

## Item 1 – Cover Page

### Form ADV Part 2 Brochure

March 22, 2024

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*This brochure dated March 22, 2024 (“**Brochure**”), provides information about the qualifications, investment strategies, and business practices of Kaufman Hall Investment Management, LLC (“**KHIM** or the “**Company**”), an Investment Adviser registered with the U.S. Securities and Exchange Commission (the “**SEC**”).*

*Please note that SEC registration status does not indicate a particular level of skill or training of KHIM or its employees and that neither the SEC nor any state securities authority has approved this Brochure. The information in this Brochure has not been approved or verified by the SEC or by any U.S. state securities authority.*

*If you have any questions about the contents of this Brochure, please contact us at (615) 690-5541 or by e-mail: [pbrown@kaufmanhall.com](mailto:pbrown@kaufmanhall.com). Additional information about KHIM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 – Material Changes

This is the annual update filing made to KHIM’s initial Form ADV filing made on November 3, 2023.

As explained herein, KHIM has adopted a new business line, “investment consultant search” (“ICS”), which assists clients in the search for and selection of new investment consultants, including registered investment advisers, based on the client’s profile, investment objectives and criteria established by the client. The following is a summary of the material changes made to our brochure since our initial filing:

- A description of the firm’s new ICS business has been added under Item 4;
- Disclosures regarding the fees charged to ICS clients have been added under Item 5;
- Updated strategies and methods of analysis related to ICS and related risk factors have been added under Item 8; and
- Disclosures related to referral fees or other compensation from investment advisors in connection with ICS have been added under Item 14.

In the future, this Item 2 will discuss only specific material changes that are made to the previous brochure and provide clients with a summary of such changes. KHIM will also reference the date of its last annual update of its brochure.

KHIM will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. KHIM may also provide other ongoing disclosure information about material changes as necessary and provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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## **Item 4 – Advisory Business**

### **Background and Ownership Structure**

Kaufman Hall Investment Management, LLC (“**KHIM**”) was founded on September 15, 2023 and its principal place of business is Brentwood, Tennessee. KHIM is wholly-owned by Kaufman, Hall & Associates, LLC (“**KHA**”).

### **Advisory Services**

KHIM provides discretionary and non-discretionary investment advisory services to state and local municipal entities, nonprofit hospitals, healthcare institutions, higher education institutions, cultural institutions, and other institutional investors. KHIM’s primary strategy focuses on the generation of attractive returns/investment income while preserving capital, primarily through investments in a mix of U.S. government/agency bonds, U.S. state and local bonds, investment-grade corporate bonds and asset-backed securities, including mortgage-backed securities.

Any investment and divestment recommendations and advice are subject to the client’s investment objectives and guidelines, as set forth in the Investment Management Agreement. Therefore, KHIM recommends investments to clients based on, and is restricted by, these guidelines.

KHIM does not participate in wrap fee programs.

KHIM also provides “investment consultant search” (“**ICS**”) services, which assist clients in the search for and selection of new investment consultants and other third-party service providers, including registered investment advisers, based on the client’s profile, investment objectives and criteria established by the client. ICS provides clients with a holistic search, review and selection process that involves (i) outlining client objectives and timelines for investment advisor search process, (ii) identifying firms that will be invited to participate in the request for proposal process, interview and selection process based on client objectives and selection criteria established, (iii) preparation of requests for proposal based on client objectives and coordinating responses from investment advisers that are participating in the ICS process, (iv) summarizing and scoring responses from participating advisers, (v) conducting due diligence on participating firms, and (vi) coordinating interviews and supporting ICS clients in the selection of an adviser, including advising the client on commercial terms and transition processes.

Any recommendations regarding particular investment advisors are subject to the criteria, objectives and guidelines set by the client under the ICS Agreement (in the form of an engagement letter) and meetings between KHIM and the client. Therefore, KHIM recommends investment advisers based on, and is restricted by, those objectives and guidelines.

### **Regulatory Assets Under Management**

Currently, KHIM actively advised the investment of \$1,170,770,900 of assets on a discretionary basis (and therefore its regulatory assets under management currently is \$1,170,770,900).

## **Item 5 – Fees and Compensation**

### **Advisory Services Compensation**

KHIM receives fees based on a percentage of a client's assets under management. Fees are generally paid quarterly in advance.

With respect to ICS, KHIM receives fixed fees as reflected in the ICS Agreement. Clients are provided with a monthly invoice for services rendered and amounts are due and payable in accordance with the terms of the ICS Agreement. Clients will not incur brokerage, termination, or other fees in connection with ICS.

KHIM's Investment Management Agreement and ICS Agreement identify all applicable fees, including calculation methodologies. KHIM invoices these fees directly to a client.

### **Brokerage Fees or Costs**

KHIM is not a broker-dealer, agent or trader. Clients will also incur brokerage and other transaction charges in connection with the management of their accounts. Clients have the option to purchase investment products through broker-dealers or agents that are unaffiliated with KHIM. Item 12 of this Brochure provides a discussion of KHIM's brokerage practices and related costs and fees.

### **Other Fees and Expenses:**

Other fees and expenses that clients may pay include custodian fees.

### **Negotiability of Fees**

The fees paid by clients to KHIM are negotiable but may only be amended by agreement between the parties.

### **Termination and Fees**

The events under which the Investment Management Agreement and ICS Agreement can be terminated are defined within the Investment Management Agreement and ICS Agreement. Unless otherwise provided therein, any fees which have been paid in advance for the period beyond the date of termination will be returned to clients on a prorated basis.

### **Compensation for the Sale of Securities or Other Investment Products**

KHIM and its supervised persons do not receive compensation for the sale of securities or other investment products to clients, or, in the case of ICS, compensation for the recommendation of a particular investment adviser.

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

KHIM does not charge its clients performance-based fees. KHIM manages its clients' accounts, including clients that have the same investments in their portfolios, in the best interest of each client.

## **Item 7 – Types of Clients**

As noted in Item 4 above, KHIM's target clients generally include state and local municipal entities, nonprofit hospitals, healthcare institutions, higher education institutions, cultural institutions and other institutional investors.

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

The information below is only a summary of the principal investment strategy employed by KHIM as well as the methods of analysis and risk of loss. Please refer to the Investment Management Agreement, ICS Agreement, and other related documentation for additional information about the strategy, methods of analysis and risks.

### **Investment Strategies**

As stated previously, KHIM's strategy focuses on the generation of attractive returns/investment income while preserving capital, primarily through investments in a mix of U.S. government/agency bonds, U.S. state and local bonds, investment-grade corporate bonds and asset-backed securities, including mortgage-backed securities. Pursuant to the Investment Management Agreement, KHIM provides advisory services to its clients, as well as any trustee or custodian, which includes, but is not limited to, the following:

- directing the purchase and sale of investments, including the exercise of options or related rights attached to any investment;
- directing the voting on proxies when appropriate per the Investment Management Agreement;
- directing trustees and custodians on their investment and reinvestment powers, duties and authority under applicable trust or custodial agreements; and
- allocating investment opportunities on a pro-rata basis for all clients with similar guidelines.

In connection with ICS, KHIM has developed a process that is designed to holistically review the client's investment platform, collaborate with clients to define forward objectives for the platform, recommend platform enhancements and recommend third-party partners, including investment advisors, that best align with the client's investment objectives and strategies, risk tolerances, and forward-looking expectations. This process is governed by the ICS Agreement. As part of that

process, KHIM conducts an assessment of the client's invested asset platform and its adviser relations, prepares and administers the investment adviser search process with client input, conducts due diligence, ranks participating investment advisers, and advises the client on commercial terms.

## **Methods of Analysis**

KHIM's methods of analysis include fundamental analysis, technical analysis, and cyclical analysis. KHIM's investment strategies include the purchase of securities on a long-term basis (securities held at least a year), purchases of securities on a short-term basis (securities sold within a year), and trading of securities (selling securities within 30 days of purchase).

Investments will generally be made by KHIM only if they meet the client's investment objectives and guidelines in relation to its specific strategy and risk profile. The criteria for selecting a particular investment include but are not limited to: the investment's risk/return profile, the client's liquidity and portfolio balance, and the investment's expected performance.

In general, KHIM seeks to attain its investment objective through a mix of U.S. government/agency bonds, U.S. state and local bonds, investment-grade corporate bonds and asset-backed securities, including mortgage-backed securities.

In connection with ICS, KHIM considers a host of factors when advising clients on the selection of particular investment advisors. KHIM considers:

- The forward-looking expectations for the client's invested assets, including overall goals and objectives;
- Recent relevant performance of the respective investment advisers included in the search process for similarly invested asset pools across similar clientele;
- Corporate structure, firm resources and capabilities, and team experience of the respective investment advisor firms included in the search process;
- The current and targeted management and governance oversight responsibility of the client's invested assets;
- Any existing investment parameters or guidelines;
- An assessment of core task functions and their assigned responsibility required for maintaining the investments;
- Pool risk tolerances are developed and whether a change in the approach is warranted;
- The current or targeted approach to any specialty areas or focus topics ranging from governance structure, management structure, staffing approach, investment policy statement development, investment platform operations, investment manager

access/due diligence/fees, reporting, venture/alternative investments, active vs. passive investing, investment pool sizing, impact investing, diverse manager access, diversity, equity, inclusion, belonging, and commitment to anti-racism, venture/alternative investing, or any other related topic the client would like evaluated

- Advisory firm current and previous client reference check feedback; and
- The existing external adviser's relationship and level of support across a range of both strategic and operational functions.

Considering those considerations and after appropriate due diligence, KHIM provides ICS clients with a response summary and score that will rate each response from an adviser in accordance with the foregoing considerations and any other metrics jointly developed by KHIM and the ICS client.

### **Risk of Loss**

Clients' investments are subject to risk of loss and other incidental risks of ownership, which may impact the performance of such investments, including:

- Macroeconomic Risk. The value of an investment may be adversely affected by the impact of general economic conditions or by the financial condition of the issuer. The returns are likely to be materially affected by the political and economic climate. Changes in the rate of inflation may materially affect financial performance or the value of an investment. Continuing uncertainties regarding interest rates, rising inflation, government shutdowns and other political events, rising government debt in the U.S. and trade tensions also contribute to market volatility. As a result of continuing political tensions and armed conflicts, including the war between Ukraine and Russia and Israel and Palestine, the U.S. and the European Union imposed sanctions on certain Russian individuals and companies, including certain financial institutions, and have limited certain exports and imports to and from Russia. The war has contributed to recent market volatility and may continue to do so. Instability and volatility in the banking and financial services sectors, including bank failures, and recessionary pressures outside the U.S. have increased may in the future increase uncertainty in the global economy and the risk of a global recession.
- Interest Rate Risk. Changes in the prevailing interest rates could have an adverse impact on investment returns. Market interest rates are beyond the control of KHIM and can fluctuate in response to general economic conditions and the policies of various governmental and regulatory agencies. The market value of fixed income securities generally will change inversely with interest rates. As interest rates rise, the value of the securities will decrease. In general, the longer the maturity of the securities held, the greater its sensitivity to interest rate changes. This risk may be compounded by rising inflation rates and related changes to U.S. monetary policy.

- Spread Risk. The client's portfolio may include investments in different sectors of the fixed income market. Each sector may trade at different relative values over time. The relative spreads between these sectors can move in an adverse direction, thereby affecting the value of the portfolio.
- Prepayment Risk. Certain securities, primarily asset-backed and mortgage-backed securities, trade and are valued based on certain prepayment assumptions. When the actual return of principal differs from assumptions, the realized yield on the security, as well as the market value of the security, may be adversely affected.
- Liquidity Risk. Although investments will generally be in securities with established markets and will be made via dealers with proven track records for providing liquidity, adverse market conditions may impact the liquidity of certain securities, and therefore the liquidity of interests in the client's portfolio.
- Diversification Risk. Although clients are limited in the amount of capital that may be committed to any single investment and certain geographies and types of investment, clients may have latitude in the amount of capital that may be committed to investments in or loans to borrowers in any particular industry, sector or geography. As such, its assets may not be diversified and may be subject to an increased risk of loss.
- Credit Risk. If a borrower cannot meet its debt obligations, the borrower may default on its loan agreements or be forced into bankruptcy or insolvency proceedings (which may lead to restructuring or liquidation). One of the protections offered in certain jurisdictions in such proceedings is a stay on required debt payments. A stay on payments could adversely affect the value of investments. Other protections in such proceedings include forgiveness of debt, the ability to create super-priority liens in favor of certain creditors of the debtor and certain well-defined claims procedures. As a result, clients may suffer a partial or total loss of capital invested in that borrower. It is likely that any economic downturn could adversely affect the ability of the participants of such debt to repay principal and interest thereon and increase the incidence of default for such debt.
- Limitations on Remedies. Although clients will have certain contractual remedies upon the default by any debtors under investments, certain legal requirements may limit the ability of clients to effectively exercise such remedies.
- Difficulty of Successful Enforcement. Investments may be secured by mortgages, charges, pledges, liens or other security interests. It is possible that the KHIM may find it necessary or desirable to forfeit, foreclose or enforce upon collateral securing one or more investments of a client. Depending on the jurisdiction in which such security interests are created, enforcement of such security interests may be a complicated, difficult and expensive process. For example, enforcement of security interests in certain jurisdictions may require a court order and a sale of the secured property through public bidding or auction. In addition, some jurisdictions grant courts the

power to declare security interest arrangements to be void if they deem the security interest to be excessive.

- Epidemics, Pandemics, and Other Human Health Crises. U.S. and international markets have experienced significant periods of volatility due to a number of economic, political and global macro factors including the impact of COVID-19 as a global pandemic, which has resulted in a public health crisis, disruptions to business operations and supply chains, stress on the global healthcare system, growth concerns in the U.S. and overseas, staffing shortages and the inability to meet consumer demand, and widespread concern and uncertainty. Another epidemic, pandemic or other human health crisis could contribute to similar economic volatility in the future, which may adversely impact the value of investments.
- Repurchase Risks. KHIM may enter into repurchase agreements. When KHIM enters into a repurchase agreement, it "sells" securities to a broker, dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker, dealer or financial institution, plus interest at a negotiated rate. The use of repurchase agreements by KHIM involves certain risks including that the seller under a repurchase agreement defaults on its obligation to sell the underlying securities.
- Derivative Risks. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. KHIM may use derivatives for certain purposes, including, among other things, as a temporary substitute for liquidating a position in a security or securities as part of a strategy designed to liquidate in a more orderly fashion to reduce exposure to other risks, such as interest rate, credit or currency risk. Some of the investments purchased by KHIM for client accounts could be characterized as derivatives.

Derivative instruments that may be purchased or sold by KHIM include privately negotiated principal-to-principal transactions in which performance is the responsibility of the individual counterparty. The risk of nonperformance by the counterparty on such transactions may be greater and KHIM may not be able to dispose of such instruments or enter into offsetting positions through an organized exchange or clearinghouse. Derivative products can be highly specialized instruments that require investment techniques and risk analyses different from those associated with other types of securities, and therefore present certain operational risks as well as interest rate, market and credit risk.

Derivatives also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. If KHIM invests in a derivative instrument it could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that the counterparty will

engage in these transactions to reduce exposure to other risks when that would be beneficial.

- **Valuation Risk.** The market value of investments may fluctuate with, among other things, general international and local economic conditions, developments and trends in the real estate industry, the conditions of financial markets and the financial condition of the relevant counterparties in respect of which investments are made. The valuation of investments is inherently subjective due to, among other factors, currently available information about the security and issue and valuation methodologies. Due to a wide variety of market factors and the nature of certain investments to be held by the client, there is no guarantee that the value determined by KHIM will represent the value that will be realized on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Issuer are inherently different from the valuation of KHIM's investments in the event the Issuer were forced to liquidate all or a significant portion of its investments, which liquidation valuation could be materially lower.
- **ICS Risk.** The prior performance of any investment adviser recommended as part of ICS may not be indicative of future performance. Investment strategies employed by any advisor selected by a client are determined by the client and the adviser, not KHIM. Clients should carefully consider the risks and objections associated with any such strategies and whether it is suitable for their needs. KHIM does not guarantee the performance of any particular investment adviser recommended to a client or selected by a client nor does it guarantee the performance of any particular investment recommended by such advisers. The strategies employed by investment advisers selected by the client may be substantially different than the strategies employed by KHIM.

## **Item 9 – Disciplinary Information**

Form ADV Part 2 requires investment advisers such as KHIM to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to the evaluation of its advisory business or the integrity of its management. KHIM has no information to report that is applicable to this item.

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

KHIM is a wholly-owned subsidiary of KHA, which is a registered municipal securities advisory and commodity trading advisor that was established in 1985 in Chicago, Illinois. KHA also provides leading hospitals and health systems with consulting services on treasury and capital markets; partnerships, mergers, and acquisitions; strategic financial planning; performance improvement; real estate; and clinical documentation support. KHIM and KHA share certain administrative and overhead expenses including shared office space and human resources. KHIM and KHA may have certain clients in common.

Certain employees of KHIM are retained by and associated with KHA to periodically assist with (i) pricing support and market update information for KHA's municipal advisory clients with respect to the issuance of debt instruments and (ii) analytical support, including debt & derivative advisory, strategic advisory, credit & capital structure management, merger integration support, and investment platform optimization.

Employees that are retained by and associated with KHA receive compensation indirectly from KHA in connection with the services provided to KHA and its municipal client. The services and recommendations made by these employees at KHIM are separate and distinct from services provided to KHA, and they will not earn investment advisory fees in connection with any product or services provided at KHA. All compensation received from KHIM is based on the performance of KHIM. Employees receive no commissions, bonuses or other compensation based on the sale of securities, or other investment products, including distribution or service from the sale of mutual fund shares.

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

### **Code of Ethics**

KHIM has adopted a Code of Ethics, which holds its employees to a high standard of integrity and business practice, in compliance with applicable U.S. laws and regulations. In serving its clients, KHIM strives to avoid conflicts of interest or the appearance of conflicts in connection with the securities transactions of KHIM, its affiliates and their employees. KHIM and its personnel owe their clients a duty of honesty, good faith and fair dealing and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide it.

The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports and initial and annual securities holdings reports submitted by all of KHIM's access persons. The Code of Ethics requires the prior approval or prohibition of certain securities transactions. If it is determined by the Chief Compliance Officer that a reported trade resulted from fraudulent, deceptive or manipulative actions by the reporting person, disgorgement of profits or other punitive action will be taken against such person. It also contains oversight, enforcement, and recordkeeping provisions. KHIM designed the Code of Ethics to ensure that the personal securities transactions, activities, and interests of its employees will not interfere with (i) making decisions in the best interest of its clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

With certain exceptions, all employees are required to clear in advance of execution through the Chief Compliance Officer, or in the case of a request by the Chief Compliance Officer, through the alternative Chief Compliance Officer, any purchase or sale, direct or indirect, of any security in an Initial Public Offering or in a Limited Offering in which such employee has, or by reason of such

transaction acquires, any direct or indirect Beneficial Ownership Interest. The applicable Chief Compliance Officer shall retain written records of such clearance requests.

The Chief Compliance Officer may refuse to preclear a transaction if they deem the transaction to involve a conflict of interest, possible diversion of corporate opportunity, or an appearance of impropriety.

KHIM and its related persons do not recommend to clients or buy or sell for client accounts securities in which KHIM or a related person has a material financial interest. KHIM and its related persons do not recommend securities to clients or buy or sell securities for client accounts at or about the same time that KHIM or a related person buys or sells the same securities (excluding agencies and/or treasuries) for KHIM's account (or the account of a related person). The Code of Ethics further includes KHIM's policy requiring all employees to comply with all U.S. federal securities laws, including the Investment Advisers Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, Title V of the Gramm-Leach-Bliley Act and any rules promulgated thereunder are complied with and that violations thereof are reported promptly to the Chief Compliance Officer.

A copy of KHIM's Code of Ethics is available to its clients via e-mail at [pbrown@Kaufmanhall.com](mailto:pbrown@Kaufmanhall.com) or via telephone at (615) 690-5541.

### **Participation or Interest in Client Transactions and Personal Trading**

KHIM personnel have in the past, and may in the future, acquire investments of a type that would be permissible for a client. In the event that either KHIM or its personnel is considering an investment in any investment of a type that would be permissible for clients, the potential opportunity must be presented to the Chief Compliance Officer for review and consideration. (This requirement includes any potential investment by KHIM, its personnel or, to the extent that KHIM personnel originate or identify a potential investment opportunity, another entity controlled by KHIM personnel.)

In the event that it is determined that the potential investment is appropriate for a client, the potential opportunity must first be offered to the client (before KHIM or its personnel, as applicable, may acquire that investment). In the event that the potential opportunity is deemed to be appropriate for more than one KHIM client, the Asset Allocation Policy (set forth below in Item 12) will be applied.

KHIM does not generally engage in principal or cross transactions. However, in accordance with the anti-fraud provisions of the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and with KHIM's internal compliance policies and procedures, KHIM will not, as principal, sell a security to, or buy a security from, a client without obtaining the consent of that client prior to the settlement of such transaction.

## **Item 12 – Brokerage Practices**

KHIM may select or recommend broker-dealers for client transactions from time to time. However, these recommendations are not made with respect to ICS clients.

### **Research and Other Soft Dollar Benefits**

KHIM does not receive research or other products or services other than execution from a broker-dealer or third party in connection with client securities transactions. In selecting or recommending a broker-dealer, neither KHIM nor any related person receives client refunds from a broker-dealer or third party.

### **Brokerage for Client Referrals**

KHIM does not consider whether it has received an investor or client referral from broker-dealers in selecting or recommending brokers to clients.

### **Directed Brokerage**

KHIM permits clients to direct brokerage to selected broker-dealers, in which case KHIM may not be able to get the best price and execution for the client and such brokerage commissions may be more costly for the client. For example, in a directed brokerage account, the client may pay higher brokerage commissions because KHIM may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

KHIM does not require, but often does recommend and request the client direct the use of certain broker-dealers. In such cases, KHIM may have preexisting business relationships with such broker-dealers. Not all advisers require their clients to direct brokerage.

### **Transaction Aggregation**

KHIM may aggregate trades of clients if it determines that such aggregation is consistent with the best execution and fair treatment for clients.

## **Item 13 – Review of Accounts**

Investment accounts are reviewed and monitored on an ongoing basis by the assigned lead portfolio manager. All decisions are made on a team basis. The two portfolio managers (Senior Vice Presidents) execute this process with input from other Company personnel. Any changes in individual client guidelines, operating environment or industry outlook will generate a review of the portfolio. Any significant market changes considered material to our investment outlook will be the basis for a formal review.

KHIM provides its clients with various written periodic reports, which include investment performance reports and annual audited financial statements.

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

Non-clients do not provide any economic benefit to KHIM in connection with providing advice or advisory services to clients nor do any investment advisors provide any economic benefit to KHIM for being recommended or selected as part of ICS.

Neither KHIM nor its related persons directly or indirectly compensate any person who is not a supervised person for investor or client referrals.

Additionally, KHIM does not pay any commission or referral/introduction fee for the identification of new clients or potential new investment advisors participating in ICS. It is KHIM's policy not to accept or allow its related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to its clients.

## **Item 15 – Custody**

Client securities and funds are held by one or more qualified custodians. The client will receive account statements from the custodian of its funds and securities. The client should carefully review these statements. If the client also receives an account statement from KHIM it should compare such account statement with the account statement from the custodian.

## **Item 16 – Investment Discretion**

KHIM provides discretionary investment advisory services to clients. However, clients may provide investment guidelines for the management of cash and related investments. KHIM will make its investment decisions in a manner that is consistent with those guidelines but will otherwise have sole and exclusive authority and discretion to manage the assets of clients. Any proposed changes in investment guidelines shall be provided in advance, in writing, for review by KHIM and shall provide for a reasonable time which KHIM shall have within which to come into compliance with such changed guidelines.

## **Item 17 – Voting Client Securities**

In general, KHIM will not have authority to vote nor does it ever intend to vote any security it holds on behalf of a client. In the event that KHIM is ever required to vote a client security by proxy, it will ensure that proxies would be voted in the best interests of the clients and address any conflicts of interest that might arise as a result of a proxy voting obligation. If required, KHIM will vote proxies solely with the goal of maximizing the value of client investments in a manner that is consistent with the client agreement.

In general, KHIM will not have authority to vote nor does it ever intend to vote on any security it holds on behalf of a client. In the event that KHIM is ever required to vote a client security by proxy, it has adopted a Proxy Voting Policy and Procedures whereby proxies would be voted in the best

interests of the clients and address any conflicts of interest that might arise as a result of a proxy voting obligation.

Clients may obtain a complete copy of KHIM's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by KHIM for the client, information on how KHIM voted proxies for the client free of charge by submitting a written request to KHIM at (615) 690-5541 or by e-mail at [pbrown@kaufmanhall.com](mailto:pbrown@kaufmanhall.com).

### **Item 18 – Financial Information**

KHIM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients and has not been the subject of a bankruptcy petition at any time during the past ten years.

KHIM will disclose to its clients any financial condition that is reasonably likely to impair its ability to meet the contractual commitments to clients.

### **Item 19 – Requirements for State-Registered Advisers**

Form ADV Part 2 requires responses to Item 19 if an investment adviser is registered with one or more state securities authorities. This item is not applicable to KHIM.

**Form ADV Part 2B Brochure Supplement**

**March 22, 2024**

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*This brochure supplement provides information about investment advisory personnel that supplements the Kaufman Hall Investment Management, LLC brochure. You should have received a copy of that brochure. Please contact the firm's Chief Compliance Officer, Paul Brown, if you did not receive Kaufman Hall Investment Management, LLC's brochure or if you have any questions about the contents of this supplement.*

## **Item 2: Educational Background and Business Experience**

Mr. Cesarone is Senior Vice President of Kaufman Hall Investment Management, LLC ("KHIM"). He is responsible for providing fixed income management to clients with an emphasis on those focused on the short and intermediate part of the yield curve. Mr. Cesarone has more than 35 years of experience in the investment industry.

Mr. Cesarone was also President and CEO of Ponder Investment Co. and held this role since 2015. Prior to his role at Ponder Investment Co., he was a fixed income portfolio manager focused on portfolios invested exclusively in high-quality, intermediate bonds primarily for institutional clients at Advisory Research, Inc., Pacific Income Advisers and Scudder Stevens & Clark. He has been responsible for separate accounts ranging in size from \$1 million to \$1 billion.

Mr. Cesarone holds an M.B.A. in finance from DePaul University in Chicago, Illinois and a B.S. in Petroleum Engineering from The University of Tulsa in Oklahoma. Additionally, he is a member of the CFA Society of Nashville and The CFA Institute. Mr. Cesarone was born in 1964.

## **Item 3: Disciplinary Information**

There is no disciplinary information to report.

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

Mr. Cesarone remains as Shareholder Representative of Ponder Investment Co.. Substantially all of the assets of Ponder Investment Co. were acquired by KHIM on October 19, 2023. Ponder Investment Co. has no material operations following the acquisition by KHIM and is in the process of winding-down.

Because Ponder Investment Co. has limited operations while it winds down there are no material conflicts of interest with clients, and Mr. Cesarone will not receive from Ponder Investment Co. commissions, bonuses or other compensation based on the sale of securities or other investment products.

## **Item 5: Additional Compensation**

No persons (other than clients) provide an economic benefit to Mr. Cesarone for providing advisory services.

## **Item 6: Supervision**

Mr. Cesarone is a supervised person and an Access Person (as defined under Rule 204A-1 of the Investment Advisers Act) of KHIM and, as such, is subject to KHIM's compliance policies and procedures and Code of Business Conduct & Ethics. KHIM has checks in place to ensure that the portfolio management processes are consistent with KHIM's fiduciary obligations to clients. In

addition, supervised persons are required to complete regular compliance training. Robert Turner is responsible for monitoring Mr. Cesarone's advisory activities. Mr. Turner can be reached at [rturner@kaufmanhall.com](mailto:rturner@kaufmanhall.com) or by phone at 847-441-8780.

**Form ADV Part 2B Brochure Supplement**

**March 22, 2024**

**David A. Hiteshew**

**Kaufman Hall Investment Management, LLC**

10 Cadillac Drive, Suite 120  
Brentwood, TN 37027

Telephone: (615) 690-5541

Web Address: [www.kaufmanhall.com](http://www.kaufmanhall.com)

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## **Item 2: Educational Background and Business Experience**

Mr. Hiteshew is Senior Vice President of Kaufman Hall Investment Management, LLC ("KHIM"). He is responsible for providing fixed income management on a separate account basis to clients with an emphasis on those focused on the short and intermediate part of the yield curve.

Mr. Hiteshew has more than 35 years of experience in the investment industry. Prior to joining KHIM, he was Managing Director at Ponder Investment Co. from 2004 to 2023. Prior to that, he was vice president and portfolio manager for Asset Allocation and Management in Chicago, managing \$1+ billion in client assets. While there, he developed and managed the crossover investment strategy for insurance companies, actively managing the yield curve and sector decisions for those clients.

Previously, Mr. Hiteshew worked as a fixed income portfolio manager for insurance companies with Zurich Scudder Investments and for a variety of clients with J.P. Morgan Investment Management Company. He specialized in the management of tax-exempt municipal securities in these assignments as well as at American Express Company, where he was the senior trader for tax exempts.

Mr. Hiteshew holds a B.S. in Finance and Economics from Florida State University in Tallahassee. Additionally, he is a member of the CFA Society of Nashville and The CFA Institute. He is a registered Municipal Advisor (Series 50). Mr. Hiteshew was born 1962.

## **Item 3: Disciplinary Information**

There is no disciplinary information to report.

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

Mr. Hiteshew is retained by and associated with Kaufman, Hall & Associates, LLC ("KHA"), KHIM's parent company, to periodically assist with pricing support and market update information for KHA's municipal advisory clients with respect to the issuance of debt instruments. KHA is a registered municipal advisor and commodity trading advisor. KHIM and KHA have certain clients and employees in common and share certain administrative and overhead expenses including shared office space, personnel, and human resources.

In his role at KHA, Mr. Hiteshew receives compensation indirectly from KHA in connection with the foregoing services. Mr. Hiteshew's recommendations for KHIM are separate and distinct from the services provided at KHA, and Mr. Hiteshew will not earn investment advisory fees in connection with any product or services Mr. Hiteshew provides at KHA. All compensation received from KHIM is based on the performance of KHIM. Mr. Hiteshew receives no commissions, bonuses or other compensation based on the sale of securities, or other investment products, including distribution or service from the sale of mutual fund shares.

**Item 5: Additional Compensation**

No persons (other than clients) provide an economic benefit to Mr. Hiteshew for providing advisory services.

**Item 6: Supervision**

Mr. Hiteshew is a supervised person and an Access Person (as defined under Rule 204A-1 of the Investment Advisers Act) of KHIM and, as such, is subject to KHIM's compliance policies and procedures and Code of Business Conduct & Ethics. KHIM has checks in place to ensure that the portfolio management processes are consistent with KHIM's fiduciary obligations to clients. In addition, supervised persons are required to complete regular compliance training. Robert Turner is responsible for monitoring Mr. Hiteshew's advisory activities. Mr. Turner can be reached at rturner@kaufmanhall.com or by phone at 847-441-8780.

**Form ADV Part 2B Brochure Supplement**

**March 22, 2024**

**Bobby Bruning**

**Kaufman Hall Investment Management, LLC**

10 Cadillac Drive, Suite 120  
Brentwood, TN 37027

Telephone: (615) 690-5541

Web Address: [www.kaufmanhall.com](http://www.kaufmanhall.com)

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## **Item 2: Educational Background and Business Experience**

Mr. Bruning is Senior Vice President of Kaufman Hall Investment Management, LLC ("KHIM"). He is responsible for advising clients regarding the assessment and selection of investment advisors in connection with KHIM's investment consultant search product ("ICS").

Before joining KHIM, Mr. Bruning was a Senior Vice President at Kaufman, Hall & Associates, LLC ("KHA"), KHIM's parent company, where he provided analytical and strategic, support for not-for-profit hospitals, health systems and other not-for-profit organizations nationwide. This support included debt & derivative advisory, strategic advisory, credit & capital structure management, merger integration support, and investment platform optimization. Prior to joining KHIM and KHA, Mr. Bruning was an Associate Director with Oppenheimer & Co. Inc., where he focused on debt issuances, project financings, and restructurings for a range of clients, from highly rated public entities to high-yield new credits. His previous experience also includes three years with the Public Finance/Debt Investment Banking group of Raymond James.

Mr. Bruning holds an M.A. from the University of Chicago, an M.B.A. from Southern Methodist University, and a B.S. in Finance from the University of Arkansas. He is a registered Municipal Advisor (Series 50). Mr. Bruning was born 1989.

## **Item 3: Disciplinary Information**

There is no disciplinary information to report.

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

Mr. Bruning is retained by and associated with KHA, KHIM's parent company, to periodically assist with analytical and strategic, support for nonprofit hospitals, healthcare institutions and other not-for-profit organizations nationwide. This support includes debt & derivative advisory, strategic advisory, credit & capital structure management, merger integration support, and investment platform optimization. KHA is a registered municipal advisor and commodity trading advisor. KHIM and KHA have certain clients and employees in common and share certain administrative, personnel, and overhead expenses including shared office space, personnel, and human resources.

Mr. Bruning receives compensation indirectly from KHA in connection with the foregoing services. Mr. Bruning's recommendations connected to KHIM's ICS product are separate and distinct from the services provided at KHA, and Mr. Bruning will not earn investment advisory fees in connection with any product or services Mr. Bruning provides at KHA. All compensation received from KHIM is based on the performance of KHIM. Mr. Bruning receives no commissions, bonuses or other compensation based on the sale of securities, or other investment products, including distribution or service from the sale of mutual fund shares.

**Item 5: Additional Compensation**

No persons (other than clients) provide an economic benefit to Mr. Bruning for providing advisory services associated with ICS.

**Item 6: Supervision**

Mr. Bruning is a supervised person and an Access Person (as defined under Rule 204A-1 of the Investment Advisers Act) of KHIM and, as such, is subject to KHIM's compliance policies and procedures and Code of Business Conduct & Ethics. KHIM has checks in place to ensure that the portfolio management processes are consistent with KHIM's fiduciary obligations to clients. In addition, supervised persons are required to complete regular compliance training. Robert Turner is responsible for monitoring Mr. Bruning's advisory activities. Mr. Turner can be reached at rturner@kaufmanhall.com or by phone at 847-441-8780.