

AMI Investment Management Brochure

Formally Form ADV Part 2

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AMI Investment Management, Inc.

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This brochure provides information about the qualifications and business practices of AMI Investment Management (AMI). If you have questions about the content of this brochure, please contact Erica A. Gulick, Chief Compliance Officer, or Michael D. Axel, President at 260-347-1281. 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 AMI is also available on the SEC's website at: www.adviserinfo.sec.gov.

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Material Changes Since Last Update: None

1. AMI was founded in 1995 by Michael D. Axel, Owner and President and is an independent registered investment advisor (RIA). AMI offers advice on exchange-listed securities, securities traded over-the-counter, foreign issuers, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, no-load mutual funds, United States government securities, options contracts on securities, and alternative investments including: hedge funds, private equity, venture capital, commodities and REITS. We meet with prospective clients to develop a clear understanding of their goals and objectives and verify that our services and portfolio management style would be in line with their expectations. Next, an Investment Policy Statement (IPS) is created and reviewed with the client to ensure accuracy. As of January 31, 2012, we manage over \$350 million dollars in investment assets.
2. The annual fee charged to a client is computed as a percentage of the value of the assets under management on the last day of the preceding quarter. Such fees are payable quarterly in advance, and are deducted from the client's account unless the client requests to be billed directly.

Fee schedule:

Equity/Balanced Accounts

1.0% of the first \$ 2.5 million
.80% of the next \$ 2.5 million
.60% of the next \$ 5 million
.40% of the balance

Fixed Income Accounts

.50% of the first \$ 1 million
.45% of the next \$ 2 million
.40% of the next \$ 2 million
.30% of the next \$ 5 million
.20% of the balance

Cash Management Accounts

.25% of the first \$ 1 million
.20% of the next \$ 1 million
.15% of the next \$ 2 million
.10% of the balance

Advisor Service (Mutual Funds)

1.0% of the first \$ 2.5 million
.80% of the next \$ 2.5 million
.60% of the next \$ 5 million
.40% of the balance

Prorated fees are charged at the inception of a signed investment advisory agreement. Fees are refunded, at a prorated rate, to the date of termination if the client terminates their relationship with AMI. Clients pay all additional expenses related to an account, including custodian fees, brokerage charges and commissions and taxes. Certain assets under management may be invested in mutual funds. Mutual fund companies pay advisory fees to their fund managers. The impact of this management fee is the reduction of the funds' net asset value. Therefore, clients pay two levels of advisory fees for the management of their assets, one directly to AMI and one indirectly to the managers of the mutual funds held in their portfolio.

AMI does not accept compensation for the sale of securities or any other investment product.

AMI will use any broker dealer at the request of a client. However, AMI may suggest brokers to clients.

3. The firm focuses on managing investment portfolios for institutions and individuals in accordance with their goals and objectives. AMI also offers expertise in areas related to portfolio management, including retirement planning, philanthropic planning, college savings, and cash management. Our target client is an institution or individual with more than \$1,000,000 in investable assets and a long-term investment horizon. Accounts below \$1,000,000 may be accepted for the Advisor Service. Our advisory service is designed for account sizes ranging from \$ 500,000-\$ 1,000,000 and consists of the selection, monitoring, and performance evaluation, of a portfolio of no-load mutual funds. AMI reserves the right to make exceptions to these guidelines.
4. AMI's security analysis is strictly fundamental in nature. We avoid top-down decision making, instead relying on bottom-up research that is more accurate, observable and actionable. The main sources of information that we use include, but are not limited to: interviews with company management, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, financial newspapers, financial magazines, inspection of corporate activities and research materials prepared by others. The investment strategies used to implement any investment advice given to clients include long term purchases (securities held at least a year), short term purchases (securities sold within a year), and option writing, including covered options, uncovered options, or spreading strategies. Clients should understand that an investment in any security may result in a capital gain or loss and they should be comfortable in the asset allocation reflected on their IPS.
5. AMI has not had any type of legal or disciplinary events.
6. AMI is not currently involved in any other business activities.
7. Our employees are required to read, sign and comply with the firm's "*Code of Ethics*" which explains our standards of conduct and the requirement that all employees must file quarterly and annual activity and holdings reports with our Compliance Officer. Employees must also read, sign and comply with "*AMI Investment Management's Fiduciary Duty Policy*" which details our policies regarding our fiduciary and other obligations. We always act in the best interest of the client which represents the guiding principle of our firm. Both forms are available upon request. AMI employees buy or sell stocks, bonds and/or mutual funds that are also recommended to clients. Stock trades are generally included in an aggregated or "block" trade whereas one trade covers many accounts and the execution price is the same for all accounts. The quantity is then allocated into these accounts according to the guidelines in the client's IPS.
8. AMI does not maintain custody of clients' assets that we manage. All assets must be maintained by a broker dealer (broker). We will use any broker of the client's choice (called "directed brokerage") however; this may limit or eliminate our ability to negotiate competitive commission rates and best price for trade executions. Additionally, directed brokerage accounts will not be able to participate in aggregated purchase or sale orders. AMI places aggregate or "block" orders for the same equity security held in two or more accounts in order to achieve best execution for our clients as well as a measure to ensure that all clients are treated fairly and equitably. In the event that there are partially filled orders in the execution of a block trade, AMI will allocate fills on a pro rata basis to each client participating in the trade.

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to:

- Combination of transaction execution services and asset custody services
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests etc.)
- Breadth of available investment products (stocks bonds, mutual funds, exchange-traded funds (ETF's) etc.
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service record

AMI suggests that clients custody their assets either at R.W. Baird or Schwab Institutional. All broker dealers provide AMI clients institutional rate commission schedules. Investment research supplied by brokers is used in servicing all accounts. Any broker who supplies investment research does not receive preferential treatment from AMI and must provide competitive commission schedules. AMI does not have any oral or written arrangement with any broker where it receives some economic benefit (including equipment or non-research services).

9. Investments are monitored on an ongoing basis with regard to fundamental value, risk, and expected return. Individual client accounts are reviewed on an ongoing basis, by portfolio managers, who utilize various electronically prepared reports. Reviewing instructions include targeted asset allocations, buy/hold/sell determinations and any investment policy guidelines by the client. Clients receive from AMI, at a minimum, a quarterly report and appraisal of their portfolio's current status. Supervisory account reports include all positions held, the market value and cost of such positions, yield and percentage of assets allocated to each position. Some clients request more frequent reports. Depending on preference, every client receives both physical or electronic trade confirmations and monthly (or quarterly if there is no activity) brokerage statements from their custodian.
10. AMI does not directly or indirectly compensate anyone for referrals.
11. Under government regulations, we are deemed to have custody of your assets, if for example, you authorize us to instruct your broker (who maintains actual custody) to deduct our management fees directly from your account or if you grant us authority to move your money to another person's account. You will receive account statements directly from your broker monthly (or quarterly if there is no activity). They will be sent to the email or postal mailing address that you provide to AMI. We urge you to compare your broker's statements to the reports that you receive from us.

12. Based on your IPS, AMI has the discretionary authority to determine, without obtaining consent, what securities are to be bought and sold, the amount of securities to be bought or sold and the broker to be used.
13. Unless retained by the client, AMI assumes proxy-voting responsibility. AMI's proxy voting guidelines are guided by one overriding principal: What is in the best interest of the company's long-term shareholders (our clients). At all times when reviewing proxies we will think like an owner of the business we are reviewing (which we are) and make decisions based on what is best for its shareholders, not what's best for management. If clients choose to retain proxy voting responsibilities, they will receive the proxies or other solicitations directly from the custodian. Clients are welcome to contact AMI with questions about any solicitation. Our proxy voting policy is available upon request. Copies of proxies voted on and related material and/or information related to proxy voting decisions will be maintained in our office for a minimum of five years and are available upon request.