

# Premier Asset Management LLC

## Form ADV Part 2A/Firm Brochure

**February 22, 2021**

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This brochure provides information about the qualifications and business practices of Premier Asset Management LLC. If you have any questions about the contents of this brochure, please contact us at (312) 462-1664. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Premier Asset Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2. MATERIAL CHANGES**

This section of the brochure discusses only material changes that have been made since the last annual amendment to the brochure filed on March 25, 2020. In addition to routine updates the following Items have been updated:

- Item 8: The brochure has been updated to include new risk factors;
- Item 10: The brochure has been updated to disclose potential conflicts related to certain lending arrangements; and
- Item 17: The brochure has been updated to reflect the availability of Chicago Clearing Corporation class action litigation monitoring and settlement claim service to Premier clients.

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#### **ITEM 4. ADVISORY BUSINESS**

Premier Asset Management LLC (“Premier”, the “firm” or “we”), is a limited liability company formed under the laws of the state of Illinois and is an investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). Premier has been offering investment advisory services since 2001. The firm is a wholly owned subsidiary of First Midwest Bancorp, Inc. (“FMBI”), a publicly traded regional bank holding company (NASDAQ Global Select Ticker: FMBI).

##### **ADVISORY SERVICES OFFERED**

Premier provides investment advisory services primarily to high-net-worth individuals and institutions. The types of clients that Premier provides services to include, but are not limited to, individuals, family offices, 401(k) plans, IRAs, Keoghs, public pensions, trusts, estates, endowments, foundations, corporations, partnerships, retirement accounts, Taft-Hartley, state and municipal government entities.

Premier seeks to develop a thorough understanding of a client’s goals, income, and return objectives and tolerance for risk. Once we complete this important step, we generally determine an appropriate asset allocation and implementation strategy. This is generally summarized in an “investment policy statement,” which is reviewed with the client and updated on a periodic basis. Often with the client’s input, we then decide on appropriate performance measurement criteria and intervals to conduct our performance reviews. After the proper allocation framework is established, we determine which securities will be purchased in a client’s portfolio.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier’s responsibilities under a client’s investment advisory agreement. Some Premier clients receive financial planning services from First Midwest Bank. Terms are set forth by First Midwest Bank.

##### **CLIENT OBJECTIVES**

Each client’s account will be managed on the basis of the client’s known or communicated financial situation and investment objectives. Clients are asked to inform Premier promptly if there has been any change in the client’s financial status or investment objective information. Providing this information allows Premier to determine if there needs to be a change in investment strategies. Clients may place reasonable restrictions on the management of their account, including the designation of particular securities or types of securities that should not be purchased for their account or that should be sold if held in the account. Under certain circumstances Premier may decline to accept certain client-imposed guidelines or restrictions. Clients may also call Premier’s home office at any time during normal business hours to discuss the status of the client’s account, financial situation, or investment needs with their account portfolio manager.

## WRAP FEE PROGRAMS

Premier does not currently participate in any wrap fee programs.

## CLIENT ASSETS UNDER MANAGEMENT

As of December 31, 2020, Premier had total assets under management of \$911,293,609, of which \$911,293,609 is managed with discretionary authority and \$0 is managed on a nondiscretionary basis.

## ITEM 5. FEES AND COMPENSATION

### METHODS OF COMPENSATION AND FEE SCHEDULE

The annual fee for investment advisory services provided by Premier will generally be charged as a percentage of assets under management by the firm as follows:

<u>Assets Under Management</u>	<u>Annual Fee*</u>
Up to \$3,000,000	1.00%
Assets over \$3,000,000	0.75%

\* Fees are negotiable.

Premier generally requires a \$1,000,000 minimum of investment assets to establish an investment advisory relationship. Premier reserves the right to waive this minimum account requirement, at its discretion, provided the prospective client is able to make representations concerning their sophistication as an investor and their ability to bear a substantial loss of principal under Premier's management.

Premier may deviate (negotiate fees) from the above schedule, at its discretion, if circumstances warrant. These fee changes may occur because of changes in the size of the portfolio, complexity of services required, or individual circumstances. Several variations of this fee schedule are in use with a number of portfolios. Also, at its discretion, Premier may combine the values of related accounts for fee calculation purposes.

Asset-based fees are calculated and charged in accordance with the investment advisory agreement between the client and Premier. Such fees are charged quarterly in arrears. The quarterly fee is determined by applying one-quarter (1/4) of the applicable annual percentage fee to the market value of the portfolio on the last business day of each calendar quarter in arrears. The fees may be prorated if the investment advisory relationship commences or terminates other than at the beginning or end of a calendar quarter. From time to time, fees may be modified, according to the agreement between the client and Premier.

An investment advisory agreement may generally be terminated at any time, by either party, for any reason upon receipt of prior written notice within the period specified in the

applicable agreement (generally either 30 or 90 days). Upon termination of any account, any earned, unpaid fees will be immediately due and payable.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier's responsibilities under a client's investment advisory agreement. The fee paid to a sub-adviser is generally paid by Premier and does not result in a separate, additional fee to a client.

#### CLIENT PAYMENT OF FEES

Advisory fees will ordinarily be deducted directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. If insufficient cash is available to pay such fees, securities in an amount approximating the balance of unpaid fees will customarily be liquidated to pay for the unpaid balance. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

#### ADDITIONAL CLIENT FEES CHARGED

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by the SEC, American Depositary Receipts ("ADRs"), exchange-traded funds, mutual funds, separate account managers, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. For client accounts invested in funds that charge an advisory fee, that means that clients may pay two levels of advisory fees on those assets. A client using Premier may be precluded from using certain mutual funds or separate account managers because they may not be permitted by the client's custodian. The fee paid to Premier does not include brokerage commissions and other transactional fees relating to purchases and sales of securities which will be borne by the client.

#### PREPAYMENT OF CLIENT FEES

Premier does not require the prepayment of its advisory fees.

#### EXTERNAL COMPENSATION FOR THE SALE OF SECURITIES TO CLIENTS

Premier's financial advisers are generally compensated through a salary and bonus structure. Premier and its personnel may recommend or cross-sell products and services provided or offered by its affiliates, including First Midwest Bank, or permit such affiliates to market their products or services to Premier's clients. In this regard, Premier or its personnel may have a

financial incentive to encourage a client to utilize these products or services. Premier and its personnel will act in accordance with their fiduciary duty in recommending such products or services.

Premier is not paid any sales, service, or administrative fees for the sale of mutual funds.

#### **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Premier does not charge performance-based fees (i.e., fees based on a share of capital gains or capital appreciation of the assets of a client) to any of its accounts.

#### **ITEM 7. TYPES OF CLIENTS**

Premier primarily provides investment advisory services to high-net worth individuals and institutions. The types of clients Premier provides services to includes, but is not limited to, individuals, retirement plans and accounts, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities, institutions, state and municipal government entities.

Premier generally requires a \$1,000,000 minimum of investment assets to establish an investment advisory relationship. Premier reserves the right to waive this minimum requirement at its discretion.

#### **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **METHODS OF ANALYSIS**

Premier customarily utilizes a three-step process to manage our large capitalization growth strategy.

- *Quantitative screening:* Premier's quantitative process screens a wide array of financial metrics to produce a workable universe of manageable securities.
- *Qualitative research:* Premier's primary research process examines secular trends, industry analysis and company specific data.
- *Technical analysis:* Premier's technical analysis involves analyzing the increasing or decreasing demand for particular industries and securities.

Premier may also incorporate a sell discipline for existing positions, but it is not a guarantee against losses of magnitude.

Premier may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to its clients.

Premier may hire sub-advisers, including its affiliate First Midwest Bank, to perform any or all of Premier's responsibilities under a client's investment advisory agreement. Investments

made by sub-advisers are monitored and reviewed, including with participation by the client, in accordance with Premier's "Review of Accounts" practices described under Item 13 below.

## INVESTMENT STRATEGIES

Premier generally utilizes the following investment strategies:

- *Large Capitalization Growth:* Premier generally constructs portfolios of individual equity securities that trade on U.S. exchanges. These securities generally have market capitalization greater than \$10 billion (although a small percentage of the holdings may have market capitalizations between \$1–\$10 billion) at the time of purchase. The companies in these portfolios are generally characterized as having a high level of expected future growth in revenue and earnings.
- *Fixed Income Portfolios:* Premier uses a relative value approach to select fixed income securities. Premier constructs portfolios of individual investment-grade bonds and exchange-traded funds ("ETFs") for clients who desire the risk/return characteristics of fixed income investments. Premier defines investment grade as having a rating of BBB-/Baa3 or higher at the time of purchase by one of the three national ratings agencies. Premier's fixed income strategy seeks to provide an attractive current income stream, limited volatility, and limit the risk of significant loss of principal. Portfolios generally consist of individual bonds that are typically A or better rated by one of the three national rating services at the time of purchase. Premier generally avoids allocating investments to bond funds. Premier feels that fixed income strategies should include a fixed date upon which an investor's principal is returned and final maturities typically will not exceed ten years.
- *Dividend Strategy:* Premier manages a high dividend strategy. These portfolios are made up of several individual issues that pay a dividend at a rate that is generally higher than the yield on the S&P 500. The types of companies and sectors that comprise these dividend payers generally expose clients to risks that may be different than in Premier's growth portfolios. Premier's selection of equities for its dividend strategy focuses on companies with ample cash flow, strong balance sheets and above market dividends that are well covered. Premier generally employs a mean reversion philosophy for this product, seeking companies that are disfavored by the market and the subject of negative sentiment. Typically, these companies are leaders in their industries with a distinct competitive advantage providing a product or service with persistent demand that have encountered some temporary struggles. These companies are operated by a strong and credible management team with a meaningful stake in the company.
- *ETF Strategy:* In smaller accounts it is difficult and may not be cost-effective to invest in individual issues. Hence, Premier has developed a diversified mix of ETFs for some of these strategies for certain accounts.



- *Balanced Portfolios:* Premier constructs balanced portfolios consisting of both individual equity and fixed income securities in the strategies listed above.
- *Small Capitalization:* This separately managed portfolio is offered through affiliate First Midwest Bank pursuant to a sub-advisory agreement effected between Premier and First Midwest Bank. The strategy generally invests in smaller companies with a weighted average portfolio of companies with a market capitalization under \$4 billion. The goal of this strategy is long-term capital appreciation in excess of the Russell 2000 index over a market cycle of 5-7 years. This strategy generally will have more volatility during certain periods but will potentially have higher long-term investments returns.

## RISK OF LOSS

The following list of risk factors does not purport to be a complete explanation of all potential risks. Prospective clients should read the entire ADV Part 2 before determining whether to invest. Premier typically invests in a variety of securities including, but not limited to, those detailed below:

- Equity securities
- Warrants and rights
- Mutual fund securities
- Exchange-traded funds
- Inverse exchange-traded funds
- Corporate debt securities, commercial paper, and certificates of deposit
- Municipal securities
- U.S. government securities
- Option contracts on securities
- Government and agency mortgage-backed securities
- Corporate debt obligations
- Mortgage-backed securities
- Option contracts on indices
- Preferred equity securities

Investment in all securities include the risk of loss. Investors should be prepared for the possible loss of some or all of their investments. Investments and strategies will vary by account. Clients should be aware that Premier and its affiliates perform investment advisory services for various clients. Premier may give advice and take action in the performance of its duties with respect to any of our other clients which may differ from the advice given, or the timing or nature of action taken, with respect to another client or by Premier's affiliates on behalf of their clients. Premier has no obligation to purchase or sell for a client any security or other property which Premier purchases or sells for our own account or for the account of any other client if it is undesirable or impractical to take such action.

### ***Concentration Risk***

Concentrating investments in an issuer or limited set of issuers, in a particular country, group of countries, region, market, industry, group of industries, sector or asset class means that performance will be more susceptible to loss due to adverse occurrences affecting that issuer or issuers, particular country, group of countries, region, market, industry, group of industries, sector or asset class than a more diversified mix of investments.

### ***Credit/Default Risk***

Debt issuers and other counterparties of fixed-income securities or instruments in some instances default on their obligation to pay interest, repay principal or make a margin payment, or default on any other obligation. Additionally, the credit quality of securities or instruments could deteriorate (e.g., downgraded by rating agency), which would impair a security's or instrument's liquidity and decrease its value.

### ***Debt Instruments Risk***

Generally, investments in debt and credit-related instruments may be secured or unsecured and may be structurally or contractually subordinated to substantial amounts of senior indebtedness. Other factors may materially and adversely affect the market price and yield of such debt investments, including changes in interest rates, investor demand, changes in the financial condition or credit quality of an issuer, government fiscal policy and domestic or worldwide economic conditions.

### ***Derivatives Risk***

Investments in derivatives or similar instruments, including but not limited to options, futures, options on futures, forwards, participatory notes, swaps, structured securities, tender-option bonds and derivatives relating to foreign currency transactions, which can be used to hedge investments or to seek to enhance returns, entail specific risks relating to liquidity, leverage and credit that can reduce returns and/or increase volatility. Losses from investments in derivative instruments can result from the potential illiquidity of the markets for derivative instruments, the failure of the counterparty to fulfill its contractual obligations, or the risks arising from margin posting requirements and related leverage factors associated with such transactions.

### ***Equity Securities Risk***

Equity securities, including common stocks, may fall in value due to both changes in general economic conditions that impact the market as a whole, as well as factors that directly relate to a specific company or its industry. Such general economic conditions include changes in interest rates, periods of market turbulence or instability, or general and prolonged periods of economic decline and cyclical change. It is possible that a drop in the stock market may depress the price of most or all of the equity securities held in a portfolio. In addition, an investment in equity securities includes the risk that investor sentiment toward particular industries will

become negative. The value of a company's common stock may fall solely because of factors, such as an increase in production costs, that negatively impact other companies in the same region, industry or sector of the market. A company's common stock also may decline significantly in price over a short period of time due to factors specific to that company, including decisions made by its management or lower demand for the company's products or services.

### ***Exchange-Traded Fund ("ETF") Risk***

Shares of ETFs may trade at a discount from their net asset value in the secondary market. This risk is separate and distinct from the risk that the net asset value of fund shares may decrease. The amount of such discount from net asset value is subject to change from time to time in response to various factors. If shares of an ETF trade at a market price that reflects a discount to the value of the fund's underlying assets, the discount could increase over time. ETFs are subject to various risks, including management's ability to meet the fund's investment objective, and to manage the fund's portfolio when the underlying securities are redeemed or sold, during the periods of market turmoil and as investors' perceptions regarding ETFs or their underlying investments change. ETFs also face index correlation risk which is the risk that the performance of an ETF will vary from the actual performance of the fund's target index. This can happen due to transaction costs, market impact, corporate actions (such as mergers and spin-offs) and timing variances.

### ***High Yield Securities Risk.***

High yield or "junk" securities typically involve greater risk and become less liquid than higher grade issues. Changes in general economic conditions, changes in the financial condition of the issuers and changes in interest rates may adversely impact the ability of issuers of high yield securities to make timely payments of interest and principal.

### ***Income Risk***

Income from fixed-income securities can decline in some instances when interest rates decrease. During periods of falling interest rates, if an issuer is able to repay principal prior to the security's maturity, an investor may be limited to reinvesting the repayment proceeds in securities with a lower yield, resulting in a decline in the investor's income.

### ***Index-Related Risk***

Index strategies are passively managed and do not take defensive positions in declining markets. There is no guarantee that a portfolio managed to an index strategy will achieve a high degree of correlation to its underlying index and therefore achieve its investment objective. Market disruptions and regulatory restrictions could have an adverse effect on the index portfolio's ability to adjust its exposure to the required levels in order to track its underlying index. Errors in index data, index computations and/or the construction of the underlying index in accordance with its methodology occur from time to time without being identified and

corrected for a period of time or at all, which may have an adverse impact on a portfolio managed to the index.

### ***Interest Rate Risk***

When interest rates increase, fixed-income securities or instruments will generally decline in value. Long-term fixed income securities or instruments will normally have more price volatility because of this risk than short-term fixed-income securities or instruments.

### ***Investment Company Risk***

An investment in an investment company is subject to the risks associated with the underlying investments made by the investment company. Investment company investors will indirectly pay a proportional share of the fees and expenses of the investment companies in which they invest. These fees may be in addition to any other investment advisory or other management fees the investor may incur.

### ***Issuer Risk***

Adverse changes to the financial condition or credit rating of an issuer of securities may cause the value of the securities to decline or become worthless.

### ***Liquidity Risk***

Liquidity risk exists when particular investments are difficult to purchase or sell (e.g., not publicly traded and/or no market is currently available or may become less liquid in response to market developments). This can reduce returns because the holder of such securities may be unable to transact at advantageous times or prices. Investments that are illiquid or that trade in lower volumes may be more difficult to value.

### ***Management Risk***

Management risk is the risk that the investment process, techniques and analyses applied to a portfolio will not produce the desired results, and those securities or other financial instruments selected for a portfolio will result in returns that are inconsistent with the portfolio's investment objective.

### ***Market Risk***

The market value of the instruments in which a portfolio invests will go up or down in response to the prospects of individual companies, particular sectors or governments and/or general economic conditions throughout the world due to increasingly interconnected global economies and financial markets.

### ***Municipal Securities Risk***

Municipal securities can be significantly affected by political or economic changes, as well as uncertainties in the municipal market related to taxation, changes in interest rates, relative lack of information about certain issuers of municipal securities, legislative changes or the rights of municipal security holders. Municipal securities backed by current or anticipated revenues from a specific project or specific assets can be negatively affected by the inability to collect revenues for the project or from the assets.

### ***Non-U.S. Securities Risk***

Investments in the securities of non-U.S. issuers are subject to the risks associated with non-U.S. markets in which those non-U.S. issuers are organized and operate, including but not limited to, risks related to foreign currency, limited liquidity, less government regulation, privatization, and the possibility of substantial volatility due to adverse political, economic, geographic events, or other developments, differences in accounting, auditing and financial reporting standards, the possibility of repatriation, expropriation or confiscatory taxation, adverse changes in investment or exchange controls or other regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets, emerging markets, developing markets or frontier markets.

### ***Private Investment Risk***

Investments in private investments, including debt or equity investments in operating and holding companies, investment funds, joint ventures, royalty streams, commodities, physical assets, and other similar types of investments can be highly illiquid and long-term. An investor's ability to transfer and/or dispose of private investments is expected to be highly restricted. An investor may not be able to obtain material information about the private investment that other investors obtain. Private investments are not subject to the same reporting and disclosure requirements as public companies.

### ***Small-Cap & Mid-Cap Risk***

Investing in securities of small- and mid-capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies. These securities may have returns that vary, sometimes significantly, from the overall securities market. Often small- and mid-capitalization companies and the industries in which they focus are still evolving and, as a result, they may be more sensitive to changing market conditions.

### ***U.S. Government Securities Risk***

U.S. government securities include securities that are issued or guaranteed by the United States Treasury, by various agencies of the U.S. government, or by various instrumentalities which have been established or sponsored by the U.S. government. U.S. Treasury securities are

backed by the “full faith and credit” of the United States. Securities issued or guaranteed by federal agencies and U.S. government-sponsored instrumentalities may or may not be backed by the full faith and credit of the United States. In the case of those U.S. government securities not backed by the full faith and credit of the United States, the investor must look principally to the agency or instrumentality issuing or guaranteeing the security for ultimate repayment, and may not be able to assert a claim against the United States itself in the event that the agency or instrumentality does not meet its commitment. The U.S. government, its agencies and instrumentalities do not guarantee the market value of their securities, and consequently, the value of such securities may fluctuate.

### ***Volatility Risk***

The prices of a portfolio’s investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies.

### ***Borrowing/Collateral Risk***

While Premier generally does not recommend leverage or margin trading as a part of its core investment strategies, certain advisory clients may engage in borrowing using assets in their account(s) as collateral (with or without the knowledge or control of Premier), including borrowings or lines of credit offered by First Midwest Bank, an affiliate of Premier. Such clients should understand the risks of borrowing using account assets as collateral and the possible impact on their account, including, but not limited to, the risk that the assets in the account will no longer be sufficient security for the borrowing if asset values decrease and that additional collateral will be required, the risk that the lender may require liquidation of investments to satisfy repayment obligations, and the potential that the arrangement or any collateral/margin call could adversely affect Premier’s ability to effectively implement a client’s investment strategy or achieve the desired investment objective. Should funds or securities need to be withdrawn or liquidated from a client’s account to cover a collateral/margin call related to a borrowing, it will be handled as a normal withdrawal request subject to the terms and conditions of the client’s agreement.

## **ITEM 9. DISCIPLINARY INFORMATION**

Premier does not have any disciplinary information to report regarding itself or any of its personnel or other related persons.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **MATERIAL RELATIONSHIPS AND CONFLICTS OF INTEREST**

Premier is one of a number of related parties operating as part of the First Midwest organization. These related parties include, among others, First Midwest Bank, an Illinois state-chartered bank that provides a broad range of commercial, retail, treasury management, and wealth management products and services to commercial and industrial, commercial real estate, municipal, and consumer customers and Northern Oak Wealth Management, Inc., an investment adviser registered with the Securities and Exchange Commission that provides investment management services to individual and institutional customers. These entities are wholly-owned by FMBI. First Midwest Bank and FMBI may provide certain administrative and operational support services to Premier that may be material to Premier's advisory business. These affiliations can create potential conflicts of interest. We mitigate those potential conflicts of interest through maintaining policies and procedures. We endeavor to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser; and we take the following steps to address conflicts:

- we disclose to clients the existence of all material conflicts of interest;
- we disclose to clients that they are not obligated to purchase recommended products or services from our employees or affiliates;
- we collect, maintain, and document relevant client background information, including the client's financial goals, objectives and risk tolerance;
- we conduct regular reviews of client accounts to verify the recommendations made to a client are consistent with the client's needs and circumstances;
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Premier and its personnel does recommend and/or cross-sell products and services provided or offered by its affiliates, including First Midwest Bank, or permit such affiliates to market their products or services to Premier's clients. Compensation or other funds may be paid to Premier, its personnel and/or affiliates of such personnel by such affiliates or by Premier in connection with these efforts if a client utilizes these products or services. In this regard, Premier or its personnel may have an incentive to encourage a client to utilize these products or services. Premier and its personnel will act in accordance with their fiduciary duty in recommending such products or services.

If a client pledges advisory account assets as collateral in connection with an extension of credit, including an extension of credit by First Midwest Bank or another affiliate of Premier, the lender may exercise rights and powers over the assets in the account, including the disposition of any or all of the assets in the client's advisory account, which may be contrary to the client's

interests and investment objectives. In the event of a collateral call on an advisory client account, assets may be liquidated and the proceeds thereof withdrawn from the account and, as a result, the investment strategy for the account may become disrupted because positions may be liquidated at inopportune times, at significantly lower prices, and in a less efficient tax manner than might otherwise be desirable. A lender may not provide a client or Premier with prior notice of such a liquidation of assets in an account and the client and Premier may not be entitled to choose the assets which are to be liquidated by the lender (even if the lender is First Midwest Bank or another affiliate of Premier).

The costs associated with any extension of credit to which account assets are pledged as collateral are not included in the management fee payable to Premier and may result in additional compensation to First Midwest Bank or another affiliate of Premier (if First Midwest Bank or another affiliate of Premier is the lender). Premier has no control or role in connection with any extension of credit or pledge of collateral, including where the lender is First Midwest Bank or another affiliate of Premier. Any action taken by First Midwest Bank or another affiliate of Premier (if First Midwest Bank or another affiliate of Premier is the lender) against the assets held in a client account pursuant to an extension of credit to which account assets are pledged as collateral will not constitute a breach of Premier's fiduciary duties as an investment adviser to a client.

#### RECOMMENDATION OR SELECTION OF OTHER INVESTMENT ADVISERS AND CONFLICTS OF INTEREST

Premier may recommend or select other investment advisers to act as a sub-adviser to perform any or all of Premier's responsibilities under a client's investment advisory agreement. A sub-adviser may be an affiliate of Premier, including First Midwest Bank. Premier and/or its personnel may receive compensation or other funds in connection with recommending or delegating responsibilities to such a sub-adviser. In this regard, Premier or its personnel may have an incentive to recommend or delegate Premier's responsibilities to such a sub-adviser. The fee paid to a sub-adviser is generally paid by Premier and does not result in a separate, additional fee to a client.

#### **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Premier has developed a Code of Ethics applicable to all persons at the firm who have access to confidential client records or to recommendations being made for client accounts. Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff, the code requires such "Access Persons" to obtain preapproval of certain securities transactions, to report transactions quarterly, and to report all securities positions in which they have a beneficial interest at least annually.

This Code of Ethics includes, among other things, the following:

- Standards of business conduct that reflect the fiduciary obligations of Premier and its supervised persons;



- Provisions requiring its employees and certain other of its supervised or otherwise related persons (“Access Persons”) to comply with applicable securities laws;
- Provisions requiring Access Persons to report their personal securities transactions and holdings;
- Provisions requiring approval before Access Persons acquire beneficial ownership of any security issued in an initial public offering or private placement;
- Provisions requiring supervised persons to report promptly any violations of the Code of Ethics; and
- Provisions requiring each supervised person to be given a copy of the Code of Ethics and to acknowledge in writing their receipt of the Code of Ethics.

Employees of Premier may invest in the same securities as clients of Premier, including related securities such as options and derivatives. In addition, employees may have an interest or position in certain securities that may also be recommended to a client. Such positions and such trades made at or about the same time as client trades present a conflict of interest between personnel of Premier and clients. Premier addresses this conflict through the procedures described above, which are designed to ensure that no client is disadvantaged in any way by trades of employees of Premier. For example, as stated above, Access Persons must pre-clear trades in securities of initial public offerings and limited offerings. Also, no Access Person may purchase or sell any security on the same day as a purchase or sale of a security involving the same or related security for an advisory account, unless there is no substantive conflict with client portfolios.

Premier periodically reviews the trades of Access Persons and takes other actions in attempt to detect violations of Premier’s Code of Ethics and insider trading policies and procedures.

Premier’s Chief Compliance Officer has the responsibility of assuring compliance with the Code of Ethics. Violations of any provision of this reporting requirement may result in the imposition of sanctions by the Premier’s Chief Compliance Officer as may be deemed appropriate under the circumstances.

A copy of Premier’s Code of Ethics is available to any client or prospective client upon request.

## **ITEM 12. BROKERAGE AND TRADING PRACTICES**

### **FACTORS USED TO SELECT BROKER-DEALERS FOR CLIENT TRANSACTIONS**

#### ***Broker-Dealer Recommendations***

The following factors will generally be considered when selecting broker-dealers that may execute advisory trades:

- Input from portfolio managers, traders, and others

- Establishing an acceptable commission range for trades
- Statistical and other information from consultants and vendors on the execution capabilities of broker-dealers

In certain instances, Premier will recommend to clients certain broker-dealers based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer, the cost and quality of the services, and the reputation of the broker-dealer. The client recognizes that broker-dealers have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers.

Unless otherwise agreed with the client, broker-dealer recommendations, allocations and other brokerage determinations may be made by a sub-adviser hired by Premier to perform any or all of Premier's responsibilities under a client's investment advisory agreement, including Premier's affiliate First Midwest Bank.

### ***Soft Dollar Arrangements***

Premier may receive research and services provided by broker-dealers from third-party vendors it recommends or by requesting that a broker-dealer step-out client trades or pay research credits to or invoices from broker-dealers or vendors who produce research products or services. Use of these soft dollar arrangements creates a conflict of interest.

Premier may also direct orders through a broker-dealer who produces research or brokerage services. Selection of these broker-dealers is not made pursuant to an agreement; however, Premier generally utilizes an internal allocation procedure to identify those brokers or dealers who produce research or services that are provided to Premier and endeavors to direct sufficient research credits generated by its clients' accounts to such brokers or dealers to ensure the continued receipt of the research and services that Premier believes are valuable. As such, Premier receives research-related products services for which it receives a benefit it may not directly pay for. Premier receives a benefit for these research services and credits at the expense of the client. While Premier does incur direct expenses for some research, to the extent Premier utilizes client transactions to obtain information Premier might otherwise acquire at its own expense, Premier may have an incentive to place a greater volume of transactions or pay higher commissions to those broker-dealers rather than basing the execution decision on a client's interest in receiving more favorable execution.

The research and brokerage services provided to Premier may be proprietary or produced by third parties. The research and brokerage services are used by Premier in making investment decisions or trading for client accounts and constitute advice, either directly or through publications or writings, as to the value of securities, the advisability of investing, purchasing, or selling securities, and the availability of securities or purchasers and sellers of securities. They include analysis and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategies, and meetings where corporate executives are present to provide

information on the performance of their companies. They may also include statistical analysis, data and data services, software and computer programs utilized for research and portfolio analysis, trade analytics, market research, and brokerage services relating to execution, clearing, and settlement of transactions. In some cases, products and services may be provided to Premier that constitute both (i) research and brokerage services and (ii) services used for administrative or other functions not related to the investment decision-making or brokerage processes. In such cases, the allocation will generally be made on the basis of the percentage of time devoted to Premier's use of the product for research vs. non-research applications, or such other appropriate measure of the value of the product for each use as the Chief Compliance Officer determines to be appropriate, both initially and upon subsequent periodic review.

Research products or services provided by brokers may be used in servicing any or all of the clients of Premier, and such research products or services may not necessarily be used by Premier in connection with the accounts that paid commissions to the brokers providing such products or services. For various reasons, including differing investment strategies and directed brokerage arrangements, products and services may benefit clients that do not execute transactions generating research or brokerage credits. Brokerage for a related party account and the firm's capital account is directed to a broker providing custody for the accounts; these accounts do not generate research or brokerage credits. Clients that direct brokerage may establish commission recapture programs where services are received directly by the client account in return for brokerage generated by that account.

#### BROKERAGE FOR CLIENT REFERRALS

Premier does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

#### DIRECTED BROKERAGE

Occasionally, clients may direct Premier to use a particular broker-dealer to execute portfolio transactions for their accounts or request that certain types of securities not be purchased for their accounts. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage Premier derives from aggregating transactions. Premier will generally not aggregate trades with other Premier advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

In determining whether to instruct Premier to utilize a particular broker or dealer, the client should compare the possible costs or disadvantages of such an arrangement with the value of the services provided.

#### TRADE AGGREGATION

As an investment adviser, the firm has a fiduciary relationship to its clients. One of the specific duties that flow from this relationship is a duty to seek the best execution of client securities transactions when the adviser is in a position to direct brokerage transactions. While

not defined by statute or regulation, “best execution” generally means the execution of client trades at the best net price considering all relevant circumstances. It is the firm’s policy to seek best execution for client securities transactions.

Since Premier manages accounts with similar investment objectives and strategies, the firm may seek to aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by Premier in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts. Such aggregate orders may include transactions for accounts for employee benefit plans to the extent permitted under ERISA section 406 (“Prohibited transactions”) and private investment vehicles, such as limited partnerships or limited liability companies, in which Premier, its affiliates, principals or employees are among the investors.

Premier’s allocation procedures generally seek to allocate investment opportunities among clients in the fairest possible way, taking into account clients’ best interests. Premier will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is not a factor in trade allocations.

### ***Allocation of Trades***

All equity allocations will customarily be made prior to the close of business on the trade date. Bond allocations will be completed by trade date +1 and will not use account performance as a factor in the allocation. In the event an order is “partially filled,” the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client’s allocation, trading expenses, clients’ liquidity needs, and previous allocations. When allocating a partially filled equity order, it is generally assumed that the unfinished portion will subsequently be filled. Therefore, our intent is then to (i) limit client trading expenses, and (ii) fill orders on a pro rata basis.

### ***Trade Errors***

Premier takes affirmative steps to detect trade errors after trades are made and has established internal policies and procedures governing the correction of trade errors. Upon discovering an error, it is Premier’s policy to immediately undertake the steps necessary to correct the trade and make the affected client whole. Under no circumstances will Premier benefit when correcting a trade error would otherwise result in a gain to the firm. A copy of the entire Premier trade error policy is available upon request. In the event the trade error result in a gain to the client. The client will retain that benefit.

## **ITEM 13. REVIEW OF ACCOUNTS**

Portfolio managers review each client account annually. In the course of these reviews, portfolios and performance are compared with a client’s stated objectives, restrictions and risk tolerances. Premier typically meets with clients on an annual basis to review portfolios, strategy performance, objectives restrictions and risk tolerances. Premier will meet with clients more

frequently than annually when necessary. Premier may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how Premier formulates investment advice. Accounts are reviewed by one or a combination of the firm's portfolio managers.

The client's independent custodian provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by Premier. Premier generally does not provide regular reports to clients regarding their accounts. Clients should review their custodial statements regularly.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

Premier may, from time to time, enter into solicitation arrangements with certain persons or entities pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940 and pay a referral/solicitation fee to such persons for client referrals. In such cases, solicitation arrangements are made in writing and involve only properly qualified persons or entities.

Also, from time to time, Premier may take into account the fact that a broker-dealer has referred advisory clients to Premier when it places client trades. Since Premier stands to earn advisory fees on such referred clients, the practice raises a potential conflict of interest between Premier's incentive to attract new clients and the client's desire for utilizing broker-dealers that provide the best execution.

#### **ITEM 15. CUSTODY**

Premier is generally authorized to debit advisory fees directly from client accounts. Because the custodian does not calculate the fees to be deducted, clients are instructed to verify the amount and contact Premier if they believe there are errors. An affiliate under common ownership, First Midwest Bank, serves as a custodian for certain Premier's clients' accounts. In addition, due to certain disbursement authorization, Premier is deemed to have custody of some Charles Schwab accounts as well. Premier engages an independent public accountant that is registered and subject to inspection by the Public Company Accounting Oversight Board to conduct an unannounced examination of client assets, as required by SEC rules. In addition, because First Midwest Bank is affiliated with the firm, an independent public accountant prepares an internal control report with respect to those custodial services.

Clients should receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's account. Premier urges its clients to compare the account balance(s) and activity shown on any materials prepared by Premier to the information shown on the client's custodian's statement. The custodian's statement is the official record of the account.

## **ITEM 16. INVESTMENT DISCRETION**

Premier usually receives discretionary authority from the client at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account as stated and agreed in the investment advisory agreement. Any investment guidelines and restrictions that deviate from those in the investment advisory agreement must be provided to Premier in writing. When selecting securities and determining amounts, Premier observes the investment policies, limitations and restrictions of the clients for which it advises. Client should understand any portfolio management restrictions including but not limited to: holding specific securities, tax gain-loss instructions, or any other requests limiting Premier's discretion over the account could result in a material investment performance deviation from the performance of other accounts following a similar investment objective.

## **ITEM 17. VOTING CLIENT SECURITIES**

Premier may have voting power with respect to securities in certain client accounts. When Premier has proxy voting power with respect to securities in a client's account, it owes certain fiduciary duties with respect to the voting of proxies. These fiduciary duties include (i) the duty of care, which requires Premier to monitor corporate events and to vote the proxies or abstain as determined to be appropriate; and (ii) the duty of loyalty, which requires Premier to put the client's interests before Premier's own interests and those of its affiliates.

In keeping with its fiduciary duties, Premier has adopted a Proxy Voting Policy, which sets forth the firm's policies and procedures designed to ensure that it votes client's securities in the best interest of the client. Premier will generally be authorized to take action and render any advice with respect to the voting of proxies for securities held in the client's account unless a client specifically instructs Premier in writing to vote such client's securities otherwise. Premier will make an independent valuation for each applicable company held in the client's account in accordance with its fiduciary obligations as detailed in this policy. Clients may contact Premier for information about how the firm voted with respect to any of the securities held in their accounts.

When making proxy voting decisions, Premier may from time to time seek advice or assistance from third-party consultants, such as proxy voting services or legal counsel.

A copy of the Premier Proxy Voting Policy will be provided upon receipt of a written request.

Unless otherwise agreed with the client, the voting of securities recommended by a sub-adviser hired by Premier to perform any or all of Premier's responsibilities under a Client's investment Advisory agreement, including Premier's affiliate First Midwest Bank, may be directed by that sub-adviser pursuant to the terms of its sub-advisory agreement with Premier and subject to the Client's investment advisory agreement with Premier.

### ***Securities Class Action Claims and Other Proceedings***

Except as required by applicable law, Premier will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies and class action lawsuits. From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Premier has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Premier also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Premier has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct negligence by corporate management of issuers whose securities are held by clients. Where Premier receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate.

Notwithstanding the foregoing, Premier has engaged a third party service provider, Chicago Clearing Corporation ("CCC"), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of the firm's clients who voluntarily opt-in to this service. When a claim is settled and payments are awarded to participating Premier clients, it may be necessary to share client information, such as name and account number, with CCC in connection with this service.

CCC earns a fee based on a flat percentage of all claims it collects on behalf of participating Premier clients. If you participate in this service, CCC will retain 15% of each claim recovery you are entitled to receive. This fee is collected and retained by CCC out of the claims paid by the claim administrator. Premier does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third party provider. Clients are required to opt in to take advantage of this service. Except to the extent required by law, Premier is not responsible or liable for providing assistance to CCC concerning monitoring or processing class action claims or any CCC act or omission in monitoring or processing such claims. We have the right to change the provider of this service or cease to offer a provider of this service. If we change the provider of this service, we will notify you and send you another opt-in election form, if applicable.

### **ITEM 18. FINANCIAL INFORMATION**

Premier does not require fees of more than \$1,200 six months or more in advance from any client, thus no financial statement for Premier is attached. Premier does not have any financial condition that is reasonably likely to impair its ability to meet its contracted commitment to any client.