

# **Keating Investment Management, LLC**

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**May 3, 2012**

## **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Keating Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (561) 733-8277. 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 Keating Investment Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Keating Investment Management, LLC is 129915.

Keating Investment Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Keating Investment Management, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## Item 4 Advisory Business

### Description of Services and Fees

Keating Investment Management LLC is a registered investment adviser based in Boynton Beach, Florida. We are organized as a limited liability company under the laws of the State of Florida. We have been providing investment advisory services since 2005. Philip J. Keating, CFA is our Managing Member and Owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Advisory Consulting Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Keating Investment Management, LLC and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. In addition, you may see the term Associated Person throughout this brochure. As used in this brochure, Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

#### *Portfolio Management Services*

We primarily offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance on an ongoing basis, and will re-balance your portfolio as required by changes in market conditions and in your financial circumstances.

If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your prior approval. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a limited power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

Our annual fee for managed accounts is billed quarterly in advance based upon the market value of the assets on the last day of the preceding quarter. On a quarterly basis, we assess a fee of .25% (1.0% annually) of assets under management. In rare instances, and in our discretion, this fee may be negotiable. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a billing period.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints, if any, in our fee schedule.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

You may terminate the management agreement within five days of the date of acceptance without any penalty. After the five-day period, either party, upon 30 days' written notice to the other, may terminate the management agreement. The management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be returned to the client.

We encourage you to reconcile our invoices with the statements you receive from the qualified custodian. If you find any inconsistencies between our invoice and the statements you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Advisory Consulting Services**

On a limited basis, we offer consulting services, which primarily involves advising you on specific financial-related topics. The topics we address may include, but are not limited to, risk assessment/management, investment planning, financial organization, or financial decision making/negotiation. We charge an hourly fee of \$300. Our consulting fee is payable upon completion of the agreed upon consulting services.

### **Types of Investments**

We offer advice on various types of securities. We do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk.

Additionally, we may advise you on other types of investments that we deem appropriate based on your stated goals and objectives. We may also provide advice on other types of investments that you hold in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2011, we managed \$32,424,497 in client assets on a discretionary basis.

## **Item 5 Fees and Compensation**

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and /or exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange

traded funds to their shareholders. These fees will generally include a management fee and other fund expenses. Those fees are described in each fund's prospectus. With limited exceptions, you will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total costs you could incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$1,000,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### **Our Methods of Analysis and Investment Strategies**

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- *Fundamental Analysis* - is our primary method. It involves analyzing individual companies and their industries, including a company's financial statements, details regarding the company's product line, the experience, expertise and behavior of the company's management, and the outlook for the company and its industry. The resulting information is used to estimate the intrinsic value of the company's securities compared to their current market value.
- *Charting Analysis* - involves the gathering and processing of historical information including earnings, free cash flow, dividends, price and volume information and peer and inter-market correlations for a particular security. This information is analyzed using regression analysis and other mathematical equations to determine relationships and trends. The resulting data is applied to graphs and charts, which are used to try to estimate potential future price movements based on these patterns and trends.
- *Long Term Purchases* - normally securities are purchased with the expectation that the value of those securities will increase over a relatively long period of time, generally greater than one year.

- *Short Term Purchases* - infrequently some securities are purchased with the expectation that they might be sold within a relatively short period of time, generally less than one year, to take advantage of mis-pricings and the securities' short-term price fluctuations.

Our investment strategies and advice may vary depending upon your specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerances, time horizon, financial resources, particular financial information, liquidity needs, and various other suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We adhere to a "GARP" or "growth-at-a-reasonable-price" investment philosophy, a long-term, value and growth-oriented approach to investing that focuses on buying stocks at a discount to their intrinsic values as ongoing businesses. Some of the measures of value used are historical average price-earnings multiples and dividend yields, industry relative multiples, price-earnings to projected earnings growth, price-to-book value, price to sales, price to cash flows and price to free cash flow. Simply put, we try to buy consistent growth at a reasonable price. We are looking for established, mostly large-cap and mid-cap companies that offer exceptional value relative to their own history and compared to their industry peers and that also promise above-average earnings growth and returns over a multi-year period.

A key criterion is the inherent attractiveness of being a long-term owner of the business in question, as measured by the sustainability of its profitability and returns. Emphasis is given to growing companies that produce a surplus of cash that they faithfully return to shareholders through dividends, regular dividend increases, and/or stock buybacks. In general, most of the stocks we incorporate in client portfolios have dividend yields higher than the S&P 500 and have a history and policy of raising dividends annually. Historically this strategy has tended to reduce downside price volatility and leads to more consistent returns over a complete market and economic cycle. However it does not eliminate completely the sensitivity to market movements over the short term (weeks) to intermediate term (months) and it may lag in exceptionally strong markets.

#### **Risks of methods:**

*Fundamental Analysis* - A risk of fundamental analysis is the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating that security.

In addition, our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

*Charting Analysis* - Charts may not accurately predict future price movements. Current prices of securities may already reflect all known information about a security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

As a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement. The method you choose has implications for both the timing and the amount of any realized gains and losses. Many clients may find it advantageous to use the high cost accounting method, which tends to reduce or defer realized gains, but this should be carefully discussed with your tax advisor since each client may have unique circumstances.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. Markets are volatile and funds that are needed for specific purposes within a short to intermediate period of time should not be committed to stocks, long term bonds and related securities, including ETF's and mutual funds. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is not an indication of future performance.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance s for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the valuation and expected return of an investment, the higher the risk of loss associated with it.

## **Item 9 Disciplinary Information**

Currently, neither our firm nor any of our associated persons has any disciplinary information reportable under this section.

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

Mr. Keating, Managing Member of Keating Investment Management, LLC is also the Chief Investment Officer and a Senior Portfolio Manager of Keating Investment Counselors, Inc., an SEC registered investment adviser domiciled in the State of Florida. Keating Investment Management, LLC and Keating Investment Counselors, Inc. are affiliated through common control. It is not expected that clients of Keating Investment Management, LLC will become clients of Keating Investment Counselors, Inc. or vice versa. It is expected that Mr. Keating's professional time will be divided equally between the two firms.



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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Philip J. Keating, CFA our Chief Compliance Officer at (561) 733-8277.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest may exist in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

We recommend that a client in need of brokerage and custodial services utilize Charles Schwab & Co., Inc., among other independent and unaffiliated registered broker dealers. When recommending a broker/dealer, we will attempt to minimize the total cost for all brokerage services paid by the client.

We may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member FINRA and SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. We are independently owned and operated and not affiliated with Schwab.

Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab 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 Schwab Institutional. These services are not contingent upon Keating Investment committing to Schwab any specific amount of business (trading commissions, mutual fund assets, or fees). Schwab's brokerage services include the execution of securities transactions, 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 minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to us other products and services that benefit us but may not directly or exclusively benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, record-keeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange, and/or pay third-party vendors for the types of services rendered to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors to be considered and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Best execution is not measured solely by reference to commission rates. In suggesting a broker dealer, we endeavor to select those brokers or dealers that will provide quality services at competitive commission rates. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation to them, such as brokerage services or research.

### **Directed Brokerage**

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should understand that this might prevent our firm from aggregating trades with other client accounts or from effectively negotiating brokerage commissions on your behalf. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through another broker are favorable in comparison to those that we could obtain for you from Schwab.

Clients may utilize the broker-dealer of their choice and have no obligation to purchase or sell securities through such broker as Keating Investment recommends. However, Keating Investment reserves the right not to accept the client's account if the client wishes to direct brokerage outside one of the custodians recommended by Keating Investment.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account. It is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays their share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

## **Item 13 Review of Accounts**

Philip J. Keating, CFA Managing member of Keating Investment Management, LLC will monitor your accounts on an ongoing basis, will conduct account reviews at least monthly, or upon your request, to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. An in-depth portfolio review will be performed quarterly. Holdings are monitored as to events affecting the companies and their securities. Meetings with clients are held at least annually, in person or by phone, to obtain information regarding updates on the client's life situation, to review the client's objectives and risk constraints, and to review the overall investment policy and the investment performance toward the client's objectives.

Additional reviews may be provided at the client's request, or triggered by deposits and/or withdrawals in the account, material changes in the client's financial condition, and at our discretion.

Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

The mutual fund, custodian, or insurance company typically sends the client a confirmation of every securities transaction and a monthly brokerage statement. Keating Investment will provide its clients with a quarterly portfolio and performance report. Among other items, these reports show the holdings, diversification and estimated income for the portfolio.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with Schwab.

## Item 15 Custody

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements at least quarterly from the independent, qualified custodian(s) holding your funds and securities. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review all account statements for accuracy and you should compare statements you receive from your account custodian to the statements you receive from us to reconcile the information contained in each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact Philip J. Keating, Managing Member at (561) 733-8277.

## Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a limited power of attorney, and/or trading authorization forms.

This will grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. These guidelines and conditions must be submitted to us in writing. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

## Item 17 Voting Client Securities

### Proxy Voting

We will not vote proxies on behalf of our advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$500 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

## Item 19 Requirements for State-Registered Advisers

Please refer to the Form ADV Part 2B brochure supplement for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable, civil, self-regulatory organization proceedings, or administrative proceedings. Keating Investment Management, LLC and Philip J. Keating are currently the subject of a pending arbitration in which the claimant asserted that the decline in value of accounts under management by the firm and Mr. Keating from September 2007 through February 2009 was due to mismanagement, negligence and over concentration. Any and all claims of wrongdoing as alleged in the claimant's statement have been summarily denied by the firm and Mr. Keating. An arbitration is scheduled for later this year. Information regarding this matter can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, or at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact Philip J. Keating, Managing Member, at (561) 733-8277 if you have any questions regarding this policy.

**Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

**Philip J. Keating**

CRD# 4890031

**Keating Investment Management, LLC**

**1501 Corporate Drive  
Suite 280  
Boynton Beach, Florida 33426**

**Telephone: (561) 733-8277**

**May 3, 2012**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

This brochure supplement provides information about Philip J. Keating that supplements the Keating Investment Management, LLC brochure. You should have received a copy of that brochure. Please contact Philip J. Keating at (561) 733-8277 if you did not receive Keating Investment Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Philip J. Keating is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 Educational Background and Business Experience

### **Philip J. Keating, CFA**

*Year of Birth:* 1943

Formal Education after High School:

- Florida Atlantic University, Attended The Graduate School of Business, 1968 -1970
- Purdue University, Attended The Graduate School as a NASA Fellow, 1965 -1968
- B. A., *Magna Cum Laude*, University of Miami, Florida, Sociology/Psychology, 1965

Business Background for the Previous Five Years:

- Keating Investment Management, LLC, Managing Member, 11/2003 to Present
- Keating Investment Counselors, Inc., Chief Investment Officer, Senior Portfolio Manager, 05/2007 to Present

Certifications: Chartered Financial Analyst (CFA), 1991

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charter holders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental



and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

Mr. Keating was awarded his CFA Charter number 14,787 in September 1991 after commencing his studies and examinations in 1989. He has completed 20 hours or more of Professional Development (continuing education) in each of the past 21 years, from 1991 through 2011. He has served as a board member of the CFA Society of South Florida for 10 of the past 22 years, as president twice, as Vice President once and as program chair seven times.

### **Item 3 Disciplinary Information**

Mr. Keating does not have any disciplinary disclosure reportable under this section.

### **Item 4 Other Business Activities**

Mr. Keating, Managing Member of Keating Investment Management, LLC is also the Chief Investment Officer and a Senior Portfolio Manager of Keating Investment Counselors, Inc., an SEC registered investment adviser domiciled in the State of Florida. Keating Investment Management, LLC and Keating Investment Counselors, Inc. are affiliated through common control. It is not expected that clients of Keating Investment Management, LLC will become clients of Keating Investment Counselors, Inc. or vice versa. It is expected that Mr. Keating's professional time will be divided equally between the two firms.

### **Item 5 Additional Compensation**

Please refer to the *Other Business Activities* section above for disclosures on Mr. Keating's receipt of additional compensation as a result of his activities as Chief Investment Officer and a Senior Portfolio Manager of Keating Investment Counselors, Inc.

### **Item 6 Supervision**

Mr. Keating is the Principal, Chief Compliance Officer, and sole advisory representative of Keating Investment Management, LLC; therefore, Mr. Keating is not supervised by others. However, Keating Investment Management, LLC has implemented written supervisory procedures that are reasonably designed to detect and prevent violations of the securities laws, rules, and regulations. You may contact Mr. Keating directly at (561) 733-8277 with any questions you may have.

## **Item 7 Requirements for State Registered Advisers**

Mr. Keating has never had any reportable, civil, self-regulatory organization proceedings, or administrative proceedings. He has never been the subject of a bankruptcy petition. Keating Investment Management, LLC and Mr. Keating are currently the subject of a pending arbitration in which the claimant asserted that the decline in value of accounts under management by the firm and Mr. Keating from September 2007 through February 2009 was due to mismanagement, negligence and over concentration. Any and all claims of wrongdoing as alleged in the claimant's statement have been summarily denied by the firm and Mr. Keating. An arbitration is scheduled for later this year. Information regarding this matter can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).