



THETFORD INVESTMENT MANAGEMENT, INC.

Item 1- Cover Page

Thetford Investment Management, Inc.

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Form ADV Part 2A

April 28, 2017

This Brochure provides information about the qualifications and business practices of Thetford Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (804) 782-9338. 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.

Thetford Investment Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Thetford Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.



THETFORD INVESTMENT MANAGEMENT, INC.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 4/28/17 is a revised version of the original document dated 4/30/11. The last annual update was dated 4/25/16. It is prepared according to the SEC’s current requirements and rules.

Currently, our Brochure may be requested by contacting John S. Nielsen, Chief Compliance Officer at (804) 782-9338 ext. 107 or jsnielsen@thetfordfinancial.com.



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THETFORD INVESTMENT MANAGEMENT, INC.

Item 4 – Advisory Business

Thetford Investment Management, Inc. (TIM) is an independent, fee-based financial advisory firm, incorporated in 1986 in the state of Virginia and wholly owned by Thetford Financial Services, Inc.

In consultation with and for each client, Thetford Investment Management determines the appropriate balance of investment objectives: growth, taxable and tax-exempt income, liquidity and safety. We build each client portfolio by selecting individual stocks, bonds and closed-end funds to maximize tax efficiency and avoid the unwarranted layering of fees. Financial advisory services also include retirement needs analysis.

As of January 31, 2017, TIM had \$95,231,932 in discretionary and \$1,913,864 in non-discretionary assets under management.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Thetford Investment Management, Inc. is established in each client's written Investment Advisory Agreement. Fees for investment advisory services are generally billed in arrears every six months based upon a percentage of the market value of assets under management as of the close of business on June 30th and December 31st. Some clients have negotiated a quarterly billing arrangement. Our standard annual fee is 0.75%, billed as 0.375% of assets under management as of June 30th and December 31st. All fees are negotiable and certain clients with pre-existing relationships with Thetford Associates, Inc. are charged lower fees. Certain family groups have negotiated a tiered structure that establishes fees based upon the aggregate value of family assets under management.

TIM clients authorize the custodian to debit their accounts for the investment advisory fee. At the end of each billing period TIM notifies the custodian of the amount payable as specified in each investment advisory agreement. The custodian then deducts the fee from



the account. To maximize tax efficiency, whenever possible fees for tax-deferred or tax-free retirement portfolios are taken from client taxable accounts. Custodians send monthly account statements showing all positions, transactions and debits and credits. Statements following a billing period will reflect the investment advisory fee. Accounts initiated or terminated during a calendar quarter may be charged a prorated fee.

Thetford Investment Management's advisory fees do not cover all investment expenses. Other investment costs may include brokerage commissions, transaction, exchange and SEC fees; as well as internal advisory and administrative fees charged by Mutual Funds, Closed-End Funds, Exchange Traded Funds (ETFs), or Money Market Mutual Funds. Foreign taxes on foreign-company dividends, wire transfer, and electronic fund processing fees may also be incurred. Thetford Investment Management, Inc. does not receive, directly or indirectly, any of these fees. In addition, no employee receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for clients. Thetford is strictly a 'fee-only' investment advisor.

Item 12 further describes the factors that Thetford Investment Management, Inc. considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

Thetford Investment Management, Inc. does not charge any performance-based fees (fees based on a share of capital gains or the capital appreciation of client assets).



Item 7 – Types of Clients

Thetford Investment Management, Inc. provides portfolio management services to individuals, high net worth individuals, trusts, charitable institutions, foundations, limited liability companies (LLCs), and other business entities.

Generally, the minimum initial investment is \$500,000 per client for management of accounts.

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

Thetford Investment Management, Inc. views stock and bond portfolios in the context of the overall financial condition of each investor. Only when Thetford knows the client's situation, and the client's tolerance for risk, can TIM formulate an appropriate investment strategy specifically for that client.

Methods of Analysis – Stocks

Thetford Investment Management applies a “value” investment discipline when buying stocks. New positions generally evidence:

- Prices decline showing that they are out of favor
- Earning power and asset values showing that there is realistic potential for price recovery
- Strong balance sheets, and/or above-average dividends and/or dependable growth rates



Thetford Investment Management primarily uses fundamental rather than technical analysis for stock selection. The firm evaluates equities based on a variety of parameters including financial strength, earnings history and potential, standard financial valuation metrics (price to earnings, price to book value, price to sales, etc.), management, industry sector outlook, competitive position within the sector, outlook relative to the overall economic cycle, political and legislative environment, and potential catalysts for price appreciation.

Information used in equity evaluation includes company filings with the Securities and Exchange Commission, company websites, presentations and conference calls, financial newspapers, magazines and industry publications, brokerage firm research, government and economic reports, and the Value Line Investment Survey.

Methods of Analysis – Bonds

Historically, except in unusual circumstances and over relatively short intervals, inflation and taxes have combined to deplete the ‘real’ returns to bondholders. This fact has dire implications for risk-averse investors and gives rise to the temptation to take unwarranted maturity or credit-quality risks in the hope of achieving higher returns. The proper role of bonds is to provide dependable cash yield and to safeguard nominal principal, and so for most individual investors the risks of long-term bonds are unwarranted; nor should such bonds be used to speculate on interest rate trends. Thetford avoids lower-quality credits except when credit “spreads” are unusually high.

Sensitivity to price and value governs Thetford Investment Management’s fixed income investing just as it does the firm’s approach to equities. Thetford is inclined to buy bonds when the consensus favors selling and to sell when the consensus is buying. The firm is more aggressive when prospective after-tax real returns – the difference between yields and inflation – are high. Thetford reduces the risk in fixed income portfolios after periods of strong bond price appreciation, when interest rates have fallen relative to historic and prospective inflation. TIM takes a several-year view of bond investment potential.



Analysis of tax-free municipal and taxable corporate bonds importantly involves comparison of the yield to maturity and the yield to call. ('Call' refers to the date prior to maturity when the issuer has the right to buy the bonds back at a price specified when the bonds were issued.) Callable bonds may produce competitive yields (to call) relative to "bullets" of the same date so that if they 'run' (i.e., are not called) there will be a yield bonus. 'Cushion' bonds – those with high coupons and several years until their first calls – may offer higher return to the first call (compared to "bullets") and more safely (because the high coupon mutes the effect of a general increase in interest rates.) At times callable bonds can be purchased cheaply if they are not likely to be called yet are priced as if they will be. Other opportunities arise from motivated or forced sellers, for example when open-end funds are coping with large-scale redemptions.

There are several types of risk associated with investing in bonds. A bond is a loan – to a corporation, government or municipality – with a repayment date. There is usually at least some risk that the borrower will not be able to redeem the bonds. Defaults on investment-grade bonds are rare, but they do happen.

Interest rate risk involves the inverse relationship between bond prices and interest rates. When interest rates go up, bond prices go down. When interest rates go down, bond prices go up. The longer the bond's time till maturity the larger these price swings will be. Therefore the value of a bond at a date materially before maturity can be significantly higher or lower than its initial price.

Callable bonds present investors with prepayment or reinvestment risk if a bond is bought back by the issuer, often at times of declining rates, when reinvestment of paid-back principal will be at lower yields, reducing portfolio income.

Inflation is the most significant risk to holders of longer-term bonds. It reduces the purchasing power of repaid principal and leads to higher interest rates which cause prices of bonds to decline.



Investment Strategies

Thetford Investment Management makes substantial use of closed-end funds, which differ from conventional (“open-end”) mutual funds in several ways. Closed-end funds trade through the day and are bought and sold like stocks, so their prices are constantly changing. Open-end mutual funds can be bought or sold only at the closing NAV (net asset value). This means that open-end investors cannot know exactly what price they will pay, or receive. The number of shares in a closed-end fund is fixed. Open-end mutual funds create or liquidate shares in response to investor demand. Closed-end funds, because of intra-day trading and fixed share counts, can trade at discounts or premiums to net asset values. A closed-end bond fund at a 10% discount to NAV essentially enables the investor to buy \$100 worth of bonds for \$90. For this reason closed-end funds tend to have high cash yields; since most employ ‘leverage’ (borrowed money) this yield advantage is amplified – as is price volatility.

The discounts and premiums of closed-end funds indicate investor sentiment. Discounts widen when a fund’s investment class is out of favor and can rise to premiums when the targeted asset class is popular. For certain asset classes, an advantage of closed-end funds is that managers are not forced to sell into weak markets. Although the price of the closed-end fund may drop, along with its NAV, that shares outstanding are fixed means that the fund will not be compelled to sell out-of-favor or illiquid assets. This is not the case with conventional open-end mutual funds, whose structure therefore amplifies market gyrations. Open-end funds can incur large losses when forced to sell into rapidly declining markets.

Thetford buys closed-end funds when they are at relatively wide discounts to NAV and sells them when the discounts have narrowed or are at premiums. In tax-deferred accounts that have no current capital gains tax exposure TIM may trade quite frequently in response to changes in discounts and premiums.

TIM also uses closed-end funds for exposure to asset classes that would be difficult to obtain otherwise: For example, funds that focus on foreign bonds denominated in foreign currencies.



THETFORD INVESTMENT MANAGEMENT, INC.

Although Thetford Investment Management makes use of material from outside research providers such as Value Line, the firm gives little weight to buy and sell recommendations: it is the qualitative information from such sources that is valuable. TIM stock investments are often contrarian and can differ considerably from the recommendations of outside research providers.

TIM does not buy or sell futures contracts, use short-selling trading strategies, invest directly in commodities or use margin for speculation. (There may be short intervals when client custody accounts are on margin as a consequence of large unanticipated cash withdrawals.)

Thetford Investment Management is responsive to client preferences such as “socially responsible” investing, retention of existing holdings, management of concentrated positions, and other unique client requests regarding portfolios.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of Thetford Investment Management, Inc. Thetford Investment Management, Inc. has nothing to report in this regard: The firm and its employees, past and present, have never been subject to disciplinary action by either regulatory or professional entities.



Item 10 – Other Financial Industry Activities and Affiliations

Thetford Investment Management, Inc. is not engaged in any financial activities other than rendering portfolio investment advice and avoids conflicts of interest by remaining at arm's length from providers of related financial services such as brokerage and insurance firms.

TIM does have a “related person” who is a sponsor and syndicator of limited partnerships. Michael Bradley Blaylock is the Managing Member of Richmond Peach Associates, LLC, which is not a “private fund” as defined under SEC rule 203(b). Richmond Peach invests in oil and natural gas exploration properties near Houston, Texas and in Egypt. Some of TIM clients are solicited by a related entity, Thetford Associates, to invest in Richmond Peach Associates, LLC, which requires a minimum limited partner investment of \$100,000. Approximately 12% of TIM clients have invested in Richmond Peach. The value of the total assets of Richmond Peach Associates, LLC was \$24,706,435 as of 01/31/17.

Item 11 – Code of Ethics

Thetford Investment Management, Inc. has adopted a Code of Ethics for all supervised persons articulating appropriately high standard of business conduct, and fiduciary duty. The Code of Ethics includes provisions relating to confidentiality of client information, prohibitions on insider trading and rumor mongering, restrictions on the acceptance of gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Thetford Investment Management and Thetford Associates must acknowledge the Code of Ethics annually, or as amended. Thetford Investment Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Thetford Investment Management and its affiliates and/or clients, directly or indirectly, have a position. Thetford Investment Management's employees and persons associated with Thetford are required to follow Thetford Investment Management's Code of Ethics. Subject to satisfying this policy and applicable laws, officers,



directors and employees of Thetford Investment Management and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Thetford Investment Management's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Thetford Investment Management 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. The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to prevent conflicts of interest between Thetford Investment Management and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Thetford Investment Management's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at the same average price. Thetford Investment Management will retain records of such trades (specifying each participating account) and the allocation of such block trades. Partially filled orders will be allocated on a pro rata basis.

It is Thetford Investment Management's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. Thetford Investment Management will also not cross trades between client accounts except in rare circumstances when it is demonstrably beneficial to both clients. (Principal transactions are defined as transactions when an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells to an advisory client.)

Thetford Investment Management's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting John Nielsen.



Item 12 – Brokerage Practices

Thetford Investment Management, Inc., with respect to the client's account and without prior consultation with the client, may (a) direct the purchase, sale, exchange, conversion, and otherwise trade in stocks, bonds and other securities including money market instruments, (b) direct the amount of securities purchased, sold, exchanged, and otherwise traded, and (c) place orders for the execution of such securities transactions.

All client assets are held by third party custodians. Thetford Investment Management typically recommends that clients use TD Ameritrade Institutional for this purpose. TD Ameritrade Institutional provides trading and custody services which are typically not available to retail investors. Prospective clients are advised that lower brokerage fees for comparable services may be available from other sources (although with the proliferation of ultra-low-cost online equity trading, commissions are now so low that they are not material for most investors.) TIM acknowledges a duty to get best execution for its clients. Best execution consists not only of brokerage commissions, but also price effects and timeliness. Transaction costs are reviewed in light of current market circumstances, available published statistics and other relevant information.

Most bond trading is conducted outside of TD Ameritrade on a “trade away” basis via delivery vs. payment (DVP) accounts with various brokerage firms. This practice gives TIM a greater selection of bonds at competitive prices and also competitive bidding for bond sales. Clients do incur a \$25 “trade away fee” for these bond transactions that are external to TD Ameritrade.



Allocation of Investment Opportunities and Orders

We have adopted the following policies and procedures related to the fair allocation of investment opportunities.

Transactions in the same security on behalf of more than one client are aggregated, when possible, to facilitate best execution. This results in all clients within the aggregate receiving the same average share price on the transaction.

Accounts in which our employees or affiliates have a beneficial interest do not receive preferential treatment.

All clients receive fair and equitable consideration for investment opportunities that are too limited to be simultaneously available to all accounts.

When orders are generated and allocated, the decision on which accounts should participate, and in what amount, is based on the type of security, and the present or desired structure of client portfolios. Other factors include risk tolerance, tax status, liquidity, and the size of the account (among other practical considerations).

Trading Errors

It is the policy of Thetford Investment Management, Inc. to insure that all clients are made whole in the event of trading errors. Whenever possible, trading errors are routed through our Error Account and the resulting gains or losses are absorbed by Thetford Investment Management, Inc.

Research Services / Soft Dollars

Thetford Investment Management, Inc. does not receive any commission, soft dollars, client referrals or any other benefits from recommending a particular broker-dealer / custodian.



Directed Brokerage

With regard to client-directed brokerage, TIM is required to disclose that the firm may be unable to negotiate commissions, batch orders or otherwise achieve the benefits described above, including best execution, if clients limit the firm's brokerage discretion. Directed brokerage commission rates may be higher than in non-directed accounts.

Item 13 – Review of Accounts

We regularly review client accounts on a daily, monthly, quarterly and annual basis.

Daily

Data is downloaded each day from our custodians for entry into our portfolio management software. This is not a blind download. The data from each custodian is carefully reviewed and discrepancies are addressed before posting into our portfolio management software system.

Accounts are reviewed on an ongoing basis as part of the day to day activity of our portfolio managers.

Monthly

Each month Thetford reconciles statements provided by each custodian with the firm's internal portfolio management software. Discrepancies are addressed and tax lots are maintained. Clients also receive monthly statements from the custodian.

Quarterly

Written performance reports are provided to each client on a quarterly basis vs. relevant benchmarks. Deviations from the client's investment goals are identified as part of this report preparation. Adjustments are either made to the client portfolios as necessary or recommended to the client, depending upon the nature of the client relationship. This quarterly review process can also generate aggregate adjustments deemed to be appropriate for client portfolios.



Annually

Full calendar year performance is addressed in the 4th Quarter review.

In addition to the reviews listed above, portfolio evaluations may arise at any time in response to changing client circumstances, goals and objectives, current market conditions, or developments pertaining to specific securities.

Item 14 – Client Referrals and Other Compensation

Thetford does not participate in any referral programs.

Item 15 – Custody

We are deemed to have custody for some clients.

Clients will receive statements directly from the broker dealer, bank or other qualified custodian no less often than quarterly. Thetford Investment Management, Inc. urges clients to carefully review such statements and compare official custodial records to the account statements TIM provides. Thetford statements may differ slightly from custodial statements based on accounting procedures, reporting dates, or valuation methodologies.



Item 16 – Investment Discretion

Thetford Investment Management, Inc. usually receives discretionary authority at the outset of an advisory relationship. Such discretion over security selection and trading is exercised in a manner consistent with the investment objectives governing each account. When selecting securities and determining position sizes, TIM is bound by the investment policies, limitations and restrictions of the client. Out-of-the-ordinary investment guidelines and restrictions must be provided by clients in writing.

Discretionary Management

TIM has discretionary authority regarding the purchase or sale of securities, confirmed by advisory contract. In many cases, this discretion is qualified by mutually agreed investment guidelines. Client investment guidelines may preclude certain investments or asset classes. Operating within client guidelines and instructions, Thetford Investment Management makes transaction decisions as to the nature and quantity of securities.

Item 17 – Voting *Client* Securities

It is Thetford's policy to vote proxies in a manner in which we believe to be in the best interests of clients. In some instances, the actions of corporate management may not be consistent with those best interests. Therefore, in the absence of written voting instructions from the client, TIM has adopted the following voting guidelines:

- TIM votes against directors who do not have material bought-and-paid-for common stock holdings of at least \$100,000 at the current share price, although exceptions can be made for newly nominated directors.
- TIM generally supports proposals for contested election of directors.
- TIM generally supports proposals to separate the positions of CEO and Chairman, and generally votes against Chief Executive Officers serving as directors..



- TIM generally votes for “cumulative” voting as a way to empower dissenting shareholders in a corporate governance process that is heavily stacked in favor of incumbent management.
- TIM always supports the elimination of classified or staggered boards, which have no purpose except to insulate directors and entrench management.
- TIM supports the elimination of “poison pills,” “golden parachutes” and other anti-takeover devices.
- Large corporations often attract shareholder proposals on various issues that are very tangential to the interests of profit-oriented investors. Such proposals are generally intended to make statements about the issues of the day. In general TIM’s posture is to trust management to comply with the relevant laws and regulations, and to endorse board recommendations with respect to extraneous political questions.
- TIM takes a skeptical view of executive compensation practices, which we believe are frequently rigged so that mediocre managements are paid as if they are exceptional – to the detriment of shareholders.

Clients may obtain a copy of Thetford Investment Management’s complete proxy voting policies and procedures upon request. Clients may also obtain information from us about how we voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Thetford Investment Management, Inc. does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients, and has not been the subject of a bankruptcy proceeding. In addition, we do not require or solicit pre-payment of advisory fees.