

# **Client First Investment Management LLC**

**215 N. Main Street  
Suite 1040  
West Bend, WI 53095**

**Telephone: 262-335-1700  
Fax: 262-335-1713**

**[www.clientfirsttaxandwealth.com](http://www.clientfirsttaxandwealth.com)  
[www.my401kguide.com](http://www.my401kguide.com)**

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## **PART 2A - APPENDIX 1 WRAP FEE PROGRAM BROCHURE**

This brochure provides information about the qualifications and business practices of Client First Investment Management LLC. If you have any questions about the contents of this brochure, contact us at 262-335-1700. 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 Client First Investment Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Client First Investment Management LLC 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 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 18, 2021 we have no material changes to report.

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## Item 4 Services, Fees, and Compensation

### Description of Firm

Client First Investment Management LLC is a registered investment adviser based in West Bend, Wisconsin. Our firm is organized as a Limited Liability Corporation and was formed in December 2015. The firm provides both consulting and investment management services to a wide variety of clients. We are owned by Rock Point Partners LLC which is owned equally by Justin Krueger, David Zarling and Paul Zarling.

As used in this brochure, the words “we”, “our” and “us” refer to Client First Investment Management LLC and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

We offer discretionary portfolio management services through a wrap-fee program ("Client First Investment Management Wrap Fee Program") as described in this wrap fee program brochure to prospective and existing clients. We are the sponsor and investment adviser for the Program. A wrap-fee program is a type of investment program that provides clients with asset management and brokerage services for one all-inclusive fee. If you participate in our wrap fee program, you will pay our firm a single fee, which includes money management fees, certain transaction costs, and custodial and administrative costs. You are not charged separate fees for the respective components of the total services. We receive a portion of the wrap fee for our services. The overall cost you will incur if you participate in our wrap fee program may be higher or lower than you might incur by separately purchasing the types of securities available in the Program. The Client First Investment Management Wrap Fee Program's investment objective is growth of capital in broad equity market uptrends and preservation of capital in broad equity market downtrends.

Prior to becoming a client under the Program, you will be required to enter into a separate written agreement with us that sets forth the terms and conditions of the engagement and describes the scope of the services to be provided, and the fees to be paid.

### Client Investment Process

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. We do not permit clients to impose any restrictions on a grant of discretionary authority.

You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

On an annualized basis, our fees for portfolio management services, subject to negotiation, are based on the following fee schedule:

#### FEE SCHEDULE

Market Value of Account	Annual Rate	Quarterly Rate
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\$0 to \$500,000	2.0%	0.500%
Over \$500,000	1.5%	0.375%

All fees due are established in each client's Investment Management Services Agreement.

Advisory fees are payable calendar-quarterly in advance and are calculated on the basis of the market value of the investments in the account, including any balances held in money market funds. The initial quarter by fee is pro-rated for the period that services are provided. Subsequent quarterly fees are based upon the market value of the account as of the last business day of the previous quarter.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your account held by the qualified custodian.
- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

The wrap-fee includes all advisory and brokerage costs (including transaction costs), quarterly performance reports, third party custodial fees, exchange fees and transfer taxes.

*Fee Differentials:* In certain circumstances, and in our sole discretion, we may charge a different wrap fee (higher or lower) based upon certain criteria (i.e., complexity of the engagement, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, services to be provided (i.e. financial planning services), negotiations with client etc.).

*Fee Calculation:* The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of your account.

*Termination of Advisory Relationship:* Upon termination of the services agreement, which can occur with ten days advance written notice from one party to the other, any pre-paid advisory fees will be prorated and any unearned fee will be refunded within 30 days of the termination date, except for a termination administration fee of \$100 if the agreement is terminated during its first year, and \$50 if terminated any time after the first year.

We reserve the right to modify our fee schedule upon thirty days advance written notice to you.

### **Withdrawal of Assets**

You may withdraw account assets on notice to our firm, and subject to the usual and customary securities settlement procedures. However, we design our portfolios as long-term investments and asset withdrawals may impair the achievement of your specific investment objectives.

## **Assets Under Management**

As of November 2021, we provide continuous management services for \$129,950,000 in client assets on a discretionary basis.

## **Wrap Fee Program Disclosures**

- The benefits under a wrap fee program depend, in part, upon the size of the Account, the management fee charged, and the number of transactions likely to be generated in the Account. For example, a wrap fee program may not be suitable for Accounts with little trading activity. In order to evaluate whether a wrap fee program is suitable for you, you should compare the Program Fee and any other costs of the Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and other execution costs, and custodial services comparable to those provided under the Program.
- In considering the investment programs described in this brochure, you should be aware that participating in a wrap fee program may cost more or less than the cost of purchasing advisory, brokerage, and custodial services separately from other advisers or broker-dealers.
- Our firm and Associated Persons receive compensation as a result of your participation in the Program. This compensation may be more than the amount our firm or the Associated Persons would receive if you paid separately for investment advice, brokerage, and other services. Accordingly, a conflict of interest exists because our firm and our Associated Persons have a financial incentive to recommend the Program.
- Similar advisory services may be available from other registered investment advisers for lower fees.

## **Additional Fees And Expenses**

The Program Fee includes the costs of brokerage commissions for transactions executed through the Qualified Custodian (or a broker-dealer designated by the Qualified Custodian), and charges relating to the settlement, clearance, or custody of securities in the Account. The Program Fee does not include mark-ups and mark-downs, dealer spreads or other costs associated with the purchase or sale of securities, interest, taxes, or other costs, such as national securities exchange fees, charges for transactions not executed through the Qualified Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law or imposed by third parties. The Account will be responsible for these additional fees and expenses.

The wrap program fees that you pay to our firm for portfolio management services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others.

If you participate in the Program, you will be required to use the custodial services of TD Ameritrade Financial, a securities broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. TD Ameritrade is not affiliated with our firm and is not a sponsor of this Program. Since we require you to use TD Ameritrade, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage. We believe that TD Ameritrade provides quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by TD Ameritrade, including the value of research received, TD Ameritrade's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of

research services and additional brokerage products and services TD Ameritrade provides, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

We participate in TD Ameritrade's institutional customer program. There is no direct link between our participation in the program and the investment advice we give to you, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade's 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 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 our 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 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 us and may also pay or reimburse expenses (including travel, lodging, meals and entertainment), expenses for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account(s). These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise.

The benefits received by us or our personnel through our participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Block Trades**

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

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

We offer investment advisory services to a wide variety of clients including, but not limited to, individuals, entities, pension and profit sharing plans, trusts, estates and charitable organizations, corporations and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account. We

reserve the right to terminate or reject your account for any reason.

## Item 6 Portfolio Manager Selection and Evaluation

We are both the sponsor and portfolio manager of the wrap fee program. Our maximum fee for acting as portfolio manager of the wrap fee program is stated above and we will not charge you additional fees for participating in the program.

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

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Services, Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

### Our Methods of Analysis and Investment Strategies

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

**Charting Analysis** - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

**Risk:** Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Technical Analysis** - involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

**Risk:** The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Risk:** The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - a type of technical analysis that involves evaluating recurring price patterns and



trends. Economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions.

**Risk:** The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio. **It is important that you notify us immediately with respect to any material changes to your financial circumstances, including for example, a change in your current or expected income level, tax circumstances, or employment status.**

We will not perform quantitative or qualitative analysis of individual securities. Instead, we will advise you on how to allocate your assets among various classes of securities.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

Custodians and broker-dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the First-In First-Out ("FIFO") accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Horizon and Longevity Risk:** The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired, or are nearing retirement.

### **Recommendation of Particular Types of Securities**

We recommend various types of securities and we do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment.

### **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

### **Proxy Voting**

Without exception, we will not vote proxies on behalf of your advisory accounts. However, we may, at your request, answer questions you may have regarding the nature of a proxy and voting procedures.

Also, we do not take any action on legal notices we (or a client) may receive from issuers of securities held in your managed account. However, we are available to answer questions regarding such notices.

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

This section does not apply to our firm because we are the sponsor and portfolio manager to the Wrap Fee Programs.

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

Clients typically do not have contact with Portfolio Managers. You should contact our firm directly with any questions regarding your account.

## **Item 9 Additional Information**

### **Disciplinary Information**

Neither our firm nor our principal owners or Associated Persons have any legal or disciplinary

information.

### **Other Financial Industry Activities and Affiliations**

Justin Krueger, David Zarling and Paul Zarling are managing members and owners of Rock Point Partners LLC. Rock Point Partners LLC that owns Client First Insurance Services LLC (insurance agency), Client First Tax Services LLC (tax preparation services) and 360 Investment Research LLC (subscription based investment research newsletter provider).

When appropriate for your needs, we may recommend the purchase of insurance products through Client First Insurance Services, LLC, or tax preparation services through Client First Tax Services, LLC. Commissions and/or fees will be will earned for the purchase of insurance products or tax preparation services. Insurance commissions earned from the sale of insurance products, and fees paid from tax preparation are separate from our advisory fees.

The referral arrangement we have with these affiliates may present a conflict of interest because we have a financial incentive to recommend the services of our affiliates. While we believe that compensation charged by these firms are competitive; such compensation may be higher or lower than what is charged by other firms providing the same or similar products or services. You are under no obligation to use any of our affiliated firms products or services.

Rock Point Partners LLC also owns 360 Investment Research LLC. 360 Investment Research LLC produces a subscription based investment research newsletter. Clients of our firm are not solicited to subscribe to this service.

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

We have adopted a Code of Ethics that sets the standard of conduct expected to comply with applicable securities laws. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. We adhere strictly to these guidelines. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm. You may contact our firm at 262-335-1700 to request a copy of our Code of Ethics.

### **Personal Trading Practices**

Our firm, or persons associated with us may buy or sell the same securities for themselves that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, where such trades are contemplated, a client's transaction is given priority and processed first. However, in those instances where we **may** believe it is appropriate to "block" (combine) several similar orders for multiple clients into one order to obtain an average price, Associated Persons orders may be included in that block order. Although this practice creates a conflict of interest because of the average price advantage to the Associated Person, the block order must in all cases be initiated to meet the objectives of our clients within the block without consideration given to any Associated Person who may be a participant in the block.

We have supervisory procedures in place which are applicable to all Associated Persons who have access to your confidential records or to recommendations being made or contemplated for your account(s). Designed to prevent conflicts of interest between your financial interests and the interests of our Associated Persons, the procedures require that all Associated Persons report all securities trades as they occur, and all positions in which they have a beneficial interest quarterly and annually. These reporting requirements allow supervisors at our firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be

made, in the same securities in your account(s).

### **Reviews of Accounts and Reports**

Each client's managed portfolio is reviewed by the Representative as frequently as determined by the Representative to ensure the investments in the account are in line with the client's stated investment policy guidelines but no less than quarterly. Investment purchases and sales are made as deemed appropriate by the Representative. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or
- changes in your risk/return objectives.

In all cases, you are strongly encouraged to discuss your needs, goals, and objectives with our firm, and to keep us informed of any changes in this information.

Clients receiving Investment Management Services receive reports at least quarterly from their account's custodian. The client may receive a written performance report as often as is agreed upon between the client and our firm. We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian, please call our main office number located on the cover page of this brochure.

### **Client Referrals and Other Compensation**

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals.

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade.

Please see Other Financial Industry Activities and Affiliations, above, regarding the referral of clients for insurance products. Compensation may be in the form of shared commissions or a flat fee referral depending on the insurance product purchased.

The Company has designated Lighthouse Youth Center as a charity for which our custodian will send unallocated trading gains to on our behalf.

### **Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 10 Requirements for State-Registered Advisers**

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of our firm.

Our firm is not actively engaged in any business other than giving investment advice.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither our firm, nor any of our management persons have a material relationship or arrangement with any issuer of securities.