

**ITEM 1. COVER PAGE FOR PART 2A  
OF FORM ADV: FIRM BROCHURE**

**DATED MARCH 2012**

**SABIN INVESTMENT MANAGEMENT, INC.  
5102 99<sup>TH</sup> AVE. COURT  
GIG HARBOR, WA 98335**

**FIRM CONTACT: LARRY SABIN, CHIEF COMPLIANCE OFFICER**

**FIRM'S WEBSITE ADDRESS: [WWW.SABININVEST.COM](http://WWW.SABININVEST.COM)**

**This brochure provides information about the qualifications and business practices of SABIN INVESTMENT MANAGEMENT, INC. If you have any questions about the contents of this brochure, please contact by telephone at 206-999-2014 or email at [larry@sabininvest.com](mailto:larry@sabininvest.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 SABIN INVESTMENT MANAGEMENT, INC. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) .**

**Please note that the use of the term "registered investment adviser" and description of SABIN INVESTMENT MANAGEMENT, INC. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.**

**ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF**  
**FORM ADV: FIRM BROCHURE**

**SABIN INVESTMENT MANAGEMENT, INC.** is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure. At this time, there are no material changes to report about our Brochure.

### Item 3: Table of Contents

<b><u>Section:</u></b>	<b><u>Page(s):</u></b>
Item 1. Cover Page For Part 2a Of Form Adv: Firm Brochure.....	1
Item 2. Material Changes To Our Part 2a Of Form Adv: Firm Brochure.....	2
Item 3: Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	6
Item 6. Performance-Based Fees and Side-By-Side Management .....	8
Item 7. Types of Clients and Account Requirements .....	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	8
Item 9. Disciplinary Information .....	9
Item 10. Other Financial Industry Activities and Affiliations .....	10
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Item 12. Brokerage Practices .....	12
Item 13. Review of Accounts or Financial Plans.....	17
Item 14. Client Referrals and Other Compensation .....	18
Item 15. Custody .....	19
Item 16. Investment Discretion .....	20
Item 17. Voting Client Securities.....	20
Item 18. Financial Information .....	20
Item 19. Requirements for State-Registered Advisers.....	21

#### **Item 4. Advisory Business**

We specialize in the following types of services: asset management and financial planning. Our assets under management are \$74,616,000 as of 12/31/2011.

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)<sup>1</sup>.

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our firm is a corporation formed in the State of Washington. Our firm has been in business as an investment adviser since 2007 and is owned as follows:

Larry Sabin – hundred-percent owner

B. Description of the types of advisory services we offer.

(i) Asset Management:

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

(ii) Financial Planning and Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client’s current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning,

---

<sup>1</sup> Please note that: (1) For purposes of this item, our principal owners include the *persons* we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the following services offered by our firm: Asset Management. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

We discourage clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Asset Management. We do not manage assets through our other services.

D. Participation in wrap fee programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of 12/31/2011.

We manage<sup>2</sup> \$74,269,000 on a discretionary basis and \$347,000 on a non discretionary basis as of 12/31/2011.

**Item 5. Fees and Compensation**

We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are under certain circumstances, negotiable.

A. Description of how we are compensated for our advisory services provided to you.

(i) Asset Management:

Accounts will receive a 10% discount for every \$1,000,000 under management. The following is the annualized cumulative schedule of fees:

Fixed Income .....	.30%
Primary Objectives; Current Income And Price Stability.	
Equity .....	1%
Primary Objective; Growth.	
Growth .....	2%
Primary Objective; More Aggressive Growth.	

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in arrears based on the value of your account on the last day of the calendar quarter. In computing the market value of assets, Fund shares will be calculated at their respective net asset values as of the valuation date in accordance with each Fund prospectus. Any such valuation shall not be deemed a guarantee of any kind with respect to the value of those assets. In the event that additions to, or withdrawals from, the account are made during any given quarter, the applicable Account Fee will be adjusted on a pro-rata basis, based on the market value of the assets at such time to reflect the addition or withdrawal.

(ii) Financial Planning and Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$200 for financial

---

<sup>2</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our *Brochure* in response to Item 4.E of Form ADV Part 2A.

advisors, \$150 per hour for para-planners and \$75 for administrative time. Flat fees generally range from \$250 to \$5,000.

**B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.**

**(i) Asset Management:**

\*Our firm's fees are billed on a pro-rata annualized basis quarterly in arrears based on the value of your account on the last day of the calendar quarter.

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*In rare cases, we will agree to directly bill clients. \*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

**(ii) Financial Planning and Consulting:**

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

**C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.**

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

**D. Client's advisory fees are due quarterly in arrears.**

We charge our advisory fees quarterly in arrears. In the event that you wish to terminate our services, we will charge the earned portion of our advisory fee to you. You need to contact

us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata charge of earned advisory fees.

E. Commissionable securities sales.

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

**Item 6. Performance-Based Fees and Side-By-Side Management**

We do not charge performance fees to our clients.

**Item 7. Types of Clients and Account Requirements**

We have the following types of clients:

- Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- We require a minimum account balance of \$100,000 for our asset management service. The minimum annual fee is \$300. Generally, this minimum account balance and annual fee requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.
- We generally charge a minimum fee of \$250 for written financial plans.

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

A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

Methods of Analysis:

- Fundamental;
- Technical.

Investment Strategies we use:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;



- Option writing, including covered options, uncovered options or spreading strategies;

**Please Note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

**B. Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.**

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to comprehensive portfolio management, asset management service and portfolio monitoring, as applicable.

**Item 9. Disciplinary Information**

We are required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. There are a number of specific legal and disciplinary events that we must presume are material for this Item. If our advisory firm or a management person has been involved in one of these events, we must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in our or the management person's favor, or was reversed, suspended or vacated, or (2) the event is not material (see Note below). For purposes of calculating this ten-year period, the "date" of an event is the date that the final order, judgment, or decree was entered, or the date that any rights of appeal from preliminary orders, judgments or decrees lapsed.

The SEC and/or State Regulators have not provided us with an exclusive list of material disciplinary events, which need to be disclosed. If our advisory firm or a management person has been involved in a legal or disciplinary event that is not specifically required to be disclosed, but nonetheless is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management, we must disclose the event. Similarly, even if more than ten years has passed since the date of the event, we must disclose the event if it is so serious that it remains currently material to a client's or prospective client's evaluation of our firm or management.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

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

Description of any relationship or arrangement that is material to our advisory business or to our clients, that we or any of our management persons have with any related person<sup>3</sup> listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.

Our firm or our management persons have a material relationship with the following related person(s) as follows:

1. accountant or accounting firm

Mr. Dubinsky has an income tax preparation and bookkeeping related business, North Financial, Inc. He is actively engaged where he may provide these services to clients of SIM. As a result of his practice, Mr. Dubinsky sells services which are non-investment advice/services for which he may receive compensation.

- A. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

We have determined we have nothing to disclose in this regard.

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

- A. Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

---

<sup>3</sup> Our Related Persons are any advisory affiliates and any person that is under common control with our firm. Advisory Affiliate: Our advisory affiliates are (1) all of our officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by us; and (3) all of our current employees (other than employees performing only clerical, administrative, support or similar functions). Person: A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company ("LLC"), limited liability partnership ("LLP"), sole proprietorship, or other organization.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>4</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

- B. If our firm or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that our firm or a related person recommends to clients, we are required to describe our practice and discuss the conflicts of interest this presents and generally how we address the conflicts that arise in connection with personal trading.

See Item 11A of this Brochure.

- C. If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of interest it presents. We are also required to describe generally how we address conflicts that arise.

See Item 11A of this Brochure.

---

<sup>4</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## **Item 12. Brokerage Practices**

### **A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

1. Research and Other Soft Dollar Benefits. If we receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), we are required to disclose our practices and discuss the conflicts of interest they create. Please note that we must disclose all soft dollar benefits we receive, including, in the case of research, both proprietary research (created or developed by the broker-dealer) and research created or developed by a third party.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

- a. Explanation of when we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, and how we receive a benefit because our firm does not have to produce or pay for the research, products or services.

As part of the arrangement described in Item 12A1, TD Ameritrade also makes certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by TD Ameritrade directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by TD Ameritrade to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by TD Ameritrade to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

- b. Incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving best execution.

As a result of receiving the services discussed in 12A(1)a of this Firm Brochure for no additional cost, we may have an incentive to continue to use or expand the use of TD Ameritrade's services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with TD Ameritrade and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

TD Ameritrade charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). TD Ameritrade enables us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. TD Ameritrade's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

- c. Causing clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

Our non-wrap fee program clients may pay a commission to TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

- d. Disclosure of whether we use soft dollar benefits to service all of our clients' accounts or only those that paid for the benefits, as well as whether we seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

- e. Description of the types of products and services our firm or any of our related persons acquired with client brokerage commissions (or markups or markdowns) within our last fiscal year.

We are required to specifically describe to our clients the types of products or services that we are acquiring and to permit them to evaluate possible conflicts of interest. Our description must be more detailed for products or services that do not qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution. Merely disclosing that we obtain various research reports and products is not specific enough.

In addition to the benefits described in Item 12A1 of this Brochure, TD Ameritrade also makes available to our firm other products and services that benefit us, but may not benefit our clients' accounts. These benefits may include national, regional or investment adviser specific educational events organized and/or sponsored by TD Ameritrade. Other potential benefits may include occasional business entertainment of personnel of our firm by TD Ameritrade personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist our firm in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of our accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade also makes available to our firm other services intended to help our firm manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, TD Ameritrade may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. TD Ameritrade may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. While, as a fiduciary, our firm endeavors to act in our clients' best interests, Adviser's recommendation/requirement that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to our firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost, or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest.

We would have to obtain the aforementioned services and products for cash if we did not have soft dollars available to pay for them. As a result of receiving such products and services for no cost, we may have an incentive to continue to place client trades through broker-dealers that offer soft dollar arrangements. This interest conflicts with the clients' interest of obtaining the lowest commission rate available. Therefore, we must determine in good faith, based on the best execution policy stated above that such commissions are reasonable in relation to the value of the services provided by such executing broker-dealers.

f. Explanation of the procedures we used during our last fiscal year to direct client transactions to a particular broker-dealer in return for soft dollar benefits we received.

All soft dollars arrangements must be approved in writing by our Chief Compliance Officer. A brief description of the purpose of the soft dollar arrangement outlining the benefits received by our firm and clients along with any noted concerns about increased costs to our clients and how such concerns were alleviated will be maintained on file. Our Chief Compliance Officer undertakes a review of parties which propose to pay our firm in soft dollars and analyzes a number of criteria. When deciding whether to approve or disapprove of a soft dollar relationship, the following criteria is reviewed: the broker-dealer's business reputation and financial position and our ability to consistently execute orders professionally and on a cost effective basis, provide prompt and accurate execution reports, prepare timely and accurate confirms, deliver securities or cash proceeds promptly and provide meaningful research services that are useful to us in investment decision-making or other desired and appropriate services. Our Chief Compliance Officer also annually reviews all our soft dollar relationships for appropriateness, benefits to our clients, etc.

At times, a product or service we would like to purchase with soft dollars may have a "mixed use", meaning that a portion of the product is used to provide bona fide research as part of the investment decision-making process and part of it may be used for a non-research purpose. In these situations, our Chief Compliance Officer will make a pro-rata allocation of the cost of such service based on our evaluation of the research and non-research uses of the product. The cost of the product must be paid using both hard and soft dollars, the hard dollars being paid by our firm for the non-research portion and soft dollars for the research portion. For services that have a "mixed use", our Chief Compliance Officer will make a fair and reasonable determination as to how much of the cost may be paid with soft dollars. The basis for such determination shall be documented and will include an explanation as to how the computation of such percentage was reached. Our Chief Compliance Officer's computation shall be retained in our firm's files along with any records used to determine the "mixed use" percentages. Whenever there is a substantial change in the use of "mixed use" services, our Chief Compliance Officer will reevaluate such services. Providers of services that have a "mixed use" will be directed to either bill the paying broker for such service and the broker will be directed to bill us for the non-research portion, or to send separate bills to us and the paying broker for the appropriate amounts.

As a fiduciary, we have an obligation to obtain "best execution" of clients' transactions under the circumstances of the particular transaction. Consequently, notwithstanding the safe harbor provided under Section 28(e), no allocation for soft dollar payments shall be made unless best execution of the transaction is reasonably expected to be obtained.

- 2) Brokerage for Client Referrals. If we use client brokerage to compensate or otherwise reward brokers for client referrals, we must disclose this practice, the conflicts of interest it creates, and any procedures we used to direct client brokerage to referring brokers during the last fiscal year (i.e., the system of controls used by us when allocating brokerage)

Our firm does not receive brokerage for client referrals.

- 3) Directed Brokerage.
- a. If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

We or any of our firm's related person do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.



- b. If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

See Item 12A(3) of this Brochure.

- B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13. Review of Accounts or Financial Plans**

- A. Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

We review accounts on at least a weekly basis for our clients subscribing to the following services: Asset Management. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

- B. Review of client accounts on other than a periodic basis, along with a description of the factors that trigger a review.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

- C. Description of the content and indication of the frequency of written or verbal regular reports we provide to clients regarding their accounts.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the following services: Asset Management.

As also mentioned in Item 13A of this Brochure, financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

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

- A. If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

#### **TD AMERITRADE:**

As disclosed under Item 12 of this Brochure, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD

Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

- B. If our firm or a related person directly or indirectly compensates any person who is not our employee for client referrals, we are required to describe the arrangement and the compensation.

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940.

### **Item 15. Custody**

- A. If we have custody of client funds or securities and a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules (for example, a broker-dealer or bank) does not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

- B. If we have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to our clients, we are required to explain that you will receive account statements from the broker-dealer, bank, or other qualified custodian and that you should carefully review those statements.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

### **Item 16. Investment Discretion**

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Asset Management clients. We do not take or exercise discretion with respect to our other clients.

### **Item 17. Voting Client Securities**

- A. If we have, or will accept, proxy authority to vote client securities, we must briefly describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

- B. If we do not have authority to vote client securities, we must disclose this fact.

See Item 17A of this Brochure.

### **Item 18. Financial Information**

- A. If we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are a state-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

If we are registering or are registered with one or more state securities authorities, we must respond to the following additional Item.

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

Identification of each of our principal executive officers and management persons, and description of their formal educations and business backgrounds.

### **Larry Sabin**

Year of Birth: 1957

#### **Education:**

- 1981 – Brigham Young University; BA in Business Management

#### **Business Background for Past Five Years:**

- 04/2007 – Present      Sabin Investment Management, Inc  
President & Chief Compliance Officer
- 06/2000 – 04/2007      Larry D. Sabin & Company  
Sole Proprietor Investment Adviser
- 06/2000 – 10/2003      Pacific West Securities, Inc  
Registered Representative

A. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

We have nothing to disclose in this regard.

B. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated. Further, we must disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

We do not charge performance-based fees.

D. If our firm or a management person has been involved in one of the events listed below, we must disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - (a) an investment or an investment-related business or activity;
  - (b) fraud, false statement(s), or omissions;
  - (c) theft, embezzlement, or other wrongful taking of property;
  - (d) bribery, forgery, counterfeiting, or extortion; or
  - (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.