

QUAD-CITIES INVESTMENT MANAGEMENT    2014 WRAP FEE  
BROCHURE

FORM ADV PART 2A

QUAD-CITIES INVESTMENT GROUP, LLC  
5177 UTICA RIDGE ROAD  
DAVENPORT, IA 52807

*February 2014*

This brochure provides information about the qualifications and business practices of Quad-Cities Investment Group, LLC ("QCIG"). If you have any questions about the contents of this brochure, please contact by telephone at 563-484-5000 or Scott L. Stoltenberg (Chief Compliance Officer) via email at [S^adcjtiesuivestmentgrojifi^](mailto:S^adcjtiesuivestmentgrojifi^). 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 QCIG also is available on the SEC's website at [www.adviserjiifo^ec^goy](http://www.adviserjiifo^ec^goy).

Please note that the use of the term "registered investment adviser" and description of QCIG 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 firms' associates who advise you for more information on the qualifications of our firm and its employees.

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## **ITEM 2 - MATERIAL CHANGES**

**Quad-Cities Investment Group, LLC** is required to advise you of any material changes to our Wrap Fee Program Brochure ("Wrap Brochure") from our last annual update, identify those changes on the cover page of our Wrap Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Wrap Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Wrap 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 Wrap Brochure.

There are no material changes to report, as of February 3, 2014.

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## Item 4 - Services, Fees and Compensation

- A. We offer a wrap fee program as described in this Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, and risk tolerance.

(i) Our Asset Management Wrap Fee Program:

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 and private 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 is 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 semi-annually, 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 held in the portfolio. All such restrictions are to be agreed upon in writing at the account's inception.

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 clients' cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance is maintained in a money market account so that our firm may debit advisory fees for our services related to asset management service, as applicable.

Our Asset Management Wrap Fee Program Fee Schedule:

Asset Management:

<u>Assets under management</u>	<u>Annual Percentage of assets charge:</u>
\$0 - \$500,000	2.00 %
\$500,001 - \$1,000,000	1.75%
\$1,000,001 - \$2,000,000	1.50%
Above \$2,000,000	1.25%

Our firms' fees are billed on a pro-rata annualized basis, monthly in arrears, based on the value of your account on the last day of the quarter.

- B. A wrap fee program allows clients to pay a specified fee for investment advisory services and the execution of transactions. Advisory services may include portfolio management and/or advice concerning selection of other advisers. Your fee is not based directly upon transactions in your account but is bundled with our costs for executing transactions, resulting in a higher advisory fee to you. We do not charge higher advisory fees based on trading activity, but you should be aware that a

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conflict of interest may exist as we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program.

- C. Clients may incur fees charged by the Custodian. These custodial fees are separate from our fees and will be disclosed by the custodian. Clients may also pay 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. Our investment advisory representatives receive a portion of the advisory fee that you pay us, either as a percentage of your overall fee or in the form of salary from our firm. Cases where investment advisory representatives are paid as a percentage of your overall fee may create incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program, because compensation may be higher through a wrap fee program if your account is not actively traded.

## **Item 5 - Account Requirements and Types of Clients**

We impose the following requirement(s) to open or maintain a wrap fee account:

- We require a minimum relationship balance of \$100,000 for our wrap fee asset management service. Generally, this minimum account balance requirement is not negotiable and is required throughout the course of the client's relationship with our firm.

Types of clients we typically manage wrap fee accounts on behalf of, include:

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

## **Item 6 - Portfolio Manager Selection and Evaluation**

- A. Our firm does not utilize outside portfolio managers for wrap fee accounts. All accounts are managed by our in-house professionals.
- B. No Related Persons act as portfolio manager for the wrap fee program described in this brochure.
- C. Supervised persons of the Adviser do act as portfolio manager to the wrap fee program described in this brochure.

### **(i) Advisory Business:**

See Item 4 of this Wrap Fee Program Brochure for information about our wrap fee advisory program.

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(ii) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing Asset Management in the Wrap Fee Account program,

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

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. All such restrictions are to be agreed upon in writing at the account's inception.

(iv) Participation in *wrap fee programs*.

Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client's investment objectives, financial goals, and risk tolerance. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts

(v) Performance-based fees and side-by-side management.

We do not charge performance fees to our clients.

(vi) Methods of analysis, investment strategies and risk of loss.

Methods of Analysis:

- Our methods of analysis are a combination of technical, cyclical, and fundamental analysis.

Investment Strategies may include:

- Long term purchases (securities held at least a year);
- Short term purchases (securities held less than one year);
- Trading (securities held less than 30 days);
- Short sales;
- Margin transactions;
- Option writing including covered options, uncovered options or spread strategies.

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.

(vii) Voting Client Securities

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The Adviser will not vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), the plan fiduciary specifically keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. Clients may call, write or email us to discuss questions they may have about particular proxy vote or other solicitation.

### **Item 7 - Client Information Provided to Portfolio Managers**

Our firm communicates with your portfolio manager(s) on a regular basis as needed to ensure that your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your portfolio manager(s) when market or economic conditions make it prudent to do so or upon your request.

### **Item 8 - Client Contact with Portfolio Managers**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolio or other matters.

### **Item 9 - Additional Information**

A. The firm and its employees have not been involved in legal or disciplinary events related to past or present investment clients. We have no other financial industry activities and affiliations to disclose.

B. Code of Ethics

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics, and we require that all such transactions be carried out in a way that do 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.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures, including an employee transaction review procedure, for transactions effected by our members, officers, and employees in their personal accounts. Additionally, 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 includes Policies and Procedures regarding Insider Trading and Personal Securities Transactions. 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

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laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons 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.

### Review of Accounts

We may review client accounts more frequently than described below. Factors which may trigger an off-cycle review include but are not limited to market or economic events, changes in client circumstances, or upon client request. Wrap Fee Accounts are reviewed at least semi-annually for clients subscribing to our Asset Management services. Written reports may include information on individual securities, account valuation, portfolio allocation, and performance. Clients receive statements of account positions no less than quarterly from the account custodian.

### Client Referrals and Other Compensation

Our firm may recommend or determine the broker through which client security transactions are executed. Financial strength of the broker or dealer, its reputation, pricing, and ability to execute trades in a timely manner will be taken into consideration when making this decision. In most cases, securities transactions will be executed through Raymond James Financial Services, Inc. ("RJFS").

It is important to note that RJFS does not maintain a supervisory relationship with respect to our firm or our representatives. RJFS and our firm are separately registered and independently controlled entities.

Clients in need of brokerage and custodial services may have RJFS recommended to them. As part of the RJFS program, we receive the benefit of execution and custodial services.

We do not pay referral fees 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.

### Financial Information

The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The Adviser meets all net capital requirements that it is subject to, and the Adviser has not been the subject of a bankruptcy petition in the last 10 years.

The Adviser is not required to provide a balance sheet as it does not serve as custodian for client funds or securities, does not require prepayment of fees of more than \$1,200 per client or six months or more in advance.