

**Item 1 – Cover Page**

**CIM Investment Management, Inc.  
Investment Building  
239 Fourth Avenue, Suite 1302  
Pittsburgh, PA 15222**

**Telephone: 412.765.2771  
Facsimile: 412.281.2159**

**[www.ciminvests.com](http://www.ciminvests.com)**

**March 30, 2016**

**FORM ADV PART 2A  
BROCHURE**

This brochure provides information about the qualifications and business practices of CIM Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at 412.765.2771. 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 Investment Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "Firm" and type in our firm name).

CIM Investment Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

Since our last annual update in March of 2015, there have been no material changes for our firm, CIM Investment Management, Inc.

Pursuant to SEC Rules, we will ensure that all clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year.

Additional information about CIM Investment Management is available on the IAPD website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our current Brochure may be requested by contacting our Chief Compliance Officer, Antoine L. Smalls at 412.765.2771 or [asmalls@cinvests.com](mailto:asmalls@cinvests.com).

### **Item 3 - Table of Contents**

	<b>Page</b>
Item 1 - Cover Page.....	
Item 2 - Material Changes.....	1
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business.....	3
Item 5 - Fees and Compensation.....	4
Item 6 - Performance-Based Fees and Side-By-Side Management .....	6
Item 7 - Types of Clients.....	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 - Disciplinary Information .....	7
Item 10 - Other Financial Industry Activities and Affiliations.....	7
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	7
Item 12 - Brokerage Practices .....	8
Item 13 - Review of Accounts.....	10
Item 14 - Client Referrals and Other Compensation.....	11
Item 15 - Custody.....	11
Item 16 - Investment Discretion.....	11
Item 17 - Voting Client Securities.....	12
Item 18 - Financial Information .....	12

## **Item 4 - Advisory Business**

### **Firm Background**

CIM Investment Management, Inc. is an SEC registered investment adviser based in Pittsburgh, Pennsylvania. CIM was founded in 1994 and is organized as a Subchapter S-corporation under the laws of the State of Pennsylvania. We have been providing investment advisory services since our founding in 1994. Mr. Andrew C. Fisher is our principal owner.

As used in this brochure, the words “CIM”, “we”, and “us” refer to CIM Investment Management, Inc. and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm.

We offer balanced, equity and fixed income management services to a broad range of clientele based on our diversified, risk managed investment approach. We provide discretionary and non-discretionary investment management services in accordance with your specific investment policies and guidelines. Discretionary authority includes deciding which securities to buy and sell, when to buy and sell these securities, and in what amounts, tailored to your policies, without obtaining your prior consent or approval for each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm. You may limit our discretionary authority by providing our firm with your restrictions in writing.

### **Description of Advisory Services**

#### **Equity Management**

CIM seeks to add value to equity portfolios over and above a defined benchmark by constructing risk managed portfolios that maintain relatively low performance variability versus the benchmark and which include companies with good growth prospects that are reasonably valued. Key aspects of this process include but are not limited to:

- Stay fully invested to the extent practicable, with a target of less than 5% cash.
- Broadly diversify each portfolio across sectors and industries.
- Add value by selecting companies which provide growth at a reasonable value.

#### **Fixed Income Management**

CIM's fixed income management process seeks to add value to a defined benchmark by balancing credit and interest rate risk versus total return potential using both a top-down macro-economic analysis and a bottom-up credit assessment. Key aspects of this process include but are not limited to:

- Stay fully invested to the extent practicable, with a target of less than 5% cash.
- Broadly diversify each portfolio across sectors, industries and types of securities.
- Add value through a combination of sector rotation, interest rate anticipation and individual security selection.

#### **Balanced Account Management**

Our balanced account product combines stocks and bonds in a portfolio based on the client's asset allocation policy (the minimum and maximum percentage of the total portfolio allowed in

separate asset classes like stocks and bonds). The asset allocation is actively managed and is determined based on an assessment of relative value between equities and fixed income and on a macro-economic analysis of the global economy. The equity portion of balanced accounts will include large cap stocks (managed as discussed under equity management above) and may, include mid cap, small cap and international equity exposure. Exposure to mid-cap, small-cap and international stocks could be achieved through the use of exchange traded funds (ETFs). If the balanced portfolio is large enough, this portion of the equity allocation could be invested in a separate managed portfolio our (CIM's) core small cap equity product. The fixed income portion of the account will invest in individual bonds and will be managed as described under fixed income management above.

### **Types of Investments**

Client accounts are normally managed using individual common stocks and bonds, exchange traded funds (ETFs) and closed and open ended mutual funds. Other types of securities may be utilized based on client requirements or requests. You may request that we refrain from investing in particular securities or types of securities by providing us with such instructions in writing.

### **Assets Under Management**

As of February 29, 2016:

Discretionary assets managed	\$1,060,159,179
Non-Discretionary	\$19,384,737
Total	\$1,079,543,916

## **Item 5 - Fees and Compensation**

### **Fee Schedule**

Our fee for investment management services is based on a percentage of your assets we manage (annualized) and is set forth below. In addition, we manage accounts on a fixed fee basis negotiated in writing in the advisory agreement. These fees are payable either quarterly in advance or in arrears as negotiated with each client. Our minimum account size is \$1.0 Million, but in our sole discretion we may accept lesser account sizes.

#### **1. Balanced, Fixed Income, and Equity fee schedules:**

- 1.00% of the first \$1,000,000
- 0.75% of the next \$4,000,000
- 0.40% of the next \$10,000,000
- 0.25% thereafter

The foregoing fee schedule is negotiable. The terms and conditions of the services provided and fees charged are agreed upon in writing by both you and CIM and are described in the advisory agreement. CIM's standard form of agreement provides that either party may terminate the agreement upon 30 days prior written notice. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee. In the case of fees billed in advance, we will prorate the advisory fees earned through the termination date and send you a reimbursement for the advisory fees overpaid in advance.

### **Fee Payment Options**

As indicated in our advisory agreement with you, there are two options you may select to pay for our services:

1. Direct debiting (preferred): at the inception of the relationship and each quarter thereafter, we will submit a quarterly invoice to your custodian in the amount of the fee due and payable to us as described in the advisory agreement. You must authorize in writing the payment of fees directly from your account(s). The custodian does not validate or check our fee, nor the calculation on the assets on which the fee is based. They will “deduct” the fee from your account(s) or, if you have more than one account, from the account you have designated to pay our advisory fees.
2. Pay-by-check: At the inception of the account and each quarter thereafter, we will issue you an invoice for our services and you will pay us by check or wire transfer, due within 15 days of the date of the invoice.

### **Additional Fees and Payments**

In addition to our advisory fee shown above, you are responsible for paying other fees associated with advisory services for your account. These fees may include but are not limited to:

- Brokerage commissions;
- Exchange fees;
- Transaction fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), and Exchange Traded Funds (ETFs);
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Deferred sales charges (charged by MFs);
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions;
- Among others that may be incurred.

In addition, employees do not receive (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for your account or to which we provide consulting expertise / services.

Additional information about brokerage costs and services is provided in “Item 12: Brokerage Practices.”

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

We do not receive performance based fees. Therefore, there is no instance where we manage both a performance fee account and nonperformance fee account side by side, and there is no incentive to favor a performance fee account over others through different trading priorities or a disproportionate allocation of favorable investments. Our advisory fee is charged only as disclosed and explained under the "Item 5: Fees and Compensation" section of this Brochure.

## **Item 7 - Types of Clients**

We offer investment advisory services to:

- Municipal pension plans
- Taft-Hartley plans
- Corporate pension and profit-sharing plans
- Trusts, estates, foundations and charitable plans
- Insurance company funds
- Not for profit entities
- Other types of funds and portfolios

Our minimum account size is \$1.0 Million but in our sole discretion we may accept lesser account sizes.

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

### **Analysis**

We may utilize one or more of the following methods of analysis when providing investment advice to you:

- Fundamental Analysis - We will analyze individual companies by studying their financial performance, reviewing the strength of their management and assessing the outlook for the company and its industry. This analysis is then used to make judgments regarding the future prospects of the company's debt and equity securities.
- Technical Analysis - We will use charts and other tools to identify patterns (price, volume, etc.) that may suggest future performance for a particular security.
- Quantitative Analysis - We use various mathematical models (software tools) to quantify the expected return and /or risks associated with a security or portfolio of securities. These tools are used to measure portfolio statistics, evaluate performance and value securities.

Our investment strategies may vary over time and from client to client depending upon market conditions and the unique investment policies and requirements of each client.

### **Investment Strategies**

- Long Term Purchases - Securities that are purchased with the expectation that the value of those securities will grow over relatively long periods of time, typically greater than one year.
- Short Term Purchases – Securities that are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, in order to take advantage of the securities' short term price fluctuations.

### **Risk of Loss**

All investments in securities include a risk of loss of your principal and any profits that have not been realized. All of the methods of analysis and investment strategies described above entail a risk of loss. Since stock and bond markets fluctuate substantially over time, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets that we manage that may be out of our control. We cannot guarantee any level of performance or that you will not experience a loss of your account assets. Past performance is in no way an indication of future performance.

### **Item 9 - Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item(s) to report to you. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a client relationship, or to continue a client relationship with us.

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

Mr. Andrew C. Fisher, President of CIM, owns a minority interest in Outfitter Financial Corporation, which is a registered investment advisor; He is not involved in the daily management of OFC.

Mr. Steve Maslek, Chief Administrative Officer of CIM, is the owner of a minority interest in US Asset Management, LLC, which he acquired while working for USAM. He has not been actively employed by, or involved in any way with management of, USAM since accepting his position with CIM in April of 2008.

CIM is registered with the SEC and the MSRB as a Municipal Advisor. We may, from time to time, provide municipal advisory services to entities or organizations that also happen to be CIM investment advisory clients. In such cases we will ensure that the two services do not create a conflict of interest by clearly separating roles and duties within our organization and/or by the use of third party providers and by implementing policies and procedures that protect client information.

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

#### **Description of Code of Ethics**

We have adopted a Code of Ethics (“Code”) that governs a number of potential conflicts of interest we have when providing our advisory services to you. This Code is designed to ensure we meet our fiduciary obligation to our Client.. An additional benefit of our Code is to detect and prevent violations of securities laws, including our obligations to you.

Our Code is comprehensive, is distributed to each employee at the time of hire as well as annually, and is distributed upon request from our clients or prospective clients. We also supplement the Code with annual training and on-going monitoring of employee activity.

The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts, and business entertainment items, and personal securities trading procedures and reporting requirements, among other things.



### **Participation or Interest in Client Transactions**

Neither our firm nor any of our related persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our Code permits employees to engage in personal securities transactions. It is possible that officers or employees of CIM may buy or sell securities or other instruments that CIM has recommended to clients and may engage in transactions for their own accounts in a manner that is inconsistent with CIM's recommendations to a client. CIM selects investments for clients based solely on investment considerations, including whether the investments are suitable for the client and meet the client's investment objectives and guidelines. In the course of providing advisory services, CIM may simultaneously recommend the sale of a particular security for one account while recommending the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines.

Personal securities transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a client. CIM has adopted policies and procedures designed to detect and prevent such conflicts of interest and to ensure that it effects transactions for clients in a manner that is consistent with its fiduciary duty to its clients and in accordance with applicable law. Employees of CIM who wish to purchase or sell securities of the types purchased for clients may do so only in a manner consistent with CIM's fiduciary obligations.

## **Item 12 - Brokerage Practices**

### **Selecting / Recommending Brokers for Client Transactions**

For those accounts where CIM has brokerage discretion, CIM considers the following, among others, when selecting broker-dealers:

- Execution capabilities,
- Net price,
- Research capabilities,
- Brokerage commissions,
- The broker's market access,
- The size and type of the transaction,
- The execution, clearance and settlement capabilities of the broker, and
- The reputation and perceived soundness of the broker selected.

While we generally seek competitive commission rates, we will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker and thereby justify higher commissions than would be the case with other transactions requiring more routine services.

CIM has the authority to conduct transactions with various brokers or dealers; however, the client may submit a written statement outlining a list of preferred brokers. CIM will select the broker who, for any given trade, can provide "best execution" including commission.

Each client may provide CIM with a written statement outlining the maximum commission rate they are willing to pay. CIM will establish relationships with those brokers who can execute trades at a commission rate lower than the client's stated maximum rate.

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

CIM receives services under soft dollar arrangements with broker dealers, all of which meet the safe harbor criteria of Section 28(e) of the Securities Exchange Act of 1934, as amended. Consistent with our responsibility to seek best execution, as part of our broker selection process, we consider the value of research and related services we receive in relation to the commission paid. CIM has a policy to make good faith allocations for items that are mixed use and pay hard dollars for the portion of the items that have been determined to be for non-research purposes. The allocation will be based on the percentage of hours the service or product is used between the investment staff and the operations department. The calculation is based on monthly usage to determine the hard dollars that should be paid on the services that are mixed use.

The services that CIM received through soft dollar arrangements the past fiscal year include, but are not limited to, the use of Bloomberg for equity and fixed income analytical tasks such as duration measurement, tracking error measurement and research on equity and fixed income securities. The use of Advent Axys System generates client reports used for the equity and fixed income teams for performance measurements and client holdings as well as other analyses. The use of the S&P 500 Index is used for the comparison of the S&P 500 market members and CIM's client portfolios. CIM also receives daily market research, corporate and municipal bond value indications and corporate meeting coverage.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with client transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry. We may select broker-dealers based on our assessment of their ability to provide quality executions and our belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is generally not possible to place a dollar value on the special executions or on the research services we receive from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers we select may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if we determine in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to our discretionary accounts.

Research obtained with soft-dollars will not always be utilized by us for the specific account that generated the soft-dollars. Because we routinely batch client transactions, brokerage commissions attributable to one or more client accounts may be allocated to brokers who provide research used by us in managing the accounts of other clients, and vice versa. We do not attempt to allocate the relative costs or benefits of research among client accounts because we believe that in the aggregate, the research we receive benefits all clients. Our procedure is to ensure that the commission rates received are competitive rates as determined from various offers from other brokers to execute transactions for CIM's clients.

### **Brokerage for Client Referrals**

It is CIM's policy to not to use brokerage commissions for the express purpose of receiving or soliciting client referrals from brokers or other entities or parties.

### **Directed Brokerage**

We do not require clients to direct us to certain broker-dealers. Client's may limit CIM's discretionary authority and, in particular, may direct us to use particular broker-dealers to execute portfolio transactions for their accounts. In the event that a client directs CIM to use a particular broker-dealer, CIM may not be able to negotiate and obtain the best commission rates, obtain

volume discounts or receive best execution. In addition, under these circumstances there may be a disparity in commission rates charged to the client who directs CIM to use a particular broker-dealer.

### **Allocation and Aggregation of Orders**

We have adopted trading policies that are intended to insure that all trades are, when necessary, allocated to our clients in a manner that fulfills our fiduciary obligations to each client and otherwise allocates securities on a basis that is fair, equitable, consistently applied, and does not unfairly discriminate against any client.

Instances where allocation may be necessary include, without limitation; block trades, simultaneous transactions in securities for clients and the firm, purchases of new issues ("IPOs"), acquisitions of securities directly from an issuer in a private placement and disposition of unattractive securities (e.g., a downgraded security).

When two or more clients are simultaneously engaged in the purchase or sale of the same security, to the extent possible, the transaction will be bunched. Under such circumstances, each account in the bunched trade will receive the security at an average price and an average commission, and the purchased securities will be allocated among the clients in accordance with an equitable formula. Key policies and procedures relating to block trades include:

Orders for two or more clients may be bunched only if the CIO has determined that, on an individual basis, the securities order is:

- In the best interests of each client participating in the order.
- Consistent with CIM's duty to obtain best execution.
- Consistent with the terms of the investment advisory agreement of each participating client.

Any investment by one client shall not be dependent or contingent upon the willingness or ability of another client to participate in such transaction.

The price of the securities purchased or sold in a block transaction shall be at the average share price for all transactions of the participating clients in that security, with all transaction costs shared on a pro rata basis.

In cases where a block trade is "partially filled" (i.e., less than the full amount of shares, units, par amount, etc. are transacted), each participating client will be allocated a pro-rata portion of the amount that was transacted. That is, each client will receive an amount of the total shares, units, etc. transacted based on the ratio of each client's pre-trade amount of shares, units, etc. to the total amount transacted. When appropriate, we may use alternate means of allocation, provided no clients are unduly harmed or favored.

### **Item 13 - Review of Accounts**

We review client accounts internally no less than quarterly. Such reviews may analyze various aspects of a given portfolio such as:

- Adherence to investment policies
- Portfolio measures (sector weights, security weights, duration, etc.)
- Performance evaluation
- Cash position and liquidity needs

You will receive regular account statements directly from your custodian. We will reconcile our account statement with your custodian statement on a monthly basis and will provide you with written reports on a schedule you deem necessary or appropriate. Such written reports may include portfolio holdings, statistics, transactions and performance, among other information. In addition, we will conduct reviews with you in person at your request or based on an established schedule.

During such reviews we will discuss account performance, explain any investment strategies we employed and answer any questions you may have. Additional reviews may be conducted at your request, or based on various circumstances such as market moving events or changes in your objectives or policies.

The Portfolio management team, led by the CIO, generally meets daily and performs all client reviews.

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

CIM does not directly compensate any solicitors for client referrals.

#### **Item 15 - Custody**

CIM does not have physical custody of your funds and/or securities. Your funds and securities will be held by a bank, broker-dealer, or other independent qualified custodian of your choosing.

In certain cases (where the client has agreed in writing), your independent qualified custodian will directly debit your account (s) for the payment of our advisory fees. This ability to deduct our advisory fees from your account causes us to have limited custody over your funds and securities.

You will receive account statements from your chosen custodian on a regular basis. The account statements from your custodian will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review your account statements for accuracy. In addition, you should compare the account statement received from your qualified custodian with the reconciled reports we send you. Independent pricing services may cause the custodian's valuation to differ from ours, but you should contact us immediately if you have any questions or concerns about any material differences between the reports.

#### **Item 16 - Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our investment management agreement.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s), without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Item 4: Advisory Business" section in this Brochure for more information on our discretionary management services.

### **Items 17 - Voting Client Securities**

In the investment advisory agreement, you designate if you want us to vote your proxies or if you wish to keep the exclusive authority to vote proxies with respect to the assets held in your account.

In the absence of specific voting guidelines from a client for whom we vote, we will vote proxies in a manner that we believe is in your best interest, taking into consideration those factors that may affect the value of the security. We will consider only those factors that relate to your investment or are dictated by your written instructions, including how the vote will economically impact and affect the value of your investment. There also may be times after conducting appropriate research and analysis, that we believe not voting at all is in your best interest.

In effecting our policy of voting proxies in the best interests of our clients, there may be occasions where the voting of such proxies may present an actual or perceived conflict of interest between us, as the investment adviser, and you, our client.

Potential conflicts of interest situations may include:

- Business relationships, where we have a substantial business relationship with a company such that failure to vote in favor of management could harm our relationship with the company
- Personal relationships, where we have a personal relationship with corporate directors or candidates for directorship
- Familial relationships where we may have personal or business relationships relating to a company (e.g. a spouse or relative who serves as a director of a publicly traded company)

CIM will provide adequate disclosure to you if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to CIM.

You may obtain copies of our written proxy voting policies and procedures as well as information on how proxies were voted for your individual account by requesting this information from us at the address and phone number listed on the cover page of this Brochure.

### **Item 18 - Financial Information**

We are required to provide you with certain financial information or disclosures about the firm's financial condition. CIM does not require or solicit prepayment of fees more than six months in advance. Additionally, CIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been subject to a bankruptcy proceeding.