

FORM ADV

## Uniform Application for Investment Adviser Registration

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### CLINTON INVESTMENT MANAGEMENT, LLC

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201 Broad Street  
4<sup>th</sup> Floor  
Stamford, CT 06901

203-276-6246

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Website: [www.clintoninvestment.com](http://www.clintoninvestment.com)

Dated: 09/15/2015

This brochure provides information about the qualifications and business practices of Clinton Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 203-276-6246 or [contactus@clintoninvestment.com](mailto:contactus@clintoninvestment.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 Clinton Investment Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration (e.g. "registered investment advisor") does not imply a certain level of skill or training.

#### **Material Changes since Last Annual Update of Brochure (dated 3/27/2015):**

Updated for the new address of the firm:

Clinton Investment Management, LLC

201 Broad Street, 4<sup>th</sup> Floor

Stamford, CT 06901

The telephone and fax numbers, as well as the website address, remain the same.

Updated the maximum asset under management fee from 0.6% to 0.85% in Item 5.

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## 4. Advisory Business

### A. Advisory Business

Clinton Investment Management, LLC (CIM) was established in May of 2007. CIM is 100% owned by its President, Andrew Clinton.

### B. Advisory Services

Clinton Investment Management is a registered investment advisor, specializing in the management of municipal bond investments. Clinton Investment Management primarily invests in municipal securities, but may also invest in equity securities, corporate debt securities, U.S. government securities, and options on the above referenced securities. CIM primarily provides its clients (individuals, business entities, trusts, estates and charitable organizations, etc.) with discretionary investment advisory services. CIM **does not** provide financial planning, estate planning, or insurance planning services. If requested by a client, CIM may provide limited consultation services on investment and non-investment related matters that are generally not included in the investment management process. Any such services would be offered exclusively on an unsolicited basis, for which CIM will usually not receive any separate or additional fee for these unsolicited services.

C. CIM customizes its services to the individual needs of its clients. Clients may impose reasonable restrictions on investing in certain securities or types of securities.

D. CIM does not participate in wrap fee programs.

E. CIM has \$274,977,648 of assets under management as of December 31, 2014. All of CIM client's assets are managed on a discretionary basis.

## 5. Fees and Compensation

A. The client can decide to hire CIM to provide discretionary investment advisory services on a *fee-only* basis. CIM's annual investment advisory fee is based on a percentage (%) of the market value of the assets placed under CIM's management (between negotiable and 0.85%) as agreed to in the fee schedule annexed to the *Investment Advisory Agreement*.

B. CIM's annual investment advisory fee will be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. CIM may decide to charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

Both CIM's *Investment Advisory Agreement* and the custodial/ clearing agreement may allow the custodian to debit the account for the amount of the CIM investment advisory fee and to directly transfer that management fee to CIM. If CIM bills the client directly, payment is due upon receipt of CIM's invoice. The Investment Advisory Agreement between CIM and the client will continue until terminated by written notice as explained in the *Investment Advisory Agreement*. Upon termination, CIM will refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

C. CIM's investment management fee is charged in addition to the brokerage commissions or transaction fees charged by the designated broker-dealer/custodian. Execution prices of purchases of no-load mutual funds that trade at net asset value are determined at the daily market close.

D. CIM's annual investment advisory fee will be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. If a client needs a refund of a pre-paid fee, upon termination of the Investment Advisory Agreement prior to the end of the billing period, a pro-rata calculation will be made and the funds returned to the client.

E. CIM supervised persons do not accept compensation for the sale of securities or other investment products.

## MISCELLANEOUS

**Client Obligations:** In performing its services, CIM is not responsible for verifying any information received from the client or from the client's other professionals and relies on its accuracy. If requested by the client, CIM may recommend the services of other professionals. The client is not obliged to hire any recommended professional. The client retains absolute discretion over all such decisions and can accept or reject any recommendation from CIM. In addition, each client is advised that it remains his/her/its responsibility to promptly notify CIM if there is ever any change in his/her/its financial situation or investment objectives.

**Assignment:** Neither CIM nor the client may assign the *Investment Advisory Agreement* without the prior consent of the other party. Transactions that do not result in a change of actual control or management are not assignments.

**Disclosure Statement:** A copy of CIM's written disclosure statement as described in Form ADV Part 2A is given to each client prior to or at the time of the execution of *Investment Advisory Agreement*.

## 6. Performance-Based Fees and Side-By-Side Management

CIM does not charge a performance-based fee.

## 7. Types of Clients

Clinton Investment Management provides investment advice primarily to high net worth individuals, trusts, estates, and some corporations and business entities. CIM typically requires a minimum of \$1MM in total assets in order to open and/or maintain an investment account.

## 8. Methods of Analysis, Sources of Information and Investment Strategies

A. Clinton Investment Management uses fundamental security analysis methods.

Clinton Investment Management uses fundamental credit analysis methods. Fundamental analysis of issuers involves analyzing their financial statements and health, management, and markets. Fundamental analysis is

performed on historical and present data but with the goal of making financial forecasts. This analysis looks at bond valuations, credit and sector performance to assess credit quality.

Investing in any security involves risk of loss that clients should be prepared to bear.

B. The methods of analysis and investment strategies followed by CIM are utilized across all of CIMs clients, as applicable. One method of analysis or investment strategy is not more significant than the other as CIM is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

We make both long term purchases (securities held at least a year) and short term purchases (securities sold within a year) to implement investment advice given to clients. Investing in any security involves risk of loss that clients should be prepared to bear.

C. Material risks involved in municipal securities include credit risk of the issuer and interest rate risk.

## 9. Disciplinary Action

Clinton Investment Management, LLC, and its employees have never been involved in disciplinary actions or arbitration proceedings.

## 10. Other Financial Industry Activities or Affiliations

Neither the firm nor Andrew Clinton are registered or have an application pending to register as a broker dealer, futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of any of the foregoing entities.

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

A. CIM's Code of Ethics serves to establish a standard of business conduct for all of CIM's Associated Persons based upon fundamental principles of openness, integrity, honesty and trust. A copy is available to any client or prospective client upon request.

B. CIM has an investment policy for personal securities transactions. This investment policy is part of the overall Code of Ethics. On a monthly basis, every employee provides a copy of their personal trading statements to the Compliance Officer. These statements are reviewed to assure that no conflicts exist. The trading activity of the Compliance Officer is checked by an alternate senior employee.

C. Please refer to section 8.B.

D. Please refer to section 8.B.

## 12. Brokerage Practices

In seeking best execution, the most important factor is, whether the transaction represents the best qualitative execution, not the lowest possible cost. So although CIM will seek the best rates, it may not necessarily obtain the lowest possible commission rates for transactions.

### A. 1. Research and Other Soft Dollar Benefits

CIM may receive from Charles Schwab & Co., Inc. (“*Schwab*”), free or discounted support services and/or products, some of which assist CIM to better monitor and service client accounts. Support services may include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, consulting services, attendance at conferences, meetings, other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by CIM in its investment advisory business operations.

As we have said, certain support services and/or products that *may* be received can help CIM manage and administer client accounts. Others do not directly provide such assistance, but rather assist CIM to manage and further develop its business enterprise. Any benefits of these services and/or products are allocated equally across all accounts.

In 2010, *Schwab* Advisor Services waived CIM’s entry fee to a *Schwab*-sponsored conference on practice management and business continuity, as well as the Schwab Impact conference.

CIM’s clients do not pay more for transactions and/or assets maintained at *Schwab* as result of this arrangement. CIM has not made any commitments to *Schwab* or any other any entity to invest any specific amount or percentage of client assets in any investment products as result of the above arrangement.

In evaluating whether to custody assets at *Schwab*, CIM considers the availability of what was described above and the nature, cost or quality of custody and brokerage services provided by Schwab.

**CIM’s Chief Compliance Officer, Andrew Clinton, is available to answer any questions that a client or prospective client may have about this.**

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

CIM does not have any incentive to select or recommend broker-dealers based on receiving client referrals. CIM does not direct client transactions to a particular broker-dealer in return for client referrals.

#### A. 3. Directed Brokerage

If a client requests that CIM recommend a broker-dealer/custodian for execution and/or custodial services, CIM generally recommends that accounts be maintained at *Schwab*. Before hiring CIM, the client must enter into a formal *Investment Advisory Agreement* with CIM detailing the terms and conditions under which CIM will manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Currently, CIM primarily allocates investment management assets among various fixed income securities (primarily municipal), individual equity securities, including exchange traded funds and mutual funds, on a discretionary basis, based on the client’s designated investment objective(s). Clients can purchase investment products that CIM recommends through other brokers or agents that are not affiliated with CIM.

Broker-dealers such as *Schwab* charge brokerage commissions and/or transaction fees for certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to CIM’s investment management fee, brokerage commissions and/or transaction fees, the client will also have charges for mutual fund and exchange traded fund purchases.

CIM recommends *Schwab* (or any other broker-dealer/custodian to clients) based on their historical relationship

with CIM, financial strength, reputation, execution capabilities, pricing, research, and service. CIM tries to obtain best execution, but a client may pay a higher commission when CIM decides that the fee is reasonable for the brokerage and research services received. In seeking best execution, the most important factor is, whether the transaction represents the best qualitative execution, not the lowest possible cost. So although CIM will seek the best rates, it may not necessarily obtain the lowest possible commission rates for transactions. CIM's investment management fee is charged in addition to the brokerage commissions or transaction fees charged by the designated broker-dealer/custodian. Execution prices of purchases of no-load mutual funds that trade at net asset value are determined at the daily market close.

CIM will transact through broker-dealers that we believe will provide "best execution". The key factor is not the lowest possible commission but whether the transaction represents the best qualitative execution. This takes into consideration the broker-dealer's services including execution capability, commission rates, and responsiveness. So while CIM will seek competitive commission rates, it may not necessarily obtain the lowest possible commission rates for transactions.

Over-the-Counter (OTC) securities transactions for CIM's clients are generally done on an agency basis, which involve the services of two (2) separate broker-dealers: (1) a "dealer" or "principal" acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client's account. Dealers who execute principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities. Additionally, the client will incur the transaction fee imposed by the executing broker-dealer. CIM does not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Transactions for each client account generally will be done independently, unless CIM decides to purchase or sell the same securities for several clients at approximately the same time.

The client may direct CIM to use a particular broker-dealer (which CIM can refuse) to execute some or all transactions for the client's account. If this happens, the client will negotiate terms and arrangements for the account with that broker-dealer, and CIM will not seek better execution services or prices from other broker-dealers. CIM will not be able to "batch" these client's transactions with orders for other accounts managed by CIM. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions. The same holds true if the client directs CIM to use a particular clearing firm.

B. CIM may combine or "batch" such orders to obtain "best execution". This may help us receive more favorable commission rates or more equitable allocation among CIM's clients. Differences in prices, commissions or other transaction costs may occur if orders have been placed separately. When this happens, transactions will be averaged as to price and will be allocated among CIM's clients proportionally. See also the response to Item A.3. above.

### 13. Review of Accounts

A. For CIM clients, account reviews are conducted on an ongoing basis by CIM's principal, Andrew Clinton. This review includes information regarding duration, maturity, issuer, geographic location, and rating of the various securities within the investment portfolio. Clients are responsible to advise CIM of any changes in their investment objectives and/or financial situation. All clients are encouraged to review investment objectives and account performance with CIM on an annual basis either in person or by telephone.

B. Account reviews are conducted on an ongoing basis.

C. Clients receive transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian. CIM's clients receive a quarterly report from CIM summarizing account activity and performance either verbally or in written form. Clients are urged to compare the account statements received from the qualified custodian with those received from CIM.

## 14. Client Referrals and Other Compensation

A. CIM does not accept benefits from non-clients for providing advisory services to clients.

B. CIM does not pay non-CIM personnel for client referrals.

## 15. Custody

CIM does not custody client funds or securities.

## 16. Investment Discretion

All of CIM client's assets are managed on a discretionary basis. The Investment Advisory Agreement between CIM and the client are completed and signed by both parties prior to CIM assuming discretionary authority to manage securities accounts on behalf of clients. Any limitations requested by the client are discussed on a case by case basis as to whether they are acceptable to CIM.

## 17. Voting Client Securities

Proxy Voting Policy: Unless otherwise directed, in writing, CIM is not responsible for: (1) voting in proxies solicited by issuers of securities owned by the client, and (2) making all elections relative to any mergers, acquisitions, and tender offers. The client still has sole responsibility for all legal proceedings or other type events pertaining to the assets, such as class action lawsuits. CIM and/or the client will instruct custodians to forward CIM copies of all proxies and shareholder communications (except for legal proceedings). CIM monitors corporate actions of individual issuers consistent with CIM's fiduciary duty, where appropriate, to vote proxies in the best interests of its clients. With individual issuers, CIM may be asked to vote on matters including governance, and matters involving social issues and issuer responsibility. With investment companies (e.g., mutual funds), CIM may be solicited to vote on the approval of advisory contracts, distribution plans, and mergers. CIM maintains records about proxy voting as required under Rule 204-2 (c)(2) of the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information regarding how CIM voted on any specific proxy issue is also available upon written request.

## 18. Financial Information

A. CIM does not require or solicit prepayment of fees from clients, six months or more in advance.

B. Please refer to 15.A.



C. CIM and its principal executive officers and management persons have not been the subject of a bankruptcy petition at any time during the past ten years.

**Uniform Application for Investment Adviser Registration**

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This brochure provides information about Andrew Clinton that supplements the Clinton Investment Management, LLC brochure. You should have received a copy of that brochure. Please contact Clinton Investment Management, LLC if you did not receive Clinton Investment Management's brochure or if you have any questions about the contents of this supplement. Additional information about Andrew Clinton is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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Dated: 09/15/2015

## Educational Background and Business Experience

Andrew Clinton, President and Senior Portfolio Manager

Born: 1971

Educational Background:

Marist College, B.S. Finance & International Trade Management, 1993

Membership: Member of both the CFA Institute and the New York Society of Security Analysts. To be a member of the New York Society of Security Analysts the individual must complete an application and have two member sponsors.

Business Background:

Clinton Investment Management, LLC, President, 2007 to Present

UBS Global Asset Management; New York (Formerly Mitchell Hutchins Asset Management),

Executive Director/Sr. Portfolio Manager

## Disciplinary Information

Andrew Clinton has never been involved in any legal or disciplinary event that would be material to a client's evaluation of his integrity. Nor has Mr. Clinton been involved in any proceeding in which a professional designation or license been revoked or suspended.

## Other Business Activities

Andrew Clinton does not engage in business activities outside of Clinton Investment Management. Nor does he receive commissions, bonuses or other compensation based on the sale of securities or other investment products.

## Additional Compensation

No economic benefit is provided to Andrew Clinton for providing advisory services by anyone other than a client.

## Supervision

As President and Senior Portfolio Manager, Andrew Clinton is self-supervised. Mr. Clinton can be reached at 203-276-6246.