

Form ADV Part 2A: Firm Brochure

Item 1: Cover Page

July 1, 2015

Parasol Investment Management, LLC

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Westmont, IL 60559

Phone: 630.725.3303

www.parasol-im.com

CRD# 156074

This brochure provides information about the qualifications and business practices of Parasol Investment Management, LLC and its supervised personnel. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.

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. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.

Additional information about the firm and its representatives is also available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

This brochure incorporates the same information provided previously with the last annual update of our Form ADV Part 2 issued March 25, 2014, but with expanded disclosures designed to provide further information about the firm, its practices, and its personnel.

Material updates to the information contained within this brochure will be provided to clients on an immediate basis. This section will be updated to reflect such material changes in summary form.

Item 8: Added to Investment Strategies

Should you have any questions related to this brochure, please contact a firm representative at your convenience.

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Item 4: Advisory Business

Parasol Investment Management, LLC, is an SEC-registered investment adviser with its principal place of business located in Westmont, IL. Parasol began conducting business in 2011. The firm is a wholly owned subsidiary of First Midwest Bancorp, Inc., a publicly traded regional bank holding company (NASDAQ Global Select Ticker: FMBI). First Midwest established Parasol to pursue the ongoing management duties for a primary strategy referred to commonly as GEMS (Globally Enhanced Management Strategy). The firm manages accounts primarily as a sub-adviser in a separately managed

account structure. The firm generally utilizes a mixture of exchange traded funds to provide its allocation exposures.

Currently, Parasol generally is a dual strategy firm with GEMS as the flagship strategy and a dividend growth strategy, commonly referred to as RINGS, or Rising Income Growth Strategy. We do have clients that have the need for more customized strategies or who have investment restrictions. In those instances, we will provide a customized strategy.

As of December 31, 2014, Parasol manages a total of \$179,387,923 in discretionary client assets across 185 accounts.

Item 5: Fees and Compensation

The firm's management practices are provided in consideration for a percentage-based fee charged to each account and based upon the assets under management. The firm works on a negotiated fee schedule with a maximum annual fee of 75 basis points. The negotiated fee schedule is representative of clients that have investment advisory agreements directly with Parasol. As a sub-adviser of clients for First Midwest Bank, an affiliated company, Parasol is compensated for services provided through a sub-advisory agreement with the affiliate. First Midwest Bank may have separate fee arrangements for their client accounts. The deduction of fees is performed in accordance with those terms and conditions stipulated within the client/advisory agreement. Clients do not pay fees in advance. Other fees that may be incurred include the expenses charged by the fund providers of the ETF's used, brokerage commissions for trade execution and custodial fees as defined in the client agreement and described below in Item 12: Brokerage Practices. The securities purchased by Parasol to implement the strategy may be purchased through other brokers or agents not currently used by Parasol. Parasol supervised persons do not accept commission for the sale of securities or other investment products.

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

Parasol does not currently charge performance based fees.

Item 7: Types of Clients

Parasol provides advisory services for the following types of clients:

Individuals (other than high net worth individuals);

High Net-Worth Individuals;

Pooled investment vehicles (other than investment companies);

Pension and profit sharing plans;

Other investment advisers.

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

Parasol Investment Management aims to deliver portfolio management strategies that strive to earn attractive, risk-adjusted returns. The firm's flagship strategy, GEMS, was launched in 2007. The following is a description of the strategy.

Portfolio Strategy Description

The strategy employs a liquid, transparent, and tactical rules based approach to portfolio strategy. The portfolio is an ETF-based global multi-asset portfolio using a risk-based allocation framework. The strategy is designed to offer diversification benefits that are not equity or interest rate dependent.

Construct a Diversified Portfolio

The design of the portfolio is inspired by the long-term benefits of broad multi-asset class diversification. The portfolio consists of twelve broad asset classes designed to diversify across changing macro environments and micro themes. Each allocation category is equal-weighted to allow the differing correlations to provide a beneficial reduction in volatility.

Implement with Exchange Traded Funds (ETFs)

The portfolio is constructed with asset class specific ETFs. ETFs are innovative vehicles that allow investors to efficiently construct more customized portfolios. ETFs provide liquidity, transparency and fluid trading throughout the trading day. These features make ETFs an ideal investment to allocate among macro themes and tactically adjust allocations as conditions change.

Execute Rules-Based Tactical Risk Management

In addition to constructing a risk-based strategic allocation framework, the strategy employs a simple rules-based approach to mitigate the depth and duration of drawdowns. The rule is a moving-average based system with consistent parameters across asset classes.

Risk of all Forms of Analysis

A risk of ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an ETF, the managers of the different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the ETF, which could make the holding less suitable for the client's portfolio. 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.

Parasol operates a dividend growth strategy, commonly referred to as RINGS, or Rising Income Growth Strategies.

Objective

The goal is to build a dependable and rising income stream through growing dividends. The objective is a long-term strategy where an investor accumulates shares of quality companies at reasonable prices that have a history of paying and raising their dividends to shareholders.

Approach

The approach tries to identify solid dividend growth companies based on the safety of the dividend and its ability to grow. Dividend growth companies are unique investment opportunities, but remarkably well-known and leading brands.

Benefit

A portfolio comprised of dividend growth stocks produces dividends regularly which will consistently produce new cash available to either re-invest opportunistically or simply receive cash without selling any shares. Importantly, dividends are direct distributions from companies to their shareholders. Dividends are paid regardless of market ups and downs.

Dividends

The strategy targets a portfolio of stocks that together offer an above market yield, generally in the 3-4% range. Further, the approach seeks to build a portfolio of stocks that offers annual dividend growth in the 6-7% range. Dividends are not company obligations and can fluctuate. Dividends may be cut, and the safety of the dividend is a primary factor for consideration in the context of the overall portfolio.

Company Selection

The strategy is concerned with companies that have time-tested businesses that produce, not consume cash and are shareholder friendly. These are stocks that represent shares in great businesses that over time will deliver shareholder value regardless of the current market regime.

Portfolio Management

The portfolio will generally hold around 30 dividend-paying stocks. The goal is to build a rising dividend income stream. That will not happen unless stocks are owned. The portfolio will target to be near fully invested and allow the companies to do the work of delivering dividends.

Risk of Loss

Investing involves risk. Securities investments are not guaranteed and clients may lose money on their investments. Investments are: NOT FDIC INSURED, MAY LOSE PRINCIPAL VALUE and maintain NO BANK GUARANTEE.

Item 9: Disciplinary Information

Rule 206(4)-4 of the Investment Adviser's Act of 1940 requires investment advisers to provide clients with disclosure as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser. Parasol and its management personnel have not been and are not currently the subject to any reportable disciplinary, regulatory, criminal, civil, or otherwise reportable events.

Item 10: Other Financial Industry Activities and Affiliations

Parasol was initially established to serve in an advisory capacity to certain accounts held with First Midwest Bank. Accordingly, the firm and its personnel retain a close relationship with First Midwest and its senior management. The firm serves primarily in a third party capacity to manage the accounts consistent with the firm's primary strategy, GEMS. Effectively, First Midwest as the fiduciary on behalf of its individual accounts is a client of Parasol. A relationship manager from First Midwest Bank conducts personal discussions with the client to establish the client's goals and objectives and to determine a suitable strategy. Once the relationship manager determines the suitability and investment objectives, the portfolio is managed based on the portfolio's goal. Clients have the opportunity to place restrictions on the types of securities to be held in the account. Clients do retain individual ownership of all securities.

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

The firm has adopted the CFA Institute's Asset Manager Code of Professional Conduct. A copy can be viewed at www.cfainstitute.org/ethics/codes/assetmanager/Pages/index.aspx

Parasol has adopted a Code of Ethics and employees acknowledge adherence to the Code annually. A copy of the firm's Code of Ethics is available upon request.

Parasol collects and maintains records of securities holdings and securities transactions affected by firm representatives. Parasol or its employees do not have an economic interest in client transactions outside of its normal investment management operation. Where such activity is performed in tandem with advisory duties, such records will be reviewed regularly to identify and resolve any potential conflicts of interest.

Under the Code of Ethics, advisory representatives and supervised persons executing or recommending securities in client accounts must:

1. Not act or cause others to act on material nonpublic information that could affect the value of a publicly traded investment.

2. Give priority to investments made on behalf of the client over those that benefit the advisor's own interests.
3. Ensure fair and equitable trade allocation among client accounts.

Parasol employees and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions. Our Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employees and individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person may have an interest or position in a certain security, which may be recommended to a client. We may aggregate our employee trades with client transactions when possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances when there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

Item 12: Brokerage Practices

The firm seeks the best possible execution for securities transactions made on behalf of client accounts. While best execution is difficult to define and challenging to measure, there is some consensus that the term is not limited solely to the achievement of the best price on a given transaction. Rather, it is a collective consideration of factors concerning the execution of the trade in question. Such factors include the security being traded, the price of the trade, the execution capability and quality, size of order, commission and execution costs, financial responsibility and responsiveness of brokers.

Where possible, trades will be aggregated to achieve the best possible execution and commission. If trades are not aggregated, the best negotiated commission will be used, but note that aggregation of trades does typically provide the lowest commission and competitive execution. Parasol directs brokerage and does not collect soft dollars.

Item 13: Review of Accounts

Accounts are reviewed formally quarterly by the Portfolio Manager. More frequent reviews may occur if market conditions or specific security actions dictate or per client request/need. Client statements are available directly from the custodian. Statements to the client are delivered quarterly from the custodian. Additionally, custodians generally allow clients to access account information on-line.

Item 14: Client Referrals and Other Compensation

Parasol may maintain written agreements with firms and individuals who, from time to time, will seek new business and introduce prospective clients who may enter into advisory relationships with Parasol. These firms and individuals are paid a percentage of the advisory fees received by Parasol. The details of these fee arrangements are disclosed to the referred client in advance of contract signing. In no case will any client introduced to Parasol in this fashion pay advisory fees above those of Parasol's standard fee schedule. Parasol follows Rule 206(4)-3 Cash Payment for Client Solicitations.

Item 15: Custody

Client assets are held at a qualified custodian. Parasol does not maintain or accept custody of client funds or securities. An affiliate under common ownership, First Midwest Bank, does serve as custodian to the majority of Parasol clients. Parasol engages an independent public accountant that is registered and subject to inspection by the Public Company Accounting Oversight Board, to conduct an unannounced examination of client assets, as required by the SEC's Custody Rule. In addition, because the custodian is affiliated with the Firm, an independent public accountant prepares an internal control report with respect to those custodial services.

All fee deductions are performed according to the terms and conditions of the client/firm agreement. Clients will receive statements from the custodian on at least a quarterly basis and should review those statements carefully.

Item 16: Investment Discretion

The nature of Parasol's investment management services depends on the firm having the authority to affect securities transactions for client accounts on an immediate basis. Discretionary authority is typically limited to the firm being granted the following allowances:

- The power to make purchases and sales for client accounts,
- The authority to select broker-dealers or other qualified custodians,
- The ability to make such purchases, sales, and/or selections without having prior contact with the client.

Again, such authority is only exercised in accordance with the terms and conditions of the client/firm agreement and any client-enforced limitations therein.

Item 17: Voting Client Securities

Parasol does not vote proxies. The client maintains the authority and responsibility for the voting of these proxies. The firm and its clients agree to this by contract.

Item 18: Financial Information

Pursuant to Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to a client's decision in choosing an investment adviser.

At this time, Parasol does not accept or receive prepayment of fees, maintain any financial hardships or operate under any other adverse conditions that might impair its ability to meet its contractual obligations to clients. Should this change in the future, the firm will provide the proper notifications and disclosures as necessary.

Parasol has not been the subject of a bankruptcy petition at any time during the past 10 years.

Form ADV Part 2B: Firm Brochure Supplement

Parasol Investment Management, LLC

520 North Cass Avenue, Suite 200
Westmont, IL 60559
Phone: 630.725.3303

CRD# 156074

Joy Ann Gruber

July 1, 2015

This brochure supplement provides information about the individual(s) listed above that supplements the Parasol Investment Management, LLC brochure. You should have received a copy of that brochure. Please contact Joy Ann Gruber if you did not receive Parasol Investment Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the individual(s) listed above is available on the SEC's website at www.adviserinfo.sec.gov

Item 2: Education Background and Business Experience

Full Legal Name:

Joy Ann Gruber **Born:** 1951

Education

Indiana University, MBA 1977

Indiana University, BS BUSINESS & ECONOMICS 1973

Business Experience

Parasol Investment Management, LLC (First Midwest Affiliate)	7/1/15 - Present
First Midwest Wealth Management Division; Executive V.P.	1997 - Present
First Midwest Asset Management Company	1989 - 1992
Penn Mutual Life Insurance Company	1984 – 1989
4 th National Bank	1982 – 1984
Lincoln National Corporation	1977 - 1982

Designations

Joy Ann Gruber has earned the following designation and is in good standing with the granting authority:

Chartered Financial Analyst®; CFA Institute 1982

The designation is offered by the CFA Institute. To obtain the CFA® Charter, candidates must successfully complete three exams and gain at least three (3) years of qualifying work experience, among other requirements. In passing these exams, candidates demonstrate their competence, integrity and extensive knowledge in accounting, ethical and professional standards, economics, portfolio management, and security analysis.

Item 3: Disciplinary Information

Joy Ann Gruber has no reportable disciplinary history.

Item 4: Other Business Related Activities

A. Investment Related Activities

- i. Joy Ann Gruber is not engaged in any other investment-related activities.
- ii. Joy Ann Gruber does not receive commissions, bonuses or other compensation on the sale of securities or other investment products.

B. Non-Investment Related Activities

Joy Ann Gruber is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time.

Items 5: Additional Compensation

Joy Ann Gruber does not receive any economic benefit from a non-advisory client for the provision of advisory services.

Item 6: Supervision

Supervisor: Robert Diedrich
Title: Chairman, Board of Managers
Phone Number: 815-773-2608

Parasol maintains internal oversight of activities through a compliance monitoring report. The compliance monitoring report is presented to the Parasol Board of Managers for further oversight.

