

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

May 15, 2017

#### **Premier Asset Management LLC**

SEC File No. 801-60559

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This brochure provides information about the qualifications and business practices of Premier Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at 312-752-4432. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Premier Asset Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This section of the Brochure discusses only material changes that have been made since the last annual amendment to the Brochure.

Premier Asset Management's last annual amendment to its Brochure was filed on March 29, 2017.

## Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	5
A. Premier Asset Management LLC.....	5
B. Advisory Services Offered .....	5
C. Client-Tailored Services and Client-Imposed Restrictions.....	5
D. Wrap Fee Programs.....	5
E. Client Assets Under Management.....	5
Item 5: Fees and Compensation .....	6
A. Methods of Compensation and Fee Schedule.....	6
B. Client Payment of Fees.....	6
C. Additional Client Fees Charged .....	7
D. Prepayment of Client Fees.....	7
E. External Compensation for the Sale of Securities to Clients.....	7
Item 6: Performance-Based Fees and Side-by-Side Management.....	8
Item 7: Types of Clients.....	9
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....	10
A. Methods of Analysis and Investment Strategies .....	10
B. Investment Strategy and Method of Analysis Material Risks .....	16
C. Security-Specific Material Risks .....	19
Item 9: Disciplinary Information.....	20
A. Criminal or Civil Actions.....	20
B. Administrative Enforcement Proceedings.....	20
C. Self-Regulatory Organization Enforcement Proceedings .....	20
Item 10: Other Financial Industry Activities and Affiliations.....	21
A. Broker-Dealer or Representative Registration .....	21
B. Futures or Commodity Registration.....	21
C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest.....	21

D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest.....	21
Item 11: Code of Ethics.....	22
Item 12: Brokerage Practices .....	23
A. Factors Used to Select Broker-Dealers for Client Transactions.....	23
B. Aggregating Securities Transactions for Client Accounts.....	27
Item 13: Review of Accounts .....	30
A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved.....	30
B. Review of Client Accounts on Non-Periodic Basis.....	30
C. Content of Client-Provided Reports and Frequency.....	30
Item 14: Client Referrals and Other Compensation.....	31
A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest.....	31
B. Advisory Firm Payments for Client Referrals.....	31
Item 15: Custody .....	32
Item 16: Investment Discretion.....	33
Item 17: Voting Client Securities.....	34
Item 18: Financial Information .....	35
A. Balance Sheet.....	35
B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients.....	35
C. Bankruptcy Petitions During the Past Ten Years .....	35

## **Item 4: Advisory Business**

### **A. Premier Asset Management LLC**

Premier Asset Management LLC ("Premier" and/or the "firm"), is a limited liability company formed under the laws of the state of Illinois. Premier has been offering investment advisory services since 2001. The firm is wholly owned by First Midwest Bancorp, Inc. ("FMBI"), a publicly traded regional bank holding company (NASDAQ Global Select Ticker: FMBI).

### **B. Advisory Services Offered**

Premier provides investment advisory services primarily to high-net-worth individuals and institutions. The types of clients that Premier provides services to include, but are not limited to, individuals, family offices, 401(k) plans, IRAs, Keoghs, public pensions, trusts, estates, endowments, foundations, corporations, partnerships, retirement accounts, and Taft-Hartley plans.

Premier seeks to develop a thorough understanding of a client's goals, income, and return objectives and tolerance for risk. Once we complete this important step, we generally determine an appropriate asset allocation and implementation strategy. This is generally summarized in an "investment policy statement," which is reviewed and updated on a periodic basis. Often with the client's input, we then decide on appropriate performance measurement criteria and intervals to conduct our performance reviews. After the proper allocation framework is established, we determine which securities will be purchased in a client's portfolio.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier's responsibilities under a client's investment management agreement.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's known or communicated financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account—for example, restricting the type or amount of security to be purchased in the portfolio. Under certain circumstances Premier may decline to accept certain client imposed guidelines or restrictions.

### **D. Wrap Fee Programs**

Premier is approved to manage assets in wrap fee programs for Morgan Stanley/Graystone Consulting. Wrap fee programs may offer services for one all-inclusive fee. Clients pay a separate fee to Premier for its advisory services in the Morgan Stanley/Graystone consulting wrap fee program.

## **E. Client Assets Under Management**

As of December 31, 2016, Premier had \$530,200,000 of discretionary client assets under management, and \$0 of non-discretionary client assets under management.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### A.1. Asset Management Fees

The annual fee for services provided by Premier will generally be charged as a percentage of assets under management by the firm as follows:

<u>Assets Under Management</u>	<u>Annual Fee Rate*</u>
Up to \$3,000,000	1.00%
Assets over \$3,000,000	0.75%

\* Fees are negotiable.

Premier generally requires a \$5MM minimum of investment assets to establish an investment advisory relationship. Premier reserves the right to waive this minimum account requirement, at its discretion, provided the prospective client is able to make representations concerning their sophistication as an investor and their ability to bear a substantial loss of principal under Premier's management.

Asset-based fees are generally subject to the investment advisory agreement between the client and Premier. Such fees are generally charged quarterly in arrears. The quarterly fee is generally determined by applying one-quarter (1/4) of the applicable annual percentage fee to the market value of the portfolio on the last business day of each calendar quarter in arrears. The fees may be prorated if the investment advisory relationship commences or terminates other than at the beginning or end of a calendar quarter.

Unless other arrangements are made, the client authorizes the custodian to automatically deduct the advisory fee and all other charges payable hereunder from the assets in the account when due, with such payments to be reflected on the next account statement sent to the client. If insufficient cash is available to pay such fees, securities in an amount approximating the balance of unpaid fees will customarily be liquidated to pay for the unpaid balance. Premier may modify the fee at any time upon mutual agreement in writing.

A client investment advisory agreement may generally be canceled at any time, by either party, for any reason upon receipt of 30 or 90 days' prior written notice as provided in the applicable agreement. Upon termination of any account, any earned, unpaid fees will be immediately due and payable.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier's responsibilities under a client's investment management agreement. The fee paid to a sub-adviser is generally paid by Premier and does not result in a separate, additional fee to a client.

### B. Client Payment of Fees

Advisory fees will ordinarily be deducted directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian

sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by the SEC, ADRs, exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. For client accounts invested in funds that charge an advisory fee, that means that clients may pay two levels of advisory fees on those assets. A client using Premier may be precluded from using certain mutual funds or separate account managers because they may not be permitted by the client's custodian. The fee paid to Premier does not include brokerage commissions and other transactional fees relating to purchases and sales of securities which will be borne by the client.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

### **D. Prepayment of Client Fees**

Premier does not generally require the prepayment of its advisory fees. Premier's fees will generally be disbursed to the firm by the qualified custodian of the client's investment accounts, subject to prior written consent of the client. The qualified custodian will deliver directly to the client an account statement, at least quarterly, showing all investment and transaction activity for the period, including fee disbursements from the account.

### **E. External Compensation for the Sale of Securities to Clients**

Premier's financial advisors are generally compensated through a salary and bonus structure. Premier and its personnel may recommend or cross-sell products and services provided or offered by its affiliates, including First Midwest Bank, or permit such affiliates to market their products or services to Premier's clients. Compensation or other funds may be paid to Premier, its personnel and/or affiliates of such personnel by such affiliates or by Premier in connection with these efforts if a client utilizes these products or services. In this regard, Premier or its personnel may have a financial incentive to encourage a client to utilize these products or services. Premier and its personnel will act in accordance with their fiduciary duty in recommending such products or services.

Premier is not paid any sales, service, or administrative fees for the sale of mutual funds.



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

Premier does not generally charge performance-based fees for its separately managed accounts.

## **Item 7: Types of Clients**

Premier primarily provides investment advisory services to high-net-worth individuals and institutions. The types of clients that Premier provides services to include, but are not limited to, individuals, family offices, 401(k) plans, IRAs, Keoghs, public pensions, trusts, estates, endowments, foundations, corporations, partnerships, retirement accounts, and Taft-Hartley plans.

Premier generally requires a \$5MM minimum of investment assets to establish an investment advisory relationship. Premier reserves the right to waive this minimum requirement at its discretion.

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

### A. Methods of Analysis and Investment Strategies

Premier customarily utilizes a three-step process to select our growth-oriented equity securities.

- *Quantitative screening:* Premier's quantitative process screens for superior earnings and revenue growth, high return on equity, and low debt levels.
- *Qualitative research:* Premier's primary research process examines secular trends, industry analysis and company specific data.
- *Technical analysis:* Premier's technical analysis involves analyzing the increasing or decreasing demand for particular industries and securities.

Premier's selection of equities for our dividend strategy focuses on companies with ample cash flow, strong balance sheets and above market dividends that are well covered. Premier generally employs a mean reversion philosophy for this product, seeking companies that are disfavored by the market and the subject of negative sentiment. Typically, these companies are leaders in their industries with a distinct competitive advantage providing a product or service with persistent demand that have encountered some temporary struggles. These companies are operated by a strong and credible management team with a meaningful stake in the company.

Premier uses a relative value approach to select fixed income securities.

Premier may also incorporate a sell discipline for existing positions, but it is not a guarantee against losses of magnitude.

Premier may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to its clients.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier's responsibilities under a client's investment management agreement. Investments made by sub-advisers are monitored and reviewed, including with participation by the client, in accordance with Premier's 'Review of Accounts' practices described under Item 13 below.

#### A.1. Investment Strategies

Premier generally utilizes the following investment strategies:

- *Large Capitalization Growth:* Premier generally constructs portfolios of individual equity securities that trade on U.S. exchanges. These securities generally have market capitalization greater than \$10 billion (although a small percentage of the holdings may have market capitalizations between \$1–\$10 billion) at the time of purchase. The companies in this portfolio are generally characterized as having a high level of expected future growth in revenue and earnings.
- *Fixed Income Portfolios:* Premier constructs portfolios of individual investment-grade bonds, ETFs, and bond funds for clients who desire the risk/return characteristics of fixed income investments. Premier defines investment grade as having a rating of BBB-/Baa3

or higher at the time of purchase by one of the three national ratings agencies. Premier's fixed income strategy seeks to provide an attractive current income stream, limited volatility, and limit the risk of significant loss of principal. Portfolios generally consist of individual bonds that are typically A or better rated by one of the three national rating services at the time of purchase. Premier generally avoids allocating investments to bond funds. Premier feels that fixed income strategies should include a fixed date upon which an investor's principal is returned and final maturities typically will not exceed ten years.

- *Dividend Strategy:* Premier manages a high dividend strategy. These portfolios are made up of several individual issues that pay a dividend at a rate that is generally higher than the yield on the S&P 500. The types of companies and sectors that comprise these dividend payers generally expose clients to risks that may be different than in Premier's growth portfolios.
- *ETF Strategy:* In smaller accounts it is difficult and may not be cost-effective to invest in individual issues. Hence, Premier has developed a diversified mix of ETFs for some of these strategies for certain accounts.
- *Balanced Portfolios:* Premier constructs balanced portfolios consisting of both individual equity and fixed income securities in the strategies listed above.
- *Small Capitalization:* This separately managed portfolio is offered through affiliate First Midwest Bank pursuant to a sub-advisory agreement effected between Premier and First Midwest Bank. The strategy generally invests in smaller companies with a market cap, under \$2B at time of purchase. The goal of this strategy is long-term capital appreciation in excess of the Russell 2000 index over a market cycle of 5-7 years. This strategy generally will have more volatility during certain periods but will potentially have higher long term investments returns.

## **A.2. Material Risks of Investment Instruments**

Premier typically invests in equity securities, corporate and bank-sponsored debt instruments, municipal fixed income instruments, government and government agency securities including asset-backed securities, options on securities, and other securities including, but not limited to, those detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Inverse exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Option contracts on securities
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities

- Option contracts on indices
- Preferred equity securities

Investment in all securities include the risk of loss. Investors should be prepared for the possible loss of some or all of their investments. Investments and strategies will vary by account. Clients should be aware that Premier and its affiliates perform investment advisory services for various clients. Premier may give advice and take action in the performance of its duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client. Premier has no obligation to purchase or sell for a client any security or other property which Premier purchases or sells for our own account or for the account of any other client, if it is undesirable or impractical to take such action. Premier may give advice or take action in the performance of its duties with respect to any of its clients which may differ from the advice given, or the timing or nature of action taken by Premier's affiliates on behalf of their clients.

#### **A.2.a. Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

Stock prices of small-capitalization companies may be more volatile than those of larger companies and, therefore, investments in this strategy may be more volatile. Stock prices of small-capitalization companies are generally more vulnerable than those of mid- or large-capitalization companies to adverse business and economic developments. Securities of small-capitalization companies may be thinly traded, making it difficult for the portfolio manager to buy and sell them. In addition, small-capitalization companies are typically less financially stable than larger, more established companies and may depend on a small number of essential personnel, making these companies more exposed to experiencing adverse effects due to the loss of personnel.

#### **A.2.b. Warrants and Rights**

Warrants are securities, typically issued with preferred stock or bonds that give the holder the right to purchase a given number of shares of common stock at a specified price and time. The price of the warrant usually represents a premium over the applicable market value of the common stock at the time of the warrant's issuance. Warrants have no voting rights with respect to the common stock, receive no dividends and have no rights with respect to the assets of the issuer.

Investments in warrants and rights involve certain risks, including the possible lack of a liquid market for the resale of the warrants and rights, potential price fluctuations due to adverse

market conditions or other factors and failure of the price of the common stock to rise. If the warrant is not exercised within the specified time period, it becomes worthless.

#### **A.2.c. Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **A.2.d. Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, Powershares and iShares<sup>®</sup>. The funds could purchase an ETF to gain exposure to a portion of the U.S. or foreign market. The funds, as a shareholder of another investment company, will bear their pro-rata portion of the other investment company's advisory fee and other expenses, in addition to their own expenses.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

#### **A.2.e. Inverse Exchange-Traded Funds**

An inverse ETF is an exchange-traded fund that is constructed by using various derivatives for the purpose of profiting from a decline in the value of the ETF's underlying benchmark.

Investing in inverse ETFs is similar to holding a short position, which profits from a decline in the security or incurs a loss when the security increases in value. An inverse ETF profits when the market or a particular market segment pegged to the ETF declines in value, and suffers a loss when the market or a particular market segment increases in value. Inverse ETFs may involve leverage, and such leverage can exacerbate the risk of loss because of the multiplier effect when leverage is utilized.

#### **A.2.f. Corporate Debt, Commercial Paper and Certificates of Deposit**

Fixed income securities carry additional risks than those of equity securities described above.

These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign), and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds also have liquidity and currency risk.

Commercial paper and certificates of deposit are generally considered safe instruments, although they are subject to the level of general interest rates, the credit quality of the issuing bank and the length of maturity. With respect to certificates of deposit, depending on the length of maturity there can be prepayment penalties if the client needs to convert the certificate of deposit to cash prior to maturity.

#### **A.2.g. Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

#### **A.2.h. U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

#### **A.2.i. Options on Securities**

A call option is a contract under which the purchaser of the call option, in return for a premium paid, has the right to buy the security (or index) underlying the option at a specified price at any time during the term of the option. The writer of the call option, who receives the premium, has the obligation upon exercise of the option to deliver the underlying security against payment of the exercise price. A put option gives its purchaser, in return for a premium, the right to sell the underlying security at a specified price during the term of the option. The writer of the put, who receives the premium, has the obligation to buy, upon exercise of the option, the underlying security (or a cash amount equal to the value of the index) at the exercise price. The amount of a premium received or paid for an option is based upon certain factors, including the market price of the underlying security, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, the option period and interest rates. Options have a unique set of risks shaped by the structure of option contracts. Options are time sensitive investments that can lose all of their value in a short period of time even if an investor chooses the correct direction of price movement. Generally, they are also leveraged securities that may amplify gains and losses of the underlying security.

### **A.2.j. Government and Agency Mortgage-Backed Securities**

The principal issuers or guarantors of mortgage-backed securities are the Government National Mortgage Association ("GNMA" or Ginnie Mae), the Federal National Mortgage Association ("FNMA" or Fannie Mae) and the Federal Home Loan Mortgage Corporation ("FHLMC" or Freddie Mac). GNMA, a wholly owned U.S. government corporation, guarantees interest and principal payments on mortgage-backed securities. The principal and interest on GNMA guaranteed MBS are backed by the full faith and credit of the U.S. government.

FNMA and FHLMC, which are U.S. government-sponsored entities, currently held under conservatorship of the FHFA, issue MBS from pools of conventional and federally insured and/or guaranteed residential mortgages. Mortgage-backed securities from FNMA and FHLMC are not backed by the full faith and credit of the U.S. government.

Because mortgage backed securities are typically backed by mortgages that include the option to make prepayments at the discretion of the property owner, MBS are subject to prepayment risk.

### **A.2.k. Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers and those sold outside the U.S. by foreign or U.S. issuers.

### **A.2.l. Mortgage-Backed Securities**

Mortgage-backed securities represent interests in a pool of mortgage loans originated by lenders such as commercial banks, savings associations, and mortgage bankers and brokers. Mortgage-backed securities may be issued by governmental or government-related entities, or by non-governmental entities such as special-purpose trusts created by commercial lenders.

Pools of mortgages consist of whole mortgage loans or participations in mortgage loans. The majority of these loans are made to purchasers of between one and four family homes. The terms and characteristics of the mortgage instruments are generally uniform within a pool but may vary among pools. For example, in addition to fixed-rate, fixed-term mortgages, the firm may purchase pools of adjustable-rate mortgages, growing equity mortgages, graduated payment mortgages and other types. Mortgage poolers apply qualification standards to lending institutions, which originate mortgages for the pools as well as credit standards and underwriting criteria for individual mortgages included in the pools. In addition, many mortgages included in pools are insured through private mortgage insurance companies.

Mortgage-backed securities differ from other forms of fixed income securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or on specified call dates. Most mortgage-backed securities, however, are pass-through



securities, which means that investors receive payments consisting of a pro rata share of both principal and interest (less servicing and other fees), as well as unscheduled prepayments as loans in the underlying mortgage pool are paid off by the borrowers. Additional prepayments to holders of these securities are caused by prepayments resulting from the sale or foreclosure of the underlying property or refinancing of the underlying loans. As prepayment rates of individual pools of mortgage loans vary widely, it is not possible to accurately predict the average life of a particular mortgage-backed security. Although mortgage-backed securities are issued with stated maturities of up to 40 years, unscheduled or early payments of principal and interest on the mortgages may shorten considerably the securities' effective maturities.

#### **A.2.m. Options on Indices**

An index assigns relative values to the securities included in the index, and the index fluctuates with changes in the market values of the securities included in the index. Index cash options operate in the same way as the more traditional options on securities, except that index options are settled exclusively in cash and do not involve delivery of securities. Thus, upon exercise of index options, the purchaser will realize and the writer will pay an amount based on the differences between the exercise price and the closing price of the index. Options are time sensitive investments that can lose all of their value in a short period of time even if an investor chooses the correct direction of price movement. Generally, they are also leveraged securities that may amplify gains and losses of the underlying security. In the case of an option on an index, it is impossible to hold the underlying asset and makes it more difficult to fully hedge certain risks.

## **B. Investment Strategy and Method of Analysis Material Risks**

### **B.1. Risk Factors**

The following list of risk factors does not purport to be a complete explanation of all potential risks. Prospective clients should read the entire ADV Part 2 before determining whether to invest.

- *Capital Loss* – The possibility of partial or total loss of capital exists when investing in stocks and bonds. Clients should be prepared to bear the consequences of such loss.
- *Fraud* – Premier conducts due diligence reviews of the securities, mutual funds, and exchange-traded funds it recommends. However, due diligence is not a perfect process and may not uncover all problems.
- *Business and Financial Risk* – Individual corporations and money managers may experience rapidly changing business conditions or unforeseen loss of capital, causing that corporation or money manager to have a weak financial condition.
- *Style* – Premier generally uses a specific investment style, which may become in or out of favor in the marketplace. This specific style could result in abrupt changes in a portfolio's market value and could underperform the overall market averages.
- *Capitalization* – Premier generally invests in a specific sub-segment of securities at various levels of capitalization. The performance of this subsection may underperform the overall market averages.
- *Alternative Assets* – Alternative assets present several unique risks, including liquidity risk

and counterparty risk.

- *Taxation* – Timing of capital gains, purchases and sales, and changes or modifications to existing tax laws may negatively affect the performance of a client's portfolio.
- *Valuation* – Certain securities or market conditions may make it difficult or impossible to efficiently price securities.
- *Institutional Risk* – Institutions such as brokerage firms, banks, or managed funds will generally have custody of the client's assets. Bankruptcy, fraud, or misrepresentation could impair a client's portfolio.
- *International Investments* – International investing presents unique risks, including currency risk and exposure to foreign investment rules and regulations. Currency exchange rates are highly volatile, and a profitable investment may lose its value because of currency fluctuations.

## **B.2. Leverage**

Although Premier, as a general business practice, does not utilize leverage, there may be instances in which exchange-traded funds, other separate account managers and, in very limited circumstances, Premier will utilize leverage. In this regard please review the following:

Leverage will enhance the overall risk of a client's portfolio. The use of leverage provides an investor with greater exposure to their portfolio than their net assets invested would otherwise allow. This means the performance of the portfolio is magnified, resulting in greater gains and losses to the investor. This inherently results in a greater risk of loss. The use of leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers that carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

## **B.3. Short-Term Trading**

Although Premier, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account

performance.

#### **B.4. Short Selling**

Premier generally does not engage in short selling but reserves the right to do so in the exercise of its sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

#### **B.5. Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Premier as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

##### **B.5.a. Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

##### **B.5.b. Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

##### **B.5.c. Long Put Option Purchases**

Long put option purchases allow the option holder to sell or "put" the underlying security at

the contract strike price at a future date. If the price of the underlying security declines in

value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **B.6. Technical Trading Models**

Technical trading models are generally mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models, through mathematical algorithms, generally attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

#### **C. Security-Specific Material Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have more diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

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

### **A. Broker-Dealer or Representative Registration**

Neither Premier nor any of its management personnel are registered or are in process of registering as a broker-dealer.

### **B. Futures or Commodity Registration**

Neither Premier nor its management personnel are registered as a futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Premier and its personnel may recommend or cross-sell products and services provided or offered by its affiliates, including First Midwest Bank, or permit such affiliates to market their products or services to Premier's clients. Compensation or other funds may be paid to Premier, its personnel and/or affiliates of such personnel by such affiliates or by Premier in connection with these efforts if a client utilizes these products or services. In this regard, Premier or its personnel may have a financial incentive to encourage a client to utilize these products or services. Premier and its personnel will act in accordance with their fiduciary duty in recommending such products or services.

### **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Premier may recommend or select other investment advisers to act as a sub-adviser to perform any or all of Premier's responsibilities under a client's investment management agreement. A sub-adviser may be an affiliate of Premier, including First Midwest Bank. Premier and/or its personnel may receive compensation or other funds in connection with recommending or delegating responsibilities to such a sub-adviser. In this regard, Premier or its personnel may have an incentive to recommend or delegate Premier's responsibilities to such a sub-adviser. The fee paid to a sub-adviser is generally paid by Premier and does not result in a separate, additional fee to a client.

## Item 11: Code of Ethics

### Premier Asset Management LLC

#### Code of Ethics

The firm has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1 and employees acknowledge adherence to the Code of Ethics annually. A copy of the firm's code of Ethics is available upon request. Any questions with respect to the firm's Code of Ethics should be directed to the Chief Compliance Officer.

Premier collects and maintains records of securities holdings and securities transactions effected by firm representatives. Premier 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.

Premier employees and individuals associated with our firm are prohibited from engaging in principal transactions and agency cross transactions. Our Code of Ethics 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 practicable 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 to the extent it is practicable and we are able to do so, with each account paying the average price. In such cases, our employee accounts will be included in the pro-rata allocation.



## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### A.1. Custodian and Broker-Dealer Recommendations

The following factors will generally be considered when selecting broker-dealers that may execute advisory trades (the "approved broker-dealers"):

- Input from portfolio managers, traders, and others
- Establishing an acceptable commission range for trades
- Information about the commissions paid over the previous quarters, including to the extent whether the commissions paid over the previous quarters, including to the extent whether the commissions exceeded the acceptable, pre-established range and the circumstances that caused the deviation
- Statistical and other information from consultants and vendors on the execution capabilities of broker-dealers

In certain instances, Premier will recommend to clients certain broker-dealers and/or custodians based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian suggested by Premier will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

Premier may suggest that clients establish brokerage accounts with a variety of custodians, depending on client needs, to maintain custody of clients' assets and to effect trades for their accounts. This includes First Midwest Bank, an affiliate of Premier, and certain employees of Premier may receive incentives to recommend First Midwest Bank as a custodian. Although Premier may assist clients in determining the various attributes of certain custodians, it is the client's sole decision to custody assets with the custodian.

For Premier clients' accounts, the custodian may or may not charge separately for custody services, and may be compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into the custodian's accounts.

Unless otherwise agreed with the client, broker-dealer recommendations, allocations and other brokerage determinations may be made by a sub-adviser hired by Premier to perform any or all of Premier's responsibilities under a client's investment management agreement, including Premier's affiliate First Midwest Bank.

**A.1.a. Soft Dollar Arrangements**

Premier may receive research and services provided by broker-dealers from third-party vendors it recommends or by requesting that a broker-dealer step-out client trades or pay research credits to or invoices from broker-dealers or vendors who produce research products or services.

Premier may also trade directly with a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, Premier generally utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to Premier and endeavors to direct sufficient research credits generated by its clients' accounts to such brokers or dealers to ensure the continued receipt of the research and services that Premier believes are valuable. As such, Premier receives research-related products services for which it receives a benefit it may not directly pay for. This includes both proprietary and third- party research from Yardeni Research, Louise Yamada Technical Research Advisors, 13D Asset Allocation & Investment Research, William Blair, Strategas, Vermillion Technical Research, Ned Davis Research, Birinyi Associates Newsletter, Charles Schwab CyberTrader Pro Institutional, William O'Neil's Wonda: Datagraphs for Global Markets, Renmac, and Evercore ISI Macro & Fundamental Research. Use of these soft dollar arrangements creates a conflict of interest. Premier receives a benefit for these research services and credits at the expense of the client. While Premier does incur direct expenses for some research, to the extent Premier utilizes client transactions to obtain information Premier might otherwise acquire at its own expense, Premier may have an incentive to place a greater volume of transactions or pay higher commissions to those broker-dealers rather than basing the execution decision on a client's interest in receiving more favorable execution.

The research and brokerage services provided to Premier may be proprietary or produced by third parties. The research and brokerage services are used by Premier in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide information on the performance of their companies. They may also include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to Premier that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to Premier's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of Premier, and such research products or services may not necessarily be used by Premier in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

As indicated above, individual clients may direct Premier (subject to certain conditions which may from time to time be imposed by Premier) to effect portfolio transactions through specific brokers or dealers. A client who chooses to direct the use of a particular broker or dealer should consider whether such a direction may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be obtainable by Premier, or may receive less favorable executions on some transactions, or both. The ability of Premier to negotiate commission rates with directed brokers will be limited. A client who directs brokerage may also be subject to the disadvantages discussed in Item 12.B.3 below regarding aggregation of orders. In determining whether to instruct Premier to utilize a particular broker or dealer, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the services provided.

#### **A.1.b. Institutional Trading and Custody Services**

Custodians may provide Premier with access to their institutional trading and custody services, which are typically not available to the custodians' retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain minimum amount of the advisor's clients' assets are maintained in accounts at the custodian. Custodians' 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 that would require a significantly higher minimum initial investment.

#### **A.1.c. Other Products and Services**

Custodians also make available to Premier other products and services that benefit Premier but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Premier's accounts, including accounts not maintained at the custodian. Custodians may also make available to Premier software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts

- provide research, pricing and other market data
- facilitate payment of Premier's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

Custodians may also offer other services intended to help Premier manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

Custodians may also provide other benefits such as educational events or occasional business entertainment of Premier personnel. In evaluating whether to recommend that clients custody their assets at the custodian, Premier 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 it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **A.1.d. Independent Third Parties**

Custodians may make available, arrange, and/or pay third-party vendors for the types of services rendered to Premier. Custodians may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to Premier.

### **A.2. Brokerage for Client Referrals**

Premier does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **A.3. Directed Brokerage**

#### **A.3.a. Premier Recommendations**

Premier, if requested by a client, may recommend a variety of custodians for client's funds and securities and to execute securities transactions depending on the needs of the client.

#### **A.3.b. Client-Directed Brokerage**

Occasionally, clients may direct Premier to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Premier derives from aggregating transactions. Premier loses the ability to aggregate trades with other Premier advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## B. Placing and Aggregating Securities Transactions for Client Accounts

### B.1. Best Execution

As an investment advisor, the firm has a fiduciary relationship to its clients. One of the specific duties that flow from this relationship is a duty to seek the best execution of client securities transactions when the advisor is in a position to direct brokerage transactions. While not defined by statute or regulation, “best execution” generally means the execution of client trades at the best net price considering all relevant circumstances. It is the firm’s policy to always seek best execution for client securities transactions. To the extent the firm trades with various executing broker-dealers, please note the following:

#### B.1.b. Factors Considered When Placing a Trade

The portfolio manager or trader customarily seeks the following when placing a trade with a particular broker-dealer:

- *Speed of execution:* The trader will exercise reasonable discretion in attempting to achieve the best execution.
- *Price improvement:* Select broker-dealers that generally route orders of OTC and listed securities to market makers and/or market centers where opportunities for price improvement exist.
- *Size improvement:* Select broker-dealers that generally execute trades in markets that provide the greatest liquidity and thus potential for execution of orders larger than the size quoted in the NBBO.
- *Commissions and fees:* Select broker-dealers that generally charge competitive commissions. The firm will also take into account ‘trade away’ fees charged by a client’s custodian.
- *Research and soft dollars:* Consider broker-dealers that generally provide research and brokerage services pursuant to soft dollar arrangements, provided such arrangements comply with applicable law and Premier’s soft dollar procedures described in this brochure.
- *Quality of overall execution services:* Select broker-dealers that generally execute trades in an accurate and professional manner, including providing prompt and accurate oral, hard copy, or electronic reports of execution. Number of incomplete trades the broker-dealer has made in the past will be considered.
- *Expertise:* Generally select one broker-dealer over another qualified broker-dealer if the former broker-dealer has special expertise in executing trades for a particular type of security.
- *Financial condition:* Generally select broker-dealers only if they are in sound financial condition and can maintain and commit adequate capital when necessary to complete trades. In addition, the broker-dealer’s ability and overall commitment to technology will be considered.

- *Skill*: Generally select highly skilled broker-dealers based on such factors as the broker-dealer's ability to search for and obtain liquidity to minimize market impact, accommodate unusual market conditions, complete trades, execute unique trading strategies, execute and settle difficult trades, and maintain the anonymity of the firm.
- *Conflicts of interest*: When selecting broker-dealers to execute trades in client accounts, the firm will be sensitive to conflicts of interest and where necessary shall address such conflicts by disclosure or other appropriate action.

## **B.2. Security Allocation**

Since Premier manages accounts with similar investment objectives and strategies, the firm seeks to aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Premier in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans to the extent permitted under ERISA section 406 ("Prohibited transactions") and private investment vehicles, such as limited partnerships or limited liability companies, in which Premier, its affiliates, principals or employees are among the investors.

Premier's allocation procedures generally seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients' best interests. Premier will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. One such procedure ensures that a single "strategy" trade executed across multiple brokers are placed with those brokers in a sequence determined by a random number generator. Account performance is not a factor in trade allocations.

Premier's advice to certain clients and entities and the action of the firm for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines, and circumstances. Thus, any action of Premier with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of the firm to or on behalf of other clients.

## **B.3. Order Aggregation**

Orders for the same security entered at the same time on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) at each custodian and/or broker. Subsequent orders for the same security entered during the same trading day are generally aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed. All clients participating in each aggregated order will receive the average price at each executing broker. Minimum ticket charges or commission rates may vary by account size and/or executing broker.

To minimize performance dispersion, "strategy" trades should generally be aggregated and average priced at each executing broker. There will be times when a particular trade meets the objective of only one account. In such instances the order will not be aggregated with other

accounts. This is true even if Premier believes that a larger size block trade would lead to best overall price for the security being transacted.

#### **B.4. Allocation of Trades**

All equity allocations will customarily be made prior to the close of business on the trade date. Bond allocations will be completed by trade date +1 and will not use account performance as a factor in the allocation. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, trading expenses, clients' liquidity needs, and previous allocations. When allocating a partially filled equity order, it is generally assumed that the unfinished portion will subsequently be filled. Therefore, our intent is then to (i) limit client trading expenses, and (ii) fill orders on a pro rata basis. This policy also applies if an order is "over-filled." The firm, however, generally does not participate in new issues or IPO transactions.

## Item 13: Review of Accounts

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Portfolio managers review each client account frequently. In the course of these reviews, portfolios and performance are compared with a client's stated objectives, restrictions and risk tolerances. Premier typically meets with clients on an annual basis to review portfolios, strategy performance, objectives restrictions and risk tolerances. Premier will meet with clients more frequently than annually when necessary.

### **B. Review of Client Accounts on Non-Periodic Basis**

Premier may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Premier formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by Premier. Premier generally does not provide regular reports to clients regarding their accounts. Clients should review their custodial statements regularly.



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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Premier receives certain economic benefits in the form of soft dollars. These benefits are accrued with the use of client brokerage. Please see section 12.A.1. for further discussion.

### **B. Advisory Firm Payments for Client Referrals**

Premier does not make payment for client referrals.

## Item 15: Custody

As discussed under Item 5, Premier is authorized to debit advisory fees directly from client accounts. Because the custodian does not calculate the fees to be deducted, clients should verify the amount and contact Premier if they believe there are errors. An affiliate under common ownership, First Midwest Bank, serves as custodian for certain of Premier's clients' accounts, and as such, Premier 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 First Midwest Bank is affiliated with the firm, an independent public accountant prepares an internal control report with respect to those custodial services.

Clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Premier urges its clients to compare the account balance(s) and activity shown on any materials prepared by Premier to the information shown on the client's custodian's statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to Premier with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, Premier may exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used. Investment limitations may be designated by the client as outlined in the investment advisory agreement.

## Item 17: Voting Client Securities

Premier, often has voting power with respect to securities in client accounts. When Premier has proxy voting power with respect to securities in a client's account, it owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care, which requires Premier to monitor corporate events and to vote the proxies or abstain as determined to be appropriate; (ii) the duty of loyalty, which requires Premier to put the client's interests before Premier's own interests and those of its affiliates.

In keeping with its fiduciary duties, Premier has adopted a Proxy Voting Policy, which sets forth the firm's policies and procedures designed to ensure that it votes client's securities in the best interest of the client. Premier will be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account. Premier will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Premier for information about how the firm voted with respect to any of the securities held in their accounts.

Except as required by applicable law, Premier will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies. From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Premier has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Premier also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Premier has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients. Where Premier receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate.

As a general rule, Premier will vote all proxies relating to a particular proposal the same way for all client accounts holding the security in accordance with Premier's Proxy Voting Policy, unless a client specifically instructs Premier in writing to vote such client's securities otherwise. When making proxy voting decisions, Premier may from time to time seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

A copy of Premier Proxy Voting Policy will be provided upon receipt of a written request.

Unless otherwise agreed with the client, the voting of securities recommended by a sub-adviser hired by Premier to perform any or all of Premier's responsibilities under a client's investment management agreement, including affiliate First Midwest Bank, may be directed by that sub-adviser pursuant to the terms held in its sub-advisory agreement with Premier.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Premier does not require the prepayment of fees of \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Premier does not have any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.