

# Item 1. Cover Page

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## **CIM, LLC**

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This brochure provides information about the qualification and business practices of CIM, LLC (Curran Investment Management). If you have any questions about the contents of this brochure, please contact us at 518-391-4200, or by email at [info@curranllc.com](mailto:info@curranllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about CIM, LLC (Curran Investment Management) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 31, 2017

# Item 2. Material Changes

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## Annual Update

CIM, LLC (Curran Investment Management), here after CIM, is providing this information as part of our annual updating amendment which contains any material changes from our last annual update. This section discusses only material changes since the last annual update which most recently occurred on March 18, 2016.

## Material Changes since the Last Update

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2 consists of Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). Each update of the Brochure must now include a summary of all material changes since the last annual update.

On October 13, 2016, Thomas J. Curran, the Founder and 100% owner of CIM, formed Hippo Tax Services, LLC, ("HippoTax"). HippoTax is a separate limited liability company registered with the State of New York. HippoTax is wholly owned by Thomas J. Curran, and provides tax return preparation and filing, as well as tax planning services. CIM may recommend HippoTax to advisory clients in need of its tax services. Tax services provided by HippoTax are separate and distinct from the advisory services of CIM, and are provided for separate and typical compensation. Common ownership of CIM and HippoTax is fully disclosed to CIM clients and no CIM client is obligated to use HippoTax for any tax services.

## Full Brochure Availability

The Firm Brochure for CIM is available by contacting [info@curranllc.com](mailto:info@curranllc.com).

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# Item 4. Advisory Business

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## Firm Description

CIM provides investment supervisory services to a variety of clients with varying financial advisory needs. Types of clients include but are not limited to individuals, families, qualified investors, pension and profit sharing plans, trusts, estates, charitable organizations, business entities and corporations. Founder Thomas J. Curran started the firm as a wholly owned enterprise in the fall of 2004. Prior to that, he ran the firm from the summer of 2000 until the fall of 2004 as part of Wachovia Securities and before then as part of First Albany Corporation from the summer of 1998.

## Principal Owners

Founder, Chief Executive and Portfolio Manager Thomas J. Curran owns 100% of the firm.

## Types of Advisory Services

### PORTFOLIO MANAGEMENT:

CIM provides investment supervisory services through its Portfolio Management service ("Portfolio Management"). CIM will manage Portfolio Management client accounts on either a discretionary or non-discretionary basis, depending on each client's particular needs and circumstances, consistent with the methods described in the *Methods of Analysis, Investment Strategies and Risks of Loss* section below. Account supervision is guided by the stated objectives of the client (i.e. maximum capital appreciation, growth, income, or growth and income). CIM will create a portfolio consisting of one or more of the following: individual equities, bonds, warrants, commercial paper, CDs, corporate debt securities, municipal securities, mutual funds, ETFs, money market accounts, option contracts, and other investments.

On occasion CIM will recommend no-load variable annuities to a client based on their financial needs and income requirements. In these instances CIM receives no commissions or fees from the issuer as a result of the client purchasing a variable annuity. In the event a client selects CIM to manage the underlying investments in the variable annuity, the client will receive an invoice for an asset-based fee and pay for the investment services and asset management from funds outside the annuity.

## Tailored Relationships

CIM's standard services are tailored to our client's investment objectives. Clients may impose restrictions on investing in certain securities or types of securities. Such restrictions must be submitted to CIM in writing.

### FINANCIAL PLANNING SERVICES

CIM also provides advice in the form of financial planning services. Clients receive a written financial plan, providing the client with detailed recommendations and an investment strategy

designed to achieve their stated financial goals and objectives. In general, the financial plan may address any or all of the following areas of concern:

*Personal:* Family records, budgeting, personal liability, estate information and financial goals.

*Tax and Cash Flow:* Income tax and spending analysis and planning for past, current and future years. CIM will illustrate the impact of various investments on a client's current income tax and future tax liability.

*Death and Disability:* Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.

*Retirement:* Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

*Investments:* Analysis of investment alternatives and their effect on a client's portfolio.

## CONSULTING SERVICES

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. CIM also provides specific consultation and administrative services regarding investment and financial concerns of the client. Additionally, CIM provides advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice. Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company.

## Wrap Fee Programs

CIM offers a proprietary CIM Wrap-Fee program. Clients pay one comprehensive wrap fee to CIM, from which CIM collects its management fee after paying all associated transaction fees and commissions. Further detail is outlined in Appendix I Wrap Fee Program Brochure. CIM's management of Wrap Fee accounts is indistinguishable from its management of Portfolio Management accounts.

## Client Assets

Total assets under management as of 12/31/2016	\$309,000,000
Discretionary AUM	\$293,000,000
Non-discretionary AUM	\$ 16,000,000

# Item 5. Fees and Compensation

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## Description

PORTFOLIO MANAGEMENT:

The annual fee for Portfolio Management will be charged as a percentage of assets under management, typically ranging from 1.00% to 1.50%, depending on the size and nature of the client's account. CIM will quote an exact percentage to each client prior to execution of the advisory agreement. All fees are negotiable at CIM's sole discretion.

#### Non-Institutional Fee Schedule

2.0% on the first \$250,000

1% on the next \$750,000

.75% on any amount over \$1,000,000

Minimum account size: \$100,000

Minimum annual fee: \$2,000. In the event that a client's account falls below \$100,000, the account will be charged this minimum annual fee. In such circumstances, this annual fee will exceed the 2.0% annual fee percentage charged to other client accounts and may be higher than the fee that would be charged by other investment advisers or investment professionals for managing accounts that size.

#### Institutional Fee Schedule

.65% on the first \$10 million in assets

.60% on the next \$10 million

Minimum account size: \$3,000,000

Minimum annual fee: \$19,500.

Trades are executed at negotiated institutional commission rates. In the event that a client's account falls below \$3,000,000, the account will be charged this minimum annual fee. In such circumstances, this annual fee may exceed the 1% annual fee percentage charged to other client accounts and may be higher than the fee that would be charged by other investment advisers or investment professionals for managing accounts that size. All minimum account size requirements may be negotiable under certain circumstances.

For more information on our wrap fee schedule, please see our Wrap Fee Program Brochure, Appendix 1 of this Brochure.

### Fee Billing

Consistent with the written agreement between CIM and each client, the fee will be debited directly from the client's account in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. The management fee is prepaid. The management agreement continues in effect until terminated by either party upon 30 days prior written notice to either party, CIM or the client. Upon termination of the agreement, CIM will calculate the

actual days the account was under management since the most recent quarter end and if warranted will return a credit to the account for the days during the quarter that the account was not managed by CIM. Note that agreements terminated within 30 days of the close of the calendar quarter will not receive a credit because they will not fulfill the 30 days prior notice.

**Negotiability of Fees and Account Minimums:** At CIM's sole discretion, its fees and account minimums may be negotiable. CIM may, in its sole discretion, "household" or group together multiple accounts with respect to one client relationship for purposes of calculating the blended fee rate. CIM will, however, generally only household accounts that participate in the same CIM advisory program. For example, if a client has more than one Program account such Program accounts would be grouped together for the purposes of determining the applicable blended fee.

## Other Fees

Clients should note that CIM's Portfolio Management service is not a "wrap-fee" arrangement similar to the Program. This means that clients participating in CIM's Portfolio Management service will be responsible for paying separately any and all brokerage, custodial, and transactional fees and expenses charged by broker-dealers, transfer agents, banks, and/or custodians who provide services or products to these clients. Additional information may be found in the Brokerage Practices section later in this document. Clients have the option to purchase products and our portfolio management service through other brokers or agents of their choosing that are not affiliated with CIM.

**Mutual Fund Fees and Expenses:** All fees paid to CIM for investment advisory services are separate and distinct from the fees and expenses charged shareholders of the mutual funds that may be held in a client account. These fees are not covered by CIM's fees, and are separately borne by the client as a fund shareholder. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of CIM. In that case, the client would not receive the services provided by CIM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by CIM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

## FINANCIAL PLANNING/CONSULTING:

CIM charges fees to financial planning and/or consulting clients in one or both of the following ways, as negotiated with the client:

- a) **Fixed Fee:** CIM may charge a fixed fee, typically ranging from \$500 to \$10,000, depending on the nature and complexity of each client's circumstances. Up to 50% of



this fee may be due upon signing the advisory agreement, with the balance due as earned and billed to the client; and/or

- b) Hourly Fee: CIM may charge on an hourly basis, ranging from \$100 to \$250 per hour, depending on the nature and complexity of each client's circumstances, the billable rate of the CIM personnel involved in the financial planning/consulting engagement. An estimate for total hours may be determined at the start of the advisory relationship. Up to 50% of the estimated fee may be due upon signing the advisory agreement, with the balance (based on actual hours) due as earned and billed to the client.

### **Additional Compensation**

Associated employees of CIM are registered representatives of CIMAS, a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA). CIMAS is affiliated with CIM by common control and ownership. As such, these individuals, in their separate capacities as registered representatives, will be able to effect securities transactions and may receive separate, yet customary compensation from third parties (including 12b-1 Fees with regard to investment company transactions) for effecting securities transactions. CIM may use CIMAS to execute transactions for client accounts (upon client direction). CIM clients should evaluate this broker independently before opening an account. Certain of CIM's employees are also state-licensed insurance sales agents. During the course of financial planning an insurance policy such as life or long term care may prove suitable, recommended and sold to a client resulting in separate, yet customary compensation.

Receipt of this compensation may present a conflict of interest and it may give CIM and the Advisor an incentive to recommend an investment or insurance product based on the compensation received. CIM addresses this conflict by disclosing it to clients and as a result offers investment options such as wrap portfolio accounts to avoid the appearance of a conflict of interest. CIM clients will receive notification of commissions. In addition clients have the option to purchase investment or insurance products that CIM recommends through other agents and brokers not affiliated with CIM.

## **Item 6. Performance-Based Fees & Side-by-Side Management**

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CIM has entered into performance fee (that is, fees based on a share of capital gains on or capital appreciation of the assets of a client) arrangements with certain "qualified clients" (as defined below). Performance fees are charged only to "qualified" clients in accordance with Rule 205-3 under the IA Act. These performance fees may be individually negotiated and therefore will generally vary from client to client. Such performance fees are charged in addition to an individually negotiated annual fee based on the amount of assets under CIM's management.

A qualified client is (i) a natural person who or a company (other than a company that is required to be registered under the Investment Company Act of 1940, but is not so registered) that immediately after entering into the performance fee agreement with CIM will have at least \$1,000,000 under CIM's management, or (ii) a natural person who or a company (other than a company that is required to be registered under the Investment Company Act of 1940, but is not so registered) that has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) in excess of \$2,000,000 not including their primary residence or (iii) a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 (the Company Act) (e.g., natural persons or family-owned companies owning at least \$5 million in investments; trusts managed solely for qualified purchasers; or persons owning and investing on a discretionary basis for their own accounts or the accounts of other qualified purchasers at least \$25 million in investments); provided that if the client is a private investment company (a company that would be defined as an investment company under section 3(a) of the Company Act, but for the exception provided from that definition by section 3(c)(1) of the Company Act), an investment company registered under the Company Act, or a business development company, as defined in section 202(a)(22) of the Investment Advisers Act of 1940, each equity owner of the client must be a qualified client by meeting the conditions set forth in (i), (ii) or (iii) above. Any performance fee will be calculated and paid in arrears at the end of each fiscal year (or, if an earlier date, upon the date on which the client's relationship with CIM terminates).

A performance fee arrangement may create a financial incentive for CIM to make investments that involve more risk or that are more speculative than would be the case in the absence of the performance fee. Moreover, as a result of a performance fee arrangement, CIM may receive increased compensation with regard to unrealized appreciation as well as realized gains in the Account. Because CIM manages both accounts that are charged a performance-based fee and accounts that are charged other types of fees, as described above, this creates a conflict of interest. Supervised persons have an incentive to favor accounts for which CIM receives a performance-based fee. Performance fees may be higher than fees charged to other CIM clients who have not entered into performance fee arrangements with CIM and may be higher than the advisory fee arrangements normally charged in the industry. Other investment advisers may offer the same advisory services at lesser rates. Performance of accounts with similar strategies are compared to ensure that accounts that are not paying performance fees have similar performance to those accounts paying performance fees.

To help mitigate inherent conflicts of interest in performance based fees, CIM adheres to GIPS, Global Investment Performance Standards. GIPS are the ethical standards to be used by investment managers that help to ensure fair representation and full disclosure of investment performance results. GIPS were created by the CFA Institute and governed by the GIPS executive committee.

## Item 7. Types of Clients

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## Description

Clients at CIM include both high net worth and institutional accounts. Types of clients are, but not limited to individuals, families, qualified investors, pension and profit sharing plans, trusts, estates, charitable organizations, business entities and corporations.

## Account Minimums

Minimum account size for wrap-fee accounts is \$250,000 and the minimum account size for portfolio management accounts is \$100,000. For wrap fee equity and balanced accounts falling below \$80,000 and \$89,000 respectively the minimum annual fee is \$2,000. Minimum account size for institutional accounts is \$3,000,000 with a minimum annual fee of \$19,500.

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

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## Methods of Analysis

CIM's investment discipline is based on a bottom up fundamental approach to security selection. CIM evaluates a series of criteria to identify companies in a proprietary investment universe from which CIM believes its selected investments will best offer clients opportunities for long-term growth.

CIM looks for companies that meet the following criteria:

1. Consistent earnings growth at rates higher than 10%;
2. Resilience to the economic cycle;
3. Return on equity of more than 15% and retention of most, if not all, of their earnings;
4. Strong balance sheet;
5. Superior management; and
6. Low debt to equity ratio.

CIM utilizes several data resources in gathering historical information, as well as annual and quarterly reports. Using quantitative and fundamental analysis, a sustainable growth rate is determined. Securities are continuously monitored and evaluated relative to market and industry conditions. CIM utilizes a number of sources of financial information in the firm's analysis of securities including financial newspapers and magazines, research materials and reports, corporate rating services, annual reports, prospectuses, SEC filings and company press releases. Research services are received in various forms, which may include written reports, or

information obtained on the World Wide Web. CIM may decide to sell one of its holdings due to a fundamental change in the direction of a company, disappointing earnings over a significant period of time or deterioration of a company's balance sheet.

CIM will allocate the client's assets among various investments taking into consideration the overall objectives of the client. Mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. From time to time, assets in the Account may be held in cash and/or cash equivalents temporarily pending investment, as a defensive strategy or due to circumstances beyond CIM's control. CIM's investment philosophy emphasizes quality investments in companies with strong balance sheets, retained earnings, free cash flow and a low portfolio turnover approach. CIM is generally a long-term investor committed to identifying superior companies its clients can own for long periods of time.

CIM's balanced accounts are invested to provide clients with long-term growth and a steady source of income. Fixed income also serves to reduce the overall portfolio volatility. CIM adheres to strict maturity limitations and quality ratings on fixed income investments. Clients have the opportunity to place reasonable restrictions on the types of investments which will be made on their behalf. Clients retain individual ownership of all securities. CIM may use money market mutual funds to sweep unused cash balances until they can be appropriately invested.

## Investment Strategies

CIM offers several investment strategies. CIM offers investment strategies in US domestic equities of all market capitalization sizes, small, mid and large cap equities, and an International Portfolio consisting of mid – large cap equities primarily from developed countries, ex-USA. The Core Equity strategy primarily consists of investments in large cap equities, which CIM considers to be companies with market capitalizations greater than \$5 billion. Size overlap exists among the various investment strategies. In our Midcap strategy investments are made in companies with market capitalization between \$2.5 billion and \$14 billion. At CIM we consider Smallcap companies to be those with \$2.5 billion or less in market capitalization and this segment of the market is our focus for investments in our Smallcap strategy. The AllCap strategy invests primarily in companies selected from a combination of CIM's universe of publicly traded companies and the top quintile for relative strength in the Russell 3000 index. In addition CIM offers a Balanced strategy combining both investments in Core Equity along with investments in fixed-income and investment vehicles such as mutual funds and ETFs. CIM also offers investors a Growth & Income strategy for investment which emphasizes both the growth in earnings as well as the growth in the dividend. It complements the more growth oriented investment style of the firm's Core Equity strategy. CIM is independently verified by a third party every year to assess whether it has complied with all the composite [investment strategy] construction requirements of the Global Investment Performance Standards (GIPS) on a firm-wide basis, and also whether the firm's policies and procedures are designed to calculate and

present their performance in compliance with the GIPS standards. CIM has been verified since June 1998.

## Risk of Loss

Although CIM makes every effort to preserve each client's capital and achieve real growth of wealth, investing in the stock markets involves risk of loss that each client should be prepared to bear. Equity risk of loss consists of both market and security risk. Equities generally fluctuate in value more than fixed-income and may decline significantly over short time periods. The value of equity shares may fluctuate due to changes in the overall stock market or result from company or industry specific factors that specifically affect a company. Fixed-income investments are exposed to different risk factors, credit and interest rate risk. Credit risk is the possibility that the company will default, failing to make interest or principal payments. Interest rate risk stems from rising interest rates resulting in lower prices. This relationship is more pronounced in bonds with longer maturities. Mortgage backed securities can suffer from both falling and rising rates because falling rates can result in mortgage prepayment leaving the investor to reinvest principal in a lower rate environment and rising rates leading to greater volatility in the price.

When appropriate to the needs of the client, CIM may recommend the use of trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk. At CIM we deconstruct client risk into two separate categories, the client's ability and willingness to take risk. A client's ability to take risk may be influenced by such factors as total assets and investment time horizon. A client's willingness to take risk is determined by the client's personal tolerance and ability to accept market volatility as well as the loss of principal.

## Item 9. Disciplinary Information

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Neither CIM nor any of its management personnel has been involved in a disciplinary proceeding. In addition, they have not been involved in any legal proceeding that might reasonably be considered material to a client's evaluation of CIM's advisory business or the integrity of its management.

## Item 10. Other Financial Industry Activities and Affiliations

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### **Broker-dealer or Registered Representative**

CIM is not engaged in any business other than that of investment advice and financial planning. It should be noted that CIM however, is affiliated through both ownership and control with CIMAS, LLC (hereinafter "CIMAS"), a broker-dealer and member of FINRA. Moreover, certain of CIM's employees are registered representatives of CIMAS. These CIM employees, in their separate capacities as registered representatives, will be able to effect securities transactions and may receive separate, yet customary compensation for effecting any securities transactions. CIM uses Fidelity Institutional Services and Charles Schwab Advisor Services to execute transactions for client accounts (upon client direction). Certain of CIM's employees are also state-licensed insurance sales agents. During the course of financial planning an insurance policy such as life or long term care may prove suitable, recommended and sold to a client resulting in separate, yet customary compensation.

While these individuals endeavor at all times to put the interest of CIM's advisory clients first as part of CIM's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making advisory/investment recommendations. The conflict is addressed through supervision. The CCO, chief compliance officer, has the responsibility to review all advisor recommended transactions for suitability and the client's investment objectives. CIM's advisory clients also receive full disclosure of these affiliated relationships and no CIM client is obligated to purchase any recommended insurance product or execute any such recommended transaction via CIMAS.

### **Tax Planning and Return Preparation**

It should also be noted that CIM is affiliated through both ownership and control with Hippo Tax Services, LLC ("HippoTax"). HippoTax is a separate limited liability company registered with the State of New York, wholly owned by Thomas J. Curran, which provides tax return preparation and filing as well as tax planning services. CIM may recommend HippoTax to advisory clients in need of its tax services. Tax services provided by HippoTax are separate and distinct from the advisory services of CIM, and are provided for separate and typical compensation. While neither CIM nor its employees directly receive any compensation from HippoTax's business activities, the common ownership and control of CIM and HippoTax create a conflict of interest. However, this is disclosed to CIM clients and no CIM client is obligated to use HippoTax for any tax services.

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

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## Code of Ethics

As a matter of policy and practice, and consistent with industry best practices, the CFA Institute, and SEC Rule 204A-1 under the Advisers Act, CIM has adopted a written Code of Ethics. Among other things, the Code governs the relationships between CIM's personnel and other members of the profession, CIM's clients, prospective clients and the investing public. Our Code of Ethics requires high standards of business conduct; requires compliance with federal securities laws; reporting and recordkeeping of personal securities transactions and holdings by employees; reviews to detect and prevent possible insider trading, conflicts of interest and potential regulatory violations; sanctions; and the delivery and acknowledgement of the Code of Ethics by each employee. CIM will provide a copy of our Code of Ethics to clients or prospective clients on request.

## Recommend Securities with Material Financial Interest

Often times CIM recommends securities from its proprietary strategies to non-discretionary clients where appropriate based on the clients investment objectives and risk tolerance. Participating CIM employees in the firm's 401(k) retirement plan have exposure and a material financial interest in the holdings of CIM's investment strategies.

## Invest in Same Securities Recommended to Clients

Individuals associated with CIM may buy or sell securities identical to, or different from those recommended to clients for their personal accounts. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client. It is the policy of CIM that no person employed by CIM may purchase or sell any security immediately prior to a transaction(s) being implemented for an advisory account, and therefore, prevents such employees from benefiting from transactions placed on behalf of advisory accounts. Trading in employee accounts is monitored on an on-going basis by the Chief Compliance Officer ("CCO") for potential violations of this policy.

## Personal Trading Policies

As these situations represent a conflict of interest, CIM has established the following policies and procedures in order to ensure that CIM satisfies its fiduciary responsibilities:

- a) Portfolios of associated persons of CIM who are participants in the discretionary Program are traded with client orders; and
- b) Associated persons of CIM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of CIM shall prefer his or her own interest to that of an advisory client; and
- c) CIM maintains a list of all securities holdings for itself and anyone associated with its advisory practice with access to advisory recommendations. These lists are updated as advisory recommendations change and the holdings are reviewed on a regular basis by CIM's CCO; and
- d) CIM emphasizes the unrestricted right of the client to decline to implement any advice rendered (except where CIM has been given discretionary authority over the account by the client); and

e) CIM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices; and

f) Any individual not in observance of the above may be subject to disciplinary action, up to and including termination.

## Item 12. Brokerage Practices

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### Selecting Brokerage Firms

#### CIM WRAP-FEE PROGRAM:

CIM utilizes Fidelity Institutional Wealth Services (Fidelity) or Charles Schwab Advisor Services (Schwab) for Program account securities transactions. Execution, clearance and settlement of such securities transactions will then be provided by either Fidelity or Schwab. Fidelity or Schwab will also provide custodial, recordkeeping and other operational services to Program clients. CIM considers both Fidelity and Schwab to be nationally recognized financial institutions providing best execution, reasonable commission rates and satisfactory custodial services such as the timely delivery of quality, illustrative quarterly statements. Clients are free to maintain their accounts through any financial service provider so long as the designated broker-dealer is acceptable to CIM. Most clients elect to maintain accounts with Fidelity or Schwab. CIM may seek, but shall be under no obligation, to execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as an average price is distributed equally and on a prorated basis between all accounts included in any such block. Block trading allows CIM to execute equity trades in a timelier, equitable manner and may reduce overall commission charges absorbed by CIM. Trades for associated persons of CIM may be included in these block trades if the employee's account is a discretionary account. Adjustments to this pro-rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid deviations from pre-determined minimum/maximum holdings limits (established for any account). Participants in the Program are directed to CIM's Wrap-Fee Brochure, Appendix 1 for additional information regarding the Program.

#### FINANCIAL PLANNING/CONSULTING:

Certain associated persons of CIM are separately registered as representatives of CIMAS, a registered broker-dealer, member of FINRA and an affiliate of CIM through both ownership and control. In general, CIM may recommend the use of CIMAS to clients for implementation of financial planning and/or consulting recommendations, provided that this recommendation is consistent with CIM's fiduciary duty to the client. Any commissions or other compensation received from the implementation of financial planning or consulting recommendations is separate and distinct from CIM's and CIMAS advisory fee to implement any recommended transactions. No financial planning or consulting client is obligated to use CIMAS. Clients should be aware that best execution and lower commissions may not necessarily be achieved if



recommended transactions are placed through these individuals, in their separate capacities as registered representatives or insurance agents/brokers.

## **Directed Brokerage**

### **PORTFOLIO MANAGEMENT:**

A Portfolio Management client must direct CIM as to the broker-dealer (the "designated broker") to be used for that client's account(s), which broker-dealer must be acceptable to CIM. The client has the sole responsibility for negotiating commission rates and other transaction costs with such designated broker. Accordingly, the commission rates charged to one of CIM's clients may be more or less than the commission rates charged to another client for the same transaction. Particular clients may even forego benefits that CIM may be able to obtain for clients with the same designated broker through, for example, negotiating discounts on block trades. Such clients may, therefore, incur higher brokerage commissions. CIM is not required to affect any securities transactions through a designated broker if CIM reasonably believes that to do so may result in a breach of its fiduciary duty. Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through a broker directed by the client, in their separate capacities as registered representatives or insurance agents/brokers.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, CIM recommends Fidelity and, or Schwab, two globally recognized service providers. The factors considered by CIM when recommending Fidelity and, or Schwab to its clients are their ability to provide professional services, CIM's experience with them, their reputation, and their quality of execution services and costs of such services, among other factors. Clients who select Fidelity or Schwab as their designated broker may, however, pay higher commissions than those obtainable from other brokers. In the event that CIM's fiduciary duty requires CIM to execute a securities transaction on behalf of a client with a broker dealer other than the designated broker, CIM will use the foregoing criteria (e.g., the broker's ability to provide professional services, CIM's experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services) to select the executing broker-dealer.

## **Research and Soft Dollars**

CIM does not have any formal soft dollar arrangements and presently receives no soft dollar benefits.

## **Order Aggregation**

CIM may seek, but shall be under no obligation, to execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a prorated basis between all accounts included in any such block. Block trading allows CIM to execute equity trades in a timelier, equitable manner and may reduce overall commission charges. Trades for associated persons of CIM may be included in these block trades if the employee's account is a discretionary account. Adjustments to this pro-rata

allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid deviations from pre-determined minimum/maximum holdings limits (established for any account). CIM may aggregate orders providing that the following conditions are met:

a) CIM's policies for the aggregation of transactions are hereby fully disclosed in this Form ADV and are also separately disclosed to each client and to the broker-dealer(s) through which such transactions will be placed; and

b) CIM will not aggregate transactions unless it believes that aggregation is consistent with its fiduciary duty to its clients and is consistent with the terms of CIM's advisory agreement with each client for which trades are being aggregated; and

c) No advisory client will be favored over any other client; each discretionary client that participates in an aggregated order will participate at the average share price for all CIM's transactions in a given security on a given business day, with transaction costs shared pro-rata based on each discretionary client's participation in the transaction; and

d) CIM will prepare, before entering an aggregated order, a written or electronic statement (hereinafter "Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients; and

e) If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement; if the order is partially filled, it will be allocated prorata based on the Allocation Statement; and

f) Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for different allocation is explained in writing and is approved by CIM's CCO no later than one hour after the opening of the markets on the trading day following the day the order was executed; and

g) CIM's books and records will separately reflect, for each client account, the orders of which are aggregated, the securities held by, and bought and sold for that account; and

h) Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement; and

i) CIM will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and

j) Individual advice and treatment will be accorded to each advisory client.

# Item 13. Review of Accounts

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## Periodic Reviews

### CIM WRAP-FEE PROGRAM/PORTFOLIO MANAGEMENT:

While the underlying securities within the Wrap Program and Portfolio Management accounts are continuously monitored, these accounts will be formally reviewed at least quarterly by the CIM relationship manager assigned to the account. The number of accounts covered by each relationship manager varies based on the type of account. The CIM relationship managers will be supervised by the Investment Committee of CIM. The review will be conducted to determine if the current investment holdings of the account are consistent with the client's investment objectives.

### FINANCIAL PLANNING/CONSULTING:

These accounts will be reviewed as contracted for at the inception of the advisory agreement to be no less than annually.

## Review Triggers

While continuously monitoring client positions, certain automatic review procedures are triggered given market volatility and security fluctuation. An automatic review triggered by shifts in asset classes within a client portfolio will be dictated by the client's risk tolerance and specified in the client's Investment Policy Statement ("IPS"). On a security by security basis a review will be triggered by any one position increasing in asset size to 7.5% of the account's total assets. A review will also be triggered when a position size declines to 2.5% of the account's total assets. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, drift or variance from the model portfolio weighting or the market, political or economic environment.

## Regular Reports

### CIM WRAP-FEE PROGRAM/PORTFOLIO MANAGEMENT:

Program and Portfolio Management participants receive monthly and/or quarterly custodial statements and confirmations of transactions from their respective broker-dealer(s) and/or custodian(s). CIM also provides written quarterly performance reports to its clients, illustrating the performance of each account versus an appropriate benchmark.

### FINANCIAL PLANNING/CONSULTING:

These clients will receive written reports as contracted for at the inception of the advisory relationship to be no less than quarterly. Clients receive written monthly account statements, transaction statements as well as quarterly performance reports from CIM.

## Item 14. Client Referrals and Other Compensation

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In the past CIM entered into an agreement with a third-party marketing firm for their solicitation of certain prospective clients for CIM. CIM compensated this entity for referring advisory clients to us. Currently CIM does not maintain any such 3<sup>rd</sup> party solicitation arrangements. Should we enter into an agreement again in the future referral fees will be paid by CIM as a percentage of the annual management fees earned on referred accounts and will not represent any additional expenses to those client accounts.

## Item 15. Custody

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### Custody

Fidelity and Schwab provide custodial, recordkeeping, other operational services for CIM accounts and its Wrap Program. CIM recommends using Fidelity or Schwab custodial services to our Portfolio Management, Wrap Program and Financial Planning/Consulting clients.

Client assets are housed in nationally recognized banks or brokerage firms, otherwise known as custodians. CIM does not take possession of client funds or securities, nevertheless CIM is deemed to have custody of some client assets through the direct debiting of management fees from client custodial accounts. For more information on the fees and billing, see the *Fees and Compensation* section of this Brochure.

### Account Statements

The client will receive account statements directly from the broker-dealer, bank or other qualified custodian. CIM urges the client to compare the statement the client receives from the qualified custodian with the statement the client receives from CIM. For more information on the reports we provide to clients, see the *Review of Accounts* section of this Brochure.

## Item 16. Investment Discretion

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### Discretionary Authority for Trading

For discretionary clients, CIM is granted written authority to determine which securities and the amounts of securities that are bought or sold for such clients' accounts. Any limitations on this discretionary authority shall be included in the written agreement between each client and CIM. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

# Item 17. Voting Client Securities

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## Proxy Voting

CIM manages assets for a variety of clients. The firm's policy is to vote proxies on a given issue the same for all of its clients for whom CIM votes proxies. Unless the power is revoked by a given client, CIM is generally granted the power to vote proxies solicited for discretionary client accounts. Non-discretionary clients and clients charged a performance fee generally retain all authority and responsibility to vote any and all proxies solicited for their respective accounts, although they, too, may grant CIM authority to vote their proxies. Where CIM has discretion to vote proxies on behalf of its clients, it will vote those proxies in the best interests of its clients and in accordance with CIM's established policies and procedures, as outlined below. Clients may obtain a copy of CIM's complete proxy voting policies and procedures by contacting the Chief Compliance Officer at CIM's offices directly. Clients may also submit a written request for information on how proxies for that client's shares were voted. If any client requests a copy of CIM's complete proxy policies and procedures or how CIM voted proxies for his/her account(s), CIM will promptly provide such information to the client. Clients may contact CIM in advance of the proxy voting deadline with instructions on how to vote a specific solicitation. CIM's principles for voting proxies are as follows:

1. CIM's investment philosophy is to purchase the securities of high quality companies for the portfolios of its clients. One of the main criteria that CIM's Investment Committee (as defined below) looks for in a company is excellence in management and a deep rooted culture that consistently delivers superior results for their shareholders. Therefore, CIM tends to vote in alignment with management's recommendation, if there is no conflict with shareholder value. If CIM did not have confidence in the management of a company, it would not purchase or retain shares of that company's security in any of its portfolios.
2. On occasion, CIM may be authorized to vote client proxies for securities which are unsupervised, held in a non-discretionary account, or which are no longer held as part of an investment strategy. It is presumed that these clients have chosen to purchase or retain these securities due to their confidence in the management of the companies that issue said securities, regardless of whether CIM shares that opinion. Therefore, CIM will likewise vote these shares in alignment with management's recommendation.
3. CIM will identify any conflicts that exist between CIM's interests and those of its clients by reviewing whether CIM or any of its affiliated persons has a financial, business or personal relationship with the issuer. CIM will vote proxies in a manner consistent with its clients' best interests.
4. CIM will abstain from voting if at the time of casting the vote, the security is no longer held by a client or in a CIM portfolio or if the security is held as a restricted position within the client's portfolio.
5. Absent any special circumstance, the foregoing guidelines are followed when voting proxies.

Clients who do not authorize CIM to vote proxies receive them through the mail. They are forwarded by mail from the respective custodian, Fidelity or Schwab. Clients are welcome to contact CIM by phone, email or mail to inquire about a particular solicitation.

## Item 18. Financial Information

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CIM has never been the subject of a bankruptcy petition and CIM is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. While there is a risk in the withdrawal of capital, CIM -over the course of the firm's history - has weathered extremely challenging markets in the past to include the bursting of the internet bubble, which began in March of 2000, as well as the recent financial crisis of 2008 - 2009.

CIM has a Business Continuity Plan ("BCP") in place, which is reviewed and tested annually. CIM's BCP sets forth the firm's response in the event of either an internal or external Significant Business Disruption ("SBD"), detailing the methods by which it can most quickly safeguard employees' lives and firm property, make a financial and operational assessment, quickly recover and resume operations, protect all of the firm's books and records, and allow our customers to transact business.