

Item 1 - Cover Page

FINANCIAL & INVESTMENT MANAGEMENT GROUP, LTD.

FORM ADV – PART 2A INFORMATION

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Financial & Investment Management Group, Ltd.

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This brochure provides information about the qualifications and business practices of Financial & Investment Management Group, Ltd. (“FIM Group”). If you have any questions about the contents of this brochure, please contact us at (231) 929-4500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about FIM Group, including a copy of its Form ADV Part 1, is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes To This Brochure Since Its Last Annual Update

Item 10 - Description of Mr. Sutherland's role as a Director of Gaiaam, Inc. and conflicts associated with the position.

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Item 4 - Advisory Business

FIM Group is an investment adviser registered with the Securities and Exchange Commission ("SEC"). It is also notice-filed in various states. The firm provides investment management, investment consultation, financial planning and pension administration services to its clients. FIM Group became registered as an investment adviser with the SEC in October 1988. FIM Group is wholly-owned by Paul H. Sutherland. FIM Group does not control any other investment advisory firms. The advisory services of FIM Group are described in detail below.

Investment Management Service

Investment Management Services begin with an initial interview with the client during which data-gathering questions are asked by the FIM Group Representative providing services to determine the client's individual needs, goals and objectives, investment time horizons, and risk tolerance. FIM Group's Representative will then recommend investment strategies, which may include planning for long-range goals (i.e., retirement funding), short-term goals (i.e., funding cash needs) or other investment plans. FIM Group's Representative can implement the investment strategy recommendations accepted by the client. Portfolio management services can be provided on a discretionary basis.

Investments may include long and short-term investment, money market funds, mutual funds, stocks, bonds, or other investment vehicles. Most assets will be valued daily and reviews can occur as often as a client prefers, or as FIM Group Representatives deem appropriate. FIM Group does not guarantee the results of its recommendations and losses can occur by following FIM Group's advice, including conservative investment strategies.

FIM Group assumes that if there have been any changes to a client's financial situation, the client will contact FIM Group to advise of the change as soon as the change occurs. It is important that FIM Group has the most current information about a client so it can determine whether an update to the client's investment strategy is needed. Clients may call the offices of FIM Group at any time during normal business hours to discuss the client's account, financial situation or investment needs with their FIM Group Representative.

Clients will receive transaction confirmations from the brokerage firm processing trades as the trades occur, and statements of account monthly or quarterly, depending on the custodian. Additionally, FIM Group provides its own quarterly portfolio reports. Clients are encouraged to compare FIM Group reports with information on the custodian's reports.

A client owns each security in the client's account. Clients have the ability to leave standing instructions with FIM Group to refrain from investing in particular securities, invest in limited amounts of securities, to vote proxies and to rebalance their portfolios. FIM Group will direct all purchase and sale orders to the broker designated by FIM Group unless the client designates a broker. FIM Group is not affiliated with a broker and will choose a broker for a client based upon the brokerage firm's quality of service, financial strength, competence and ability to provide trade executions at competitive commission rates. The broker and/or trust company will maintain custody of all account assets and provide such other custodial functions customarily performed with respect to securities brokerage accounts. All brokerage commissions, stock transfer fees and other similar charges incurred by the client's account(s) are paid out of account assets. A current list of transaction fees is available upon request. FIM Group does not receive any portion of these fees. FIM Group receives fees for Investment Management Services from its clients only.

FIM Group as of the date of this brochure has \$591,700,643 in assets under discretionary management, and \$23,489,395 in assets under non-discretionary management.

Investment Consultation Services

In addition to fee-based Investment Management Services, FIM Group provides investment advice through individual Investment Consultation Services offered for an hourly rate or flat fee project rate. Investment Advisory Consultations can be general in nature or focused on particular areas of interest, depending upon the client's needs. For example topics such as investment analysis, retirement funding, cash flow analysis and other subjects can be addressed. The exact services and reports to be provided are determined during the initial consultation with each client.

Retirement Plan Administration

FIM Group will assist business accounts with the design, implementation and required filings of pension plans. FIM Group's Retirement Plan Administration staff will meet with the client to decide the appropriate plan type and services to be provided. Some Retirement Plan Administration clients will also chose to utilize FIM Group's Investment Management Services. As needed, FIM Group will handle all Retirement Plan Administration related services, and manage the investment accounts for all plan participants. FIM Group may outsource administration services and will work with client-directed plan administrators. In some situations, FIM Group may utilize outside services for administration. In such cases, clients will contract directly with the third party and FIM Group may act as an intermediary. Along with FIM Group's Retirement Plan Administration staff, FIM Group's Investment Management staff will be available to all plan participants for consultation regarding investment choices available within the plan.

Financial Planning

FIM Group also provides Financial Planning Services typically covering several financial issues such as cash management, retirement planning, college funding, estate planning and tax planning, using long-term strategies. FIM Group makes itself available to clients for periodic meetings to monitor planning progress. In providing Financial Planning Services, FIM Group plans for each client's long-term goals. After FIM Group evaluates the client's financial needs, the client's FIM Group Representative will design investment and risk management strategies to help the client achieve his or her financial goals.

Casualty insurance (i.e., homeowners, auto, liability, etc.) is an important coverage that should regularly be reviewed. FIM Group does not review or recommend casualty insurance and clients are encouraged to seek the assistance of a qualified insurance representative of their choice.

Item 5 - Fees and Compensation

FIM Group is a purely Fee-Only firm. This means that we are only compensated by the direct fees that we charge our clients, not by commissions for selling and/or recommending products.

All fees paid to FIM Group for Investment Management Services are separate from the fees and expenses charged to shareholders of mutual fund shares. Mutual funds pay advisory fees to their related investment advisers, which payments reduce the net asset value of the Funds' shares. Therefore, when a mutual fund exists in a client's portfolio, the client pays two levels of advisory fees, one directly to FIM Group for its management services and one indirectly to the managers of the funds held in their portfolios. In many cases, the client could invest in the same mutual fund without paying a fee to FIM Group but would then not have the benefit of the advice, review and monitoring FIM Group provides. A complete explanation

of these expenses charged by the mutual funds is contained in each mutual fund's prospectus. Clients are encouraged to read each fund prospectus carefully before investing.

Investment Manager Monitoring Services Fees

Fees for Investment Management Services are computed as a percentage of the month-end market value of the client's investment portfolio under management (based upon an annual rate) and billed monthly.

FIM Group's standard annualized fee is 1.44% and is normally billed at 0.12% per month on each account's value at the prior month's end.

Specialized Fixed Income Accounts, Specialized Capital Preservation + Accounts, Common Fund Trust Accounts, and other accounts whose management is limited to open-ended mutual funds or annuities, i.e., 401(k) Plans, TSA/403(b)(7) Accounts, etc., will be billed at 50% of normal fees.

Billing invoices are prepared monthly and are based upon the market value of the client's account on the last day of the previous month, and are payable in advance. Upon request, a client may ask that they be billed on a quarterly basis. Payment of fees may be made directly by the client, or with client's advance authorization may also be made to FIM Group by the account custodian by debiting the client's account for the amount of such fees. Clients are able to terminate the written billing authorization or agreement at any time. FIM Group reserves the right to change its fees upon giving clients 60 days' advance written notice. FIM Group further reserves the right to adjust the standard fee for any account(s) under certain circumstances. Fees may, at the discretion of FIM be calculated based upon the total value of related accounts. Fees set forth above may be modified based upon individual circumstances or complexities at the discretion of FIM Group.

As an added service to clients, FIM Group may include in its quarterly report, a summary of assets held in the client's portfolio that are not managed by FIM Group. It is understood that FIM Group makes no warranty as to the value of these assets or their suitability. However, if desired, FIM Group is available to vote proxies on these non-managed securities or accounts. At client's request, FIM Group can also advise clients regarding mergers and other material events affecting their accounts. Non-managed assets may be billed at \$25 for each purchase or sale, and \$25 per asset held in the client's account at prior year's end (minimum fee is \$100) to be included with January billings. Unsupervised assets are listed on client appraisals as unsupervised assets and receive FIM Group's account, appraisal and performance reporting services.

Investment Management Services may be terminated by written notice by either party. If a client terminates the agreement within 21 days of signing the agreement, FIM Group refunds 100% of prepaid fees.

Investment Consultation Service Fees

Fees for Investment Consultation Services are computed at the hourly rate of \$75-\$475, depending upon the complexity of services, level of expertise required and specific situation and requests of the client. The hourly fee is billed to the next 1/60th hour. A flat project fee for Consultations may also be negotiated and will depend upon FIM Group's estimated time to complete the project. Fees for Investment Consultation Services are determined at the time of engagement and are due and payable upon deliver of the services.

Investment Consultation Services may be immediately terminated upon written notice by either party. The client will be invoiced for time incurred by FIM Group to the date of termination.

Retirement Plan Administration Service Fees

Standard Record keeping fees are assessed monthly at a standard rate of \$100 per month and \$1 per plan participant per month. This fee includes retirement plan design/review, plan document preparation and amendments, on-going record keeping, on-line access, custody of assets, quarterly participant statements, testing and 5500 tax preparation. Fees could vary if a third party is utilized. Record keeping fees may be waived at management's discretion.

Financial Planning Service Fees.

Hourly and flat fees for Financial Planning Services vary and correspond directly to the complexity of the services and reports requested by the client. Fees are determined at the time of engagement. Fees for all plans are due upon delivery of the advice or written plan. If client circumstances or objectives change such that a new investment plan is required, there may be an additional charge.

Clients may terminate the Financial Planning Services agreement upon written notice and the client will be invoiced for any portion of time incurred by FIM Group on the development of the Plan prior to termination at an hourly rate of \$75-\$475, as established before service began. Otherwise, Financial Planning Services terminate upon delivery of the advice or written plan. It is the client's responsibility to update his or her financial goals with FIM Group or secure additional services as may be needed. A new Agreement can be executed to secure additional services as needed.

Other Compensation

Employees of FIM Group are frequently asked to speak on financial topics. Depending on the type of engagement, they may charge for such services at fees negotiated in advance.

Paul Sutherland, CFP® has experience and training in employment analysis, business consulting, mergers/acquisitions, and selling/evaluation of business entities. These services are offered on an hourly or flat fee project basis, depending upon the complexity of services desired. Periodically, (generally limited to FIM Group clients), Paul Sutherland will advise clients regarding business start-ups, selling a business and business strategies.

Item 6 - Performance Based Fees and Side-by-Side Management

FIM Group does not charge any performance-based fees. All fees are disclosed above.

Item 7 - Types of Clients/Minimum Account Size

FIM Group makes advisory services available to a wide variety of clients including, but not limited to, individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

FIM Group generally requires a minimum portfolio size of approximately \$500,000 for clients receiving Investment Management Services. The minimum account size may be waived due to special circumstances such as a pre-existing relationship, anticipated new assets, or as otherwise determined acceptable and at the discretion of FIM Group.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

FIM Group makes judgments about each client's risk tolerance, goals and objectives, time horizon and tax status. Clients are interviewed and information gathered is used to determine which type of investment program best suits their needs. Investment strategies may be based upon a number of concepts and are applied based upon the objectives of the client. Descriptions of some of the strategies that may be used follow.

Strategies used to manage client portfolios are based upon the premise that an investment's price is more volatile than its underlying, real fundamental value. FIM Group believes that returns, over time, can be increased and risks reduced by shunning investments which, in FIM Group's view, are over-priced and favoring investments that are under-priced.

Investment strategies may include long-term and short-term purchases depending upon the individual needs of a client. The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap stocks; corporate bonds vs. governmental securities), is generally a favored strategy. Since FIM Group believes that risk reduction is a key element to long-term investment success, asset allocation principals are a key part of FIM Group's overall approach in providing investment advice to clients.

FIM Group considers itself a firm that invests for the long-term. However, if a client's investment reaches a price objective quickly, FIM Group may decide to sell the investment even if it was held for only a very short period. Clients should consult with a tax adviser regarding the presence of taxable income generated by these transactions.

While similar to FIM Group's equity investment process, FIM Group's income investment selection process is quantitative and active due to the nature of income investments. FIM Group believes that fixed income investments, i.e., fixed maturities, fixed interest dividends, senior-status guarantees, etc. have a high degree of risk-adjusted quantifiable predictability. FIM Group management seeks to identify and compare each income investment's expected return over time. FIM Group's goal is to add value by actively managing fixed income investments for total returns from interest, dividends and capital gains, and by ideally having such managed portfolios contain FIM Group's top risk-adjusted selections at all times.

FIM Group does not guarantee the effectiveness of any advice it provides. Losses can occur with any investment or strategy, including conservative investments. Clients are encouraged to discuss any questions with FIM Group personnel that may arise regarding investment policies throughout the course of the engagement.

FIM Group utilizes many sources of public information including financial news and research materials. Recommendations for purchases of investments are based on original research and publicly available reports and analysis. In the case of mutual funds, recommendations are based on reports and analysis of performance and managers, and certain computerized and other models for asset allocation and investment timing.

Item 9 - Disciplinary Information

FIM Group does not have any disciplinary information to report regarding itself or any of its counselors or other related persons.

Item 10 - Other Financial Industry Activities and Affiliations

Paul H. Sutherland purchased a minority equity interest in National Advisors Trust Company ("NATCO"). NATCO was formed by fee-only and fee-based financial advisors to serve their clients with quality, customized, trust services that are priced at costs substantially lower (in most cases) than traditional trust companies. NATCO specializes in providing trust services to clients of investment advisory firms that are owners or whose owners have an interest in NATCO. FIM Group Representatives will, when appropriate, recommend to clients that they use the trust services of NATCO. FIM Group's goal is to control the costs of investing and quality whenever possible. Paul Sutherland, FIM Group's President, felt that by buying an interest in NATCO, would allow greater flexibility at lower costs for FIM Group's clients. The investment in NATCO was the minimum allowed to be able to use NATCO's services. Thus, because of Paul's ownership interest in NATCO, a conflict of interest exists when NATCO's services are recommended.

To the extent NATCO's securities transactions are processed by FIM Group for NATCO client trust accounts, those transactions are processed at competitive rates through broker-dealers and mutual fund issuers recommended by NATCO. Those rates, however, may be higher or lower than those available through other brokerage service providers.

As of the date of this brochure, Mr. Sutherland expects to be appointed as a director of Gaiaam, Inc. Gaiaam's shares are traded on NASDAQ and are held in client accounts. In addition to becoming a director, other businesses Mr. Sutherland has an interest in, including Spirituality of Health may conduct business with Gaiaam. For these reasons, a conflict of interest exists whenever a purchase of Gaiaam's shares is made for, or recommended to, a client. To minimize this conflict, Mr. Sutherland is not permitted to recommend the purchase of Gaiaam shares, and proxies from the firm are voted upon the recommendations of an independent third party. Clients who now own, or who purchase, Gaiaam shares may not be able to immediately sell the shares if Mr. Sutherland manages their accounts. As a director of Gaiaam, Mr. Sutherland is considered an "insider" under securities law and accounts which he owns, or has discretionary authority over (including client accounts) are subject to completing and submitting certain forms before transactions in Gaiaam are processed. Transaction processing delays will occur as a result of this paperwork process.

Custodians such as Charles Schwab and Fidelity provide FIM Group with access to their institutional trading and custody services, which are typically not available to their retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at the custodian, and are not otherwise contingent upon FIM Group committing any specific amount of business (assets in custody or trading). These services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher initial investment.

For FIM Group's client accounts maintained in their custody, Schwab or Fidelity, generally do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through them or that settle into accounts held with them.

Custodians such as Schwab and Fidelity also makes available to FIM Group other products and services that benefit FIM Group but may not benefit its clients' accounts. Some of these other products and services assist FIM Group in managing and administering clients' accounts. Thus, when recommending their custodial services, a conflict of interest exists since recommending other custodians could result in FIM Group incurring higher operating costs.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Occasionally, investment objectives of Clients are similar to those of Representatives or other associated persons of FIM Group and this may lead to personal investments in the same investments. Due to the relatively insignificant investments made by FIM Group, its Representatives and associated persons, relative to total investments, these transactions would have no noticeable effect on market prices or movement. Additionally, accounts of FIM Group or its access persons will be included in such block trades along with clients. All accounts and trades of employees are reviewed as described in the Code of Ethics. All employees with accounts managed by FIM Group on a discretionary basis will be treated the same as all other clients, and the above described allocation methods will be utilized.

FIM Group has established a Code of Ethics applicable to all persons at the firm who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the Code requires such "access persons" to obtain pre-approval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for client accounts. The Code also establishes certain bookkeeping requirements relating to the new federal reporting rules. The Code is required to be reviewed annually and updated as necessary. A complete copy of the firm's Code is available upon request.

Item 12 - Brokerage Practices

FIM Group has discretion over client accounts by authority granted in writing by each client in the client agreement. Generally, the client determines, with FIM Group's input, the custodian and broker to be used and this information (client-directed brokerage) is outlined in FIM Group's client agreement. However, FIM Group usually recommends that clients utilize Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. FIM Group is independently owned and operated and not affiliated with Schwab.

As a service to FIM Group, various brokerage firms make available specific research information. These items may be paid for by FIM Group directing client trades to the firms.

The type of research information FIM Group receives includes proprietary research prepared by each firm, national and international forecasts, industry and company analyses, and portfolio strategy information. If FIM Group directs transaction to these firms for research, the commissions are considered to be a form of economic benefit called "soft dollars".

If FIM Group directs business, clients may pay slightly more than the lowest rate of commission available in order to obtain brokerage service, custodial services and research if FIM Group determines in good faith, and after periodic review, that the amount of the transaction fees are reasonable in relation to the full range and quality of the brokerage and research services provided, viewed in terms of either particular transactions or FIM Group's overall responsibilities with respect to the accounts over which it exercises investment discretion. The determinative factor is whether transaction fees represent the best qualitative execution services from FIM Group's managed accounts.

FIM Group is required by various rules and regulations of the Securities and Exchange Commission (the “Commission or SEC”) to select brokers and execute transactions in a manner that such commissions, fees or other remuneration do not exceed the usual and customary brokers’ commissions. The duty to ensure best execution means that the Firm has an obligation to execute securities transactions so that the total costs provide the most favorable broker-dealer services in terms of research, execution capability, commission rates, financial responsibility and responsiveness to the Firm. Section 28(e) of the Securities and Exchange Act of 1934 provides a safe harbor from fiduciary liability for an investment adviser who pays commission “soft dollars” when certain conditions are met. This safe harbor provides that brokerage and research services can be paid by commission “soft dollars.”

Brokerage and research services are defined as:

1. Furnishing advice, either directly or through publication or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or providers or sellers of securities;
2. Furnishing analytical reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts; or
3. Effecting securities transactions and performing functions incidental thereto (such as clearance, settlement and custody) or required services in connection therewith.

Thus, FIM Group may pay brokerage commissions in excess of that which another broker-dealer may have charged for effecting similar transactions if it believes the brokerage and research services received from the brokerage firm providing it justify such payments.

FIM Group has adopted procedures which are designed to provide that commissions, fees or other remuneration are consistent with the standards described above, makes and approves changes to the procedures as it deems necessary, and determines no less frequently than quarterly that all transactions during the preceding quarter were effected in compliance with its procedures.

As a stated policy, the Firm will only use soft dollars to benefit clients. The Firm will only engage in soft dollar arrangements when broker execution is satisfactory, a reasonable commission rate is received and research or other services provided by soft dollar arrangements provide lawful and appropriate assistance to the Firm in the performance of its investment decision making responsibilities. Clients are encouraged to request detailed information regarding any soft dollar arrangements FIM Group may have in place.

As indicated above, recommendations and use of brokerage firms are based upon the stability and safety of the custodial broker, investment flexibility, ease of settlement, the rates, quality of execution of services, the services provided to clients and the services provided to FIM Group on behalf of clients. Additionally, in the course of determining fair and reasonable services, FIM Group works to negotiate the most reasonable costs.

Representatives of FIM Group are not registered representatives of any broker/dealer and do not receive commissions, fees or any other form of “hard dollar” compensation as a result of recommending the services of service providers.

Item 13 - Review of Accounts and Reports

Investment Management services involve frequent monitoring and review of portfolio assets by an FIM Group manager. While portfolios are generally reviewed on a quarterly basis, individual portfolio

positions are generally reviewed each business day at the discretion of the FIM Group manager assigned to the account. Economic, financial and business data affecting client portfolios is also reviewed daily. Portfolios are also reviewed at the time of new significant deposits and during times of financial market or security prices volatility and changes in economic cycles. Reviews entail analyzing securities, volatility, sensitivity to overall markets, economic changes, investment results and asset allocation, etc., to ensure investment strategy and expectations are structured to continue to meet client objectives. Clients are obligated to promptly notify FIM Group of any changes in the client's financial status or ensure FIM Group's investment strategies continue to meet the client's changing needs.

Clients receive standard account statements from investment sponsors and qualified brokerage firms monthly and as transactions occur. FIM Group prepares quarterly portfolio reports for Investment Management Clients. Clients are encouraged to carefully compare the information on FIM Group's reports to that on the custodian's statements.

Item 14 - Client Referrals and Other Compensation

Occasionally, FIM Group may pay a fee to a third party who has referred a client to FIM Group. Typically, the fee paid is calculated as a percentage of the fee paid by a client. When such an arrangement exists, a disclosure of the arrangement is provided to the client before the service agreement is signed. Such an arrangement does not raise or lower the advisory fee a client pays to FIM Group.

Item 15 - Custody

FIM Group does not take custody of client funds or securities. These safekeeping services are typically provided to accounts only by the brokerage firm where the client has opened their account.

To the extent a client receives any account or other investment ownership statement from FIM Group, FIM Group recommends the client carefully compare the report to the custodian's statements.

Item 16 - Investment Discretion

FIM Group exercises discretion to determine the securities to be bought and sold based on client's investment objectives and its analysis of securities. FIM Group may exercise discretion to select brokerage firms but usually recommends that clients open accounts with Schwab.

If a client directs FIM Group to effect transactions through a particular broker-dealer, including one recommended by FIM Group, FIM Group will do so. However, such an instruction has implications to the client. The instruction may cause the client's account to incur transaction costs and/or commissions that may be higher than if the instruction had not been given. Also, such a restriction may limit FIM Group's ability to consider the judgmental factors described above when selecting a broker-dealer and may limit FIM Group's ability to batch the client's order with those of other clients to process the block order through a single broker-dealer in an effort to obtain a better price and/or execution. Thus, a clients directing FIM Group to use a particular broker-dealer may not receive an average price for securities bought or sold, or otherwise obtain best price or execution.

When it deems it appropriate, FIM Group representatives may aggregate or "block" a number of similar client orders into one order. Clients participating in a block trade will receive the same execution price and shall be charged the same commission rate, if possible. Some custodians charge flat commission fees based on the level of assets that the individual account holder has at that custodian.

When the full amount of a block trade is not executed (“partial fills”), such amounts executed shall be allocated among the participating client accounts based upon multiple criteria. If FIM Group is building a position in an investment over time, FIM Group tends to favor allocation to new accounts, accounts with additions of or existing significant cash levels, or accounts that are most suited for the particular investment. Examples of some circumstances that might warrant a deviation include account types, tax considerations, particular investment guidelines, client-imposed restrictions, and portfolio cash levels.

When a block trade cannot be fully executed, any unexecuted amounts will be rewritten for subsequent execution, if possible, unless other instructions are provided by the portfolio manager(s).

Occasionally, an error may occur when processing trades for client accounts. If the error is in favor of a client, an offsetting transaction will be placed and the gain will remain with the client. If the error is not advantageous, then an offsetting transaction will be placed and make the client whole by FIM Group making up the loss by check or by reducing its fee, with the net effect to the client being zero.

Item 17 - Voting Proxies on Client Securities

FIM Group and its Representatives may vote proxies on behalf of clients. The following information briefly summarizes FIM Group's Policy and Procedures regarding how it votes proxies when providing Investment Management Services to clients.

Summary of Proxy Voting Policy and Procedures

The following information briefly summarizes FIM Group's Policy and Procedures relating to how FIM Group votes proxies.

Guiding Principles - FIM Group's Policies and Procedures relating to voting proxies are designed to ensure that proxies are voted in the best interests of clients. The Policies and Procedures do not apply to those situations where the client has retained voting discretion. In those situations, FIM Group will cooperate with the client to ensure proxies are voted as directed by the client. In addition, FIM Group will abide by specific voting guidelines on certain policy issues as requested by particular clients on a case-by-case basis.

Primary Objective - In general, proxies will be voted in a manner designed to maximize the value of client investments. In evaluating a particular proxy proposal, FIM Group will take into consideration, among other things, the period of time shares of the company are expected to be held, the size of the client's position, the costs involved in the proxy proposal and the existing governance documents of the affected company, as well as its management and operations.

Generally, it is FIM Group's policy to vote in accordance with management's recommendations on most issues since the capability of management is one of the criteria used by FIM Group in selecting stocks. This policy recognizes the fact that a board of directors is elected by a company's shareholders, it is the duty of the board to elect and oversee competent management personnel, and management of a company will normally have more specific expertise and knowledge as to the company's operations than does FIM Group.

Exceptions - When FIM Group believes management is acting on its own behalf, instead of on behalf of the well-being of the company and its shareholders, or when FIM Group believes that management is acting in a manner that is adverse to the rights of the company's shareholders, FIM Group will take steps to represent the interests of its clients and, as a result, may elect to vote against management's recommendations.

In situations where FIM Group is extremely displeased with management's performance, it may withhold votes or vote against management's slate of directors and other management proposals as a means of communicating its dissatisfaction.

Other Factors the Firm Considers - FIM Group recognizes that the activity or inactivity of a company with respect to matters of social, political or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, FIM Group does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political or environmental concern, except where it believes that a different position would be in the economic interests of company shareholders.

When possible, voting is conducted electronically.

Conflicts - In evaluating a proxy proposal, the Chief Compliance Officer, or the Chief Compliance Officer's designee, is responsible for considering whether there is any circumstance that may give rise to a conflict of interest on the part of FIM Group in connection with voting client proxies either because of a business relationship between FIM Group and the company or otherwise.

Voting Procedures - All proxy proposals are voted on an individual basis. In general, when a conflict exists, the proxy is referred to FIM Group's President who, based on the advice of legal counsel, determines whether the proxy may be voted by FIM Group or whether it should be referred to the client (or another fiduciary of the client) for voting purposes.

FIM Group may also consult directly with a client to obtain the client's consent before voting the proxies. If client consent is sought, FIM Group will provide the client with sufficient information regarding the matter before shareholders and the nature of FIM Group's conflict to enable the client to make an informed decision to consent to FIM Group's vote.

How To Obtain More Information - For additional information regarding our proxy voting policies and procedures, please contact us by writing to us at 111 Cass Street, Traverse City, Michigan 49684, or calling (231) 929-4500.

Item 18 - Financial Information

FIM Group does not receive fees of more than \$1200 six months or more in advance, thus no financial statement for FIM Group is attached. FIM Group does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.

Privacy Policy

Privacy Notice to Our Clients.

FIM Group strongly believes in protecting the confidentiality and security of information we collect about you. This notice describes our privacy policy and describes how we treat the information we receive about you.

Why We Collect And How We Use Information.

When we evaluate your request for our services, provide investment advice to you and process transactions for your account, you typically provide us with certain personal information necessary for us to provide advice and execute transactions. We may also use that information to offer you other services we provide which may meet your investment needs.

What Information We Collect.

The personal information we collect may include:

- Name and address;
- Social Security or taxpayer identification number;
- Assets;
- Income;
- Account balance and positions;
- Investment activity;
- Accounts at other institutions.

How We Protect Information.

We do not sell your personal information to anyone.

We treat information about current and former clients and their accounts in a confidential manner. Our employees may access information and provide it to third parties only when completing a transaction at your request or providing our other services to you.

At your request, we may disclose information to attorneys, accountants, lawyers, securities professionals and others to assist us, or them, in providing services to you. We may also share information with companies that perform services on our behalf, such as the companies that we hire to perform marketing or administrative services. Companies we may hire to provide support services are not allowed to use your personal information for their own purposes. We may make additional disclosures as permitted by law.

We also maintain physical, electronic, and procedural safeguards to protect information. Employees and our professional service representatives are required to comply with our established information confidentiality provisions.

Access to and Correction of Information.

Generally, upon your written request, we will make available information for your review. Information collected in connection with, or in anticipation of, any claim or legal proceeding will not be made available.

If your personal information with us becomes inaccurate, or if you need to make a change to that information, please contact us at the number shown below so we can update our records.

Further Information.

For additional information regarding our privacy policy, please contact us by writing to us at 111 Cass Street, Traverse City, Michigan 49684, or calling (231) 929-4500.