held at a third party asset manager, advisor, custodian, or trust company. These services are more fully described below, as well as in the Advisory Contract applicable to each account.

As of 12/31/2011, the firm managed a total of \$685,482,505 in Discretionary assets on behalf of 807 client accounts, and \$24,716,194 in Non-Discretionary assets on behalf of 34 client accounts.

Discretionary and Non-Discretionary Investment Management Services: Goelzer Investment Management, Inc. offers investment management services in which Goelzer is appointed as the investment advisor that has either discretionary or non-discretionary trading authorization. Goelzer provides this continuous advice to investment advisory accounts as set forth in an agreement between Goelzer and the client. Investment advisory portfolios are generally managed by the use of investment research, security analysis and investment strategies as described in Item 8 of this Brochure. There are circumstances in which Goelzer may not be aware of the individual needs of each client, as determined by the nature and amount of other assets, investments, insurance and the nature and extent of personal

and family obligations. As such, it is incumbent upon all clients to ensure that Goelzer has up to date information about other investments and assets, and to notify the firm of any changes in personal/financial situations or investment objectives.

The investment advisory service provides individualized investment management to each client on a discretionary basis. However, in certain instances, upon mutual agreement by Goelzer and the client, client portfolios may be advised on a non-discretionary basis. Each and every portfolio is structured to conform with the clients own investment objectives and risk tolerances. This service is available to persons wishing to invest a minimum of \$1,000,000. The minimum investment amount, however, may be waived at the discretion of Goelzer Investment Management, Inc. The investment objectives and portfolios may differ from client to client.

The above listed advisory services can be tailored to each client – as such, if any client requires any restrictions on any types of stocks or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

Any fee based Advisory client has the ability to select any brokerage or custodian of their choice.

#### Portfolio Monitoring & Consulting Services:

Goelzer may also provide Portfolio Monitoring & Consulting Services to select clients. These services are provided for assets that are held at Pershing and/or other Investment Advisory or Brokerage firms, but for which the client wants an outside advisor (Goelzer) to assess, assist, and advise on the work performed by that outside advisor or company, or by the client themselves.

## ITEM 5 – Fees and Compensation

All clients are required to enter into a written advisory Agreement prior to the establishment of an investment advisory relationship.

Goelzer Investment Management, Inc. will not enter into an investment advisory relationship with any prospective client whose investment objectives may be considered incompatible with Goelzer's basic investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Goelzer Investment Management, Inc. offers its investment advisory services for continuous advice to advisory accounts based upon a percentage of assets under management (as outlined below), hourly charges (\$150 - \$250 per hour), a fixed fee (\$500 - \$6,000 per month), or a combination of those forms of compensation. Investment advisory fees are divided into quarterly installments and are payable in advance of each quarter as of March 31, June 30, September 30, and December 31.

### Discretionary & Non-Discretionary Investment Management Fees:

The annual fee schedule for fee-based investment advisory clients is as follows: 1.50% of the first \$500,000; 1.0% on the next \$1.5 million; .75% on the next \$2.0 million; and .50% on the balance over \$4.0 million, with a minimum annual fee of \$4,500. The client pays this annual fee based upon assets under management. In addition, the client may have transaction costs associated with each trade to cover execution and custodial expenses, and or internal mutual fund expenses.

All fees are negotiable. As such, in certain cases, Investment Advisory fees may be modified based on a pre-existing or employee relationship, the nature of services to be provided, types of investments, portfolio makeup, and/or the complexity of the client's situation. Investment Advisory fees and services to be provided are determined at the time of engagement. Fees will not be based upon a share of capital gains or capital appreciation of the funds of any portion of funds of an advisory contract (known as

*“performance fees”*). Investment advisory fees are not collected for services in excess of \$1,200 and six months or more in advance of services. The Advisor reserves the right to modify fees with 30 days advance written notice.

Payment of Investment Advisory fees may be paid directly by the client; or payment of fees may be made through a debit directly to the client’s account(s) by the qualified custodian holding the client’s funds and securities. The client must specifically authorize this automatic fee deduction, and may revoke this authority at any time in writing. Note that the Custodian does not verify advisory fees, therefore, clients are encouraged to direct any questions regarding fees to their account manager at Goelzer directly, and are advised to carefully review each statement received by the Custodian firm to ensure accuracy.

The fees associated with the Advisor’s services may be higher or lower than at other financial institutions. Clients are encouraged to discuss any questions that may arise regarding investment policies, services and fees throughout the course of our engagement. Additionally, clients are welcome to utilize a financial services provider of their choice if executing securities transactions.

Portfolio Monitoring & Consulting Services:

Fees for Portfolio Monitoring and Consulting Services may be based upon a percentage of assets under management beginning at 0.50% of the first \$1,000,000, hourly charges (\$150 - \$250), a fixed fee (\$500 - \$6,000 per month), or a combination of those forms of compensation. Portfolio monitoring and consulting services fees are divided into quarterly installments and are payable in advance of each quarter as of March 31, June 30, September 30, and December 31.

Additional Fee Information and Disclosures:

All Advisory fees are negotiable between the firm and clients. Client may choose to have fees deducted directly from their accounts, or clients can choose to be billed directly. The choice of direct billing or automatic deduction of fees is made at the time of new account sign-up, as outlined in the Advisory Agreement or related account opening documentation. A client can choose at any time to change the method of fee deduction/billing for their account.

The aforementioned advisory fees do not include fees paid to firms for transaction and brokerage fees which are paid to broker/dealers (including Goelzer), and/or service fees (if applicable on accounts). All fees paid to Goelzer for advisory services are separate from the fees and expenses charged to shareholders of mutual funds shares by the fund companies, or by the investment advisor managing the fund portfolios. A complete explanation of the expenses charged by mutual funds is contained in each fund's prospectus. Investors are strongly encouraged to read any offering document or prospectus before investing in funds. Goelzer may receive a portion of these fees in the form of 12B-1 rebates. Therefore, clients whose assets are invested in shares of mutual funds are hereby made aware that they will pay both a direct management fee to Goelzer and an indirect management fee through the mutual fund company.

Please note that this firm and its supervised persons are all registered with Goelzer Investment Management's Broker/Dealer firm, and that this presents a conflict of interest as it potentially gives our supervised persons an incentive to recommend investment products based on the compensation received, rather than on a client's needs. To avoid this conflict, none of Goelzer's Broker/Dealer employees are paid a commission. However, this inherent conflict is hereby disclosed to all clients, and clients should use their own determination as to the nature of the conflict.

Goelzer takes numerous actions to address these conflicts of interest. As a Fiduciary, the firm, via its Management and Compliance Department, works to ensure that clients best interests are used when determining investment recommendations, including review of all advisory recommendations. Clients are always free to choose the investments made in their accounts,



and may always choose their own brokerage firm or custodian. In addition, Goelzer maintains a Code of Ethics to help ensure that investment decisions are in the best interest of clients, as disclosed in Item 11 below.

#### Termination of Services:

Advisory Services are continuous and on-going in nature, but either party may terminate the Advisory Agreement with ninety (90) days prior written notice to the other party's last known legal address. As fees are levied on a quarterly basis in advance, a pro-rata refund is made to the client in the event of termination of the Investment Advisory Agreement.

Where the client has not received Goelzer's Form ADV Part II ("Brochure") at least 48 hours prior to engagement, the client may terminate the Agreement for any advisory services and without penalty (full refund or no fees due) within 5 business days of signing the Agreement.

### ITEM 6 – Performance Based Fees and Side-By-Side Management

Goelzer does not charge any performance based fees of any kind (those fees that are based upon a share of capital gains or capital appreciation of client assets).

### ITEM 7 – Types of Clients

Advisory services are generally provided to high net worth individuals and institutions. These may include accounts for retirement plans, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, partnerships, or other business entities.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), the Advisor acknowledges that Advisor is a fiduciary within the meaning of the Act and the ERISA client is a named fiduciary with respect to the control or advice of the assets in the Account.

In each instance, the client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Advisor and the Advisor's principals, agents, and employees under those insured under that bond and will deliver to the Advisor a copy of the governing plan documents. If the Account assets for which the Advisor provides services represent only a portion of the assets of an employee benefit plan, client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

Goelzer requires a minimum investment account size of \$1,000,000. This minimum may be reduced at the discretion of Goelzer.

### ITEM 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in securities of any kind involves risk of loss that clients must be prepared to bear.

Goelzer Investment Management's approach to security analysis is based primarily on fundamental analysis. In addition, Goelzer attempts to incorporate economic analysis into its overall market policy, employs certain relative valuation disciplines, and makes occasional but limited use of technical analysis.

The principal sources of information that Goelzer uses are: company prepared information (annual reports, proxy materials, prospectuses, press releases, etc.); SEC filings; management interviews and contacts; financial industry related press, newspapers, and magazines; and industry trade research from various investment banking firms.

When providing Investment Advisory Services, Goelzer analyzes information provided by the client and evaluates and identifies each individual investor's goals, risk tolerances, and time horizon through an extensive due diligence process in an effort to determine an investment objective that is suitable. Therefore, the client's active participation in the review and analysis process is crucial. Investment strategies used to implement investment advice are generally long-term in nature, though

certain investment strategies may include short-term purchases depending upon the individual needs and objectives of the client.

Generally, the firm provides advice on the following types of securities: Stocks, Bonds, Mutual Funds and exchange traded funds (ETFs), Government and Municipal Securities, options contracts, and warrants. In limited instances, or at specific client request, Goelzer may also advise on limited partnerships, including private placement offerings or other alternative investments.

Upon occasion, unique clients' investment goals and objectives may warrant the use of margin accounts and/or the use of equity options. Because the use of margin accounts and options entail increased risk, they are only recommended when consistent with client's stated risk tolerance and investment objectives.

### ITEM 9 – Disciplinary Information

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management. There are no legal or disciplinary events that are reportable under this Item for either Goelzer Investment Management or any supervised person of Goelzer.

### ITEM 10 – Other Financial Industry Activities and Affiliations

As noted in 4 above, Goelzer Investment Management, in addition to being a registered Investment Advisor, is also a FINRA and SEC registered Broker/Dealer. While the firm earns commissions on trades placed via its Broker/Dealer, individual advisory representatives do not earn a commission on each trade, and all advisory employees are paid salary based compensation, not commission based compensation. In addition, all investment decisions are made by the Investment Committee of the firm, not individual advisory representatives, and all trades are reviewed carefully to

ensure that churning is not occurring. Nevertheless, the fact that the firm is dually registered as an Investment Advisor and a Broker/Dealer is a potential conflict of interest that clients are hereby made aware of, and which they should consider carefully.

Neither the firm nor any individual associated with the firm is registered with any other Investment Advisor, Brokerage firm, insurance agency or company, of any kind (with the exception of Goelzer Investment Management as outlined above), and the firm does not permit any individual to maintain outside registrations of any kind (dual registrations) with any other registered firm.

Goelzer also compensates other advisory firms for client referrals to this firm under a Solicitation Fee Arrangement, as more fully described in Item 14 of this Brochure, as well as in the related Solicitation documents that solicited clients are provided prior to engaging this firm.

### ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

#### Code of Ethics:

Goelzer Investment Management has adopted a Code of Ethics that obligates this firm and its related persons to put the interest of the firm's Clients before their own interests, and to act honestly and fairly in all aspects of client servicing. Clients or prospective clients can always obtain a copy of the firm's Code of Ethics by contacting Mr. Gregory Goelzer, Chief Compliance Officer, at the address or phone number listed on the cover page of this Brochure.

#### Participation or Interest in Client Transactions and Personal Trading:

Goelzer Investment Management and its related persons may invest in the same or similar types of securities, investment products, or market segments as clients are invested in. As such, at times the interests of the Advisor or related persons' accounts may coincide with the interests of clients' accounts. Because of this, all trades, including internal employee account trades, are reviewed on a daily basis to ensure that front-running and other

potential conflicts can be prevented. In addition, Goelzer Investment Management requires that all supervised personnel pre-clear all reportable securities transactions with the Chief Compliance Officer prior to order execution. Finally, the firm also monitors trading in firm personnel outside accounts by requiring that all outside accounts be approved by the Chief Compliance Officer prior to opening, and that monthly transactions be reviewed by the Chief Compliance Officer. Annual holdings reports are also maintained and reviewed by the firm.

Goelzer Investment Management does not conduct 'Principal' transactions, does not engage in Cross-Trades between advisory clients, and does not participate in Agency Cross Transactions of any kind.

## ITEM 12 – Brokerage Practices

Goelzer Investment Management does not receive any soft dollar benefits from any firm.

Goelzer, via its Broker/Dealer, has a fully disclosed clearing relationship with Pershing, LLC, which provides clearing services and custody of client assets. Pershing does not provide this firm with client referrals.

The firm considers the following factors before suggesting a particular brokerage firm to clients: the products offered, the level of service, the quality of trade execution, the record keeping and reporting capabilities, the trading platforms offered, and the ability to meet client needs. In assessing the reasonableness of their commissions, the firm compares various brokerage firm rates. In considering these parameters, this firm recommends that clients use Goelzer Investment Management, Inc. However, as both a Broker/Dealer and Investment Advisor, Goelzer has a potential conflict of interest between its fiduciary duty to obtain best price and execution on client trades, and its profit motivation when acting as broker/dealer.

Because of this, the firm remains flexible in the use of other brokerage firms upon client request or where otherwise appropriate. Clients may be able to receive lower overall commission rates, enhanced execution, or other services at another Broker/Dealer. However, clients who do choose another

Broker/Dealer may not always obtain best price and execution when trades are affected at a Broker/Dealer other than Goelzer Investment Management, and as such directed client brokerage may end up costing clients more money.

Each client must evaluate each Broker/Dealer carefully to insure that the broker selected provides them with the best blend of cost, clearance and settlement, and other services.

### ITEM 13 – Review of Accounts

Each investment advisory account is reviewed frequently by the officer of Goelzer Investment Management specifically in charge of that account. This officer also keeps a separate inventory of each advisory account under his care. Further, the Investment Policy Committee reviews each account approximately five times a year, with a focus on asset allocation, sector weightiness, relative performance and adherence with customer objectives. Goelzer officers involved in the advisory business also meet at least weekly, and in most cases daily, to review the approved list of securities regarding additions, deletions, most attractive purchases and target selling prices.

Furthermore, on a monthly basis throughout the course of a calendar year, the President and Compliance Officer performs an independent review of all accounts, confirms and performances for suitability of investments, and adherence to Goelzer's restricted policy as discussed in item 9(e) of Schedule F.

Investment Advisory clients are furnished a monthly statement for any month during which there is trading activity in a client's account from the custodial agency. In addition, the clients receive quarterly statements containing an economic review, account summary and performance history. Additionally, on an annual basis, realized and unrealized gains and losses are provided. Whenever transactions are effected for their account, the client receives confirmation. At calendar year end, all clients receive a Form 1099 reflecting net tax effects of all transaction during the year.

## ITEM 14 – Client Referrals and Other Compensation

Other Advisory firms may refer suitable potential advisory clients to Goelzer Investment Management. Goelzer in return provides compensation to those firms, in accordance with SEC Rule 206(4)-3 of the Investment Advisers Act of 1940. Written agreements are entered into between Goelzer and solicitors as required by SEC Rule 206(4)-3. Pursuant to such arrangements, Goelzer provides the solicitor with the ADV Disclosure Document and an “Additional Disclosure Statement” which are to be furnished to prospective clients at the time of solicitation by the solicitor.

Clients therefore are herein made aware that Goelzer Investment Management, Inc. may pay a solicitation fee for the introduction of advisory clients. The solicitor would be paid cash compensation amounting to a percentage of the base annual fee on assets under management, collected from clients referred to Goelzer by the solicitor, as outlined and disclosed to each client in the Disclosure Statement that all solicited clients receive.

## ITEM 15 – Custody

Goelzer does not maintain Custody of client funds or securities. All funds are held by the Brokerage firm or Custodian firm. The Brokerage firm or Custodian firms send monthly or quarterly statements directly to clients on a regular basis. These statements must be carefully and thoroughly reviewed by clients. Goelzer encourages all clients to carefully compare quarterly reports provided by this firm to custodial or brokerage statements issued by the applicable brokerage or custodial firms.

## ITEM 16 – Investment Discretion

Goelzer Investment Management provides both Discretionary and Non-Discretionary investment advisory services to its clients. Clients choose at the inception of the relationship whether they prefer to grant discretion to Goelzer, or whether their account will be non-discretionary in nature. If a Discretionary account is chosen, clients specifically provide this discretionary authority in the Investment Advisory Agreement that must be signed. Discretionary authority can be revoked at any time in writing to this firm. Discretion is limited discretion, allowing this firm to execute trades, rebalance accounts, and buy and sell investments within client accounts, in accordance with the Advisory Agreement and client investment objectives. As noted in Item 4 of this Brochure, firm advisory services can be tailored to each client – as such, if any client requires any restrictions on any types of investments, stocks, or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

## ITEM 17 – Voting Client Securities

In the vast majority of instances, clients retain the authority to vote proxies and will be responsible for ensuring that all proxy materials are sent directly to them. For those clients, Goelzer does not and will not vote proxies on behalf of the client.

However, in very limited instances, an institutional client may delegate proxy voting authority to this firm. Those institutional clients work closely with this firm to ensure that the authority and scope of the delegated authority is noted in the client account file. For those clients, a copy of the firm's Proxy Voting Policy can be obtained by contacting the firm's Chief Compliance Officer at the address and phone number on this Brochure.



### ITEM 18 – Financial Information

Goelzer Investment Management does not require prepayment of more than \$1,200 in fees per client six months or more in advance – as such, a Balance Sheet is not required and therefore not attached. There is also no known financial condition that is reasonably likely to impair this firm's ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding.

### ITEM 19 – State Registered Advisors

As Goelzer Investment Management is an SEC registered advisor and not a State registered advisor, this Item is not applicable.