

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
June 2017**



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This brochure provides information about the qualifications and business practices of Total Investment Management, Inc. ("TIM"). If you have any questions about the contents of this brochure, please contact Pamela Houser at (480) 998-5735. 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. Additional information about Total Investment Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Total Investment Management, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

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## Item 2. Material Changes

This Item discusses only the material changes that have occurred since TIM's last annual disclosure brochure update.

Since our last update filed on March 21, 2016, TIM has the following changes to disclose:

- TIM has amended Item 5 to include more details about its billing tiers to reflect the current billing practices. This does not change any current billing arrangements and will not result in fee changes to any clients. This change was for clarification purposes only. Additionally, TIM has amended Item 5 to state that it may negotiate our fees at its discretion, and that fees are adjusted for deposits and withdrawals during a billing quarter.
- TIM has amended Item 7 to remove the mentions of minimum account sizes to reflect that it will no longer require accounts meet minimum values.
- TIM has amended Item 10 to include information about Taxes Plus, Inc., a tax preparation service that is under common control with our firm. Additionally, TIM has amended Item 10 to disclose that Philip Lowe is a General Partner to Anjuna Partners, LLC, a pooled investment vehicle. Please see Item 10 for more information.
- TIM has amended Item 15 to reflect that, for certain accounts for which TIM is deemed to have custody, TIM is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which TIM maintains custody. TIM has no other changes to disclose in relation to this Item.

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## Item 4. Advisory Business

TIM provides financial planning and investment management services through a series of asset management platform offerings. Prior to engaging TIM to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with TIM, setting forth the terms and conditions under which TIM renders its services (collectively the “*Agreement*”).

TIM has been in business since 1998 and is principally owned by John Edward Foster II and Todd Michael Foster. As of December 31, 2016, the firm had \$870,398,591 of assets under management, all of which were managed on a discretionary basis.

This Disclosure Brochure describes the business of TIM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of TIM’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on TIM’s behalf and is subject to TIM’s supervision or control.

### Financial Planning and Consulting Services

TIM may provide its clients with a broad range of comprehensive financial planning services. Income tax preparation services are available from an independent tax and accounting firm. These services are only offered to certain ongoing investment management clients, as described below.

### Investment Management Services

Clients can engage TIM to manage all or a portion of their assets on a discretionary basis. The firm offers three different levels of investment management services, which are discussed below:

- *TIM Basic* - This is a service where clients have TIM manage their employer-sponsored retirement plans. *TIM Basic* is only available to clients who are unable to take fees out of their employer-sponsored retirement accounts, and is the only service these clients are able to select. Under this program, the Firm offers one actively-traded investment model portfolio, which generally consists of mutual funds and exchange-traded funds (“ETFs”). The program also consists of weekly commentary and weekly webcasts and is targeted to aviation professionals designed to give them an understanding of their employer-sponsored retirement plans. For clients who wish to subscribe to TIM’s commentary and webcast, and receive model portfolio trade allocations but retain the authority to trade their accounts, TIM offers a Basic subscription service with allocations but no investment supervisory or investment management services. Moreover, the Firm’s investment professionals are available to clients in this program to answer any questions. This program does not include financial planning, and clients are able to engage the firm for financial planning at an additional fee.
- *TIM Portfolio* - The Firm has a more enhanced offering to *TIM Basic*, known as “*TIM Portfolio*,” which is a more comprehensive investment management program. *TIM Portfolio* is available to clients whose employer airlines are able to take fees out directly from their employer-sponsored retirement accounts. *TIM Portfolio* is also available for a variety of accounts including Individual Retirement Accounts (IRAs), trust accounts, individual and joint accounts, and other accounts that TIM may accept in its discretion for investment management services. *TIM Portfolio* includes all the same benefits as *TIM Basic*, but offers clients the opportunity to invest in one of the six model

portfolios, which generally consist of mutual funds and ETFs, and are managed by the Firm based on the client's age and risk tolerance. In addition, while TIM's advisers are available to answer questions, *TIM Portfolio* clients also have one scheduled annual checkup call per year with the Firm to discuss developments in their financial situations. This program does not include financial planning, and clients are able to engage the firm for financial planning at an additional fee.

- *TIM Premier* - The Firm's most encompassing service offering is *TIM Premier*, which offers clients a more robust wealth management platform that includes all the services of *TIM Portfolio*. *TIM Premier* is available to clients whose employer airlines are able to take fees out directly from their employer-sponsored retirement accounts. *TIM Portfolio* is also available for a variety of accounts including Individual Retirement Accounts (IRAs), trust accounts, individual and joint accounts, and other accounts that TIM may accept in its discretion for investment management services. While the model portfolios available to *TIM Premier* clients are generally comprised of mutual funds and ETFs, TIM may incorporate other types of securities into *TIM Premier* client accounts, as appropriate for the client's investment objectives. Moreover, in addition to receiving a scheduled annual call to review their financial plan, *TIM Premier* clients also receive scheduled quarterly check-in calls. *TIM Premier* offers clients financial planning, insurance needs analysis, tax preparation provided by an independent tax and accounting firm (discussed in Item 14), estate planning consultation provided by an independent law firm (discussed in Item 14), and social security optimization services, which are included in the overall fee.

Clients are advised to promptly notify TIM if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon TIM's management services. Clients may impose reasonable restrictions on the management of their account if, in TIM's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Item 5. Fees and Compensation

TIM offers its services on a fee basis, which may include fixed fees as well as fees based upon assets under management. Additionally, certain of TIM's *Supervised Persons*, in their individual capacities, may offer insurance products under a commission arrangement.

### **Investment Management Fee (also referred to as "Advisory Fee")**

TIM's annual Advisory Fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client, as discussed below. TIM does not, however, receive any portion of these commissions, transaction fees, and costs. TIM may negotiate its fees at its discretion.

#### *TIM Basic*

For clients who engage the Firm for *TIM Basic*, TIM charges an annual fee of \$500 for pilots and \$250 for flight attendants and ground personnel. This fee is paid annually, in advance.

For *TIM Basic* clients who also have additional i-Shares-only, Municipal Bond-only, or Annuity accounts managed by TIM, TIM charges an annual fee which is prorated and charged quarterly in advance, based on the value and types of assets in those accounts. This fee is calculated based upon the market value of these assets on the last day of the previous quarter, as follows

<i>i-Shares-only accounts</i>	1.00%
<i>Municipal Bond-only-accounts</i>	0.25%
<i>Annuities</i>	1.00%

### *TIM Portfolio*

For *TIM Portfolio* clients, the firm charges an overall annual asset-based fee of 0.25% of the value of the assets under management, which can include i-Shares-only, Municipal Bond-only and Annuity accounts. This annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by TIM on the last day of the previous quarter.

### *TIM Premier*

For *TIM Premier* clients, the Firm charges an annual asset-based fee that includes various financial planning services as discussed above in Item 4. This Fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by TIM on the last day of the previous quarter. This annual fee varies depending upon the market value of the assets under TIM’s management as follows:

<b>PORTFOLIO VALUE</b>	<b>BASE FEE</b>
Up to \$250,000	1.30%
\$250,000.01 - \$1,000,000	1.00%
\$1,000,000.01 - \$2,000,000	0.75%
above \$2,000,000.01	0.50%

When added to the *TIM Premier* portfolios, added Municipal Bond-only accounts are managed at an annual fee of 0.25%, while added i-shares-only and Annuity account assets are subject to the fee table, above, and included in the overall assets under management. TIM aggregates household accounts to determine the lowest percentage if all accounts are managed as one relationship.

### **Financial Planning Fees**

For *TIM Basic* and *TIM Portfolio* clients, TIM charges a fixed fee for preparation of a financial plan (\$1,000) and review of a financial plan (\$250). As discussed above, these financial services are included for *TIM Premier* clients at no additional fee.

Prior to engaging TIM to provide financial planning, the client is required to enter into a written agreement with TIM setting forth the terms and conditions of the engagement. TIM does not require payment until completion of these services.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to TIM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “*Financial Institutions*”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or ETF in a client’s account as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage

practices are described at length in Item 12, below.

### **Fee Debit**

Clients generally provide TIM with the authority to directly debit their accounts for payment of the Firm's investment advisory fees. The *Financial Institutions* that act as qualified custodian for client accounts have agreed to send statements to clients not less often than quarterly detailing all account transactions, including any amounts paid to TIM. Alternatively, clients may elect to have TIM send them an invoice for direct payment.

### **Fees for Management During Partial Quarters of Service**

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between TIM and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. TIM's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to TIM's right to terminate an account. Additions may be in cash or securities provided that TIM reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to TIM, subject to the usual and customary securities settlement procedures. However, TIM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. TIM may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter for *TIM Portfolio* or *TIM Premier* clients, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the quarter. *TIM Basic* clients pay a fixed annual fee regardless of the amount of assets under management, and as such no adjustments are made based on inflows to or outflows from the account.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

TIM does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7. Types of Clients**

TIM primarily provides its services to individuals, including high net worth individuals.

### **Minimum Fee**

For *TIM Portfolio* and *TIM Premier* clients, TIM generally imposes a minimum annual fee of \$600. TIM, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed,

related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

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

### **Methods of Analysis**

TIM's primary methods of analysis include aspects of fundamental and technical analysis.

*Fundamental analysis* involves the fundamental financial condition and competitive position of a company. TIM will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the shares of the company.

*Technical analysis* involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. More specifically, the firm may rely on charting, where the firm reviews charts of market and security activity in an attempt to identify when the market is moving up or down, to predict how long the trend will last and when it might reverse. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that TIM will be able to accurately predict such a reoccurrence.

### **Investment Strategies**

As further explained in its response to Item 4, the firm offers three different asset management programs: its *TIM Basic*, *TIM Portfolio*, and *TIM Premier*. All three programs offer investors the ability to invest in one or more of the firm's proprietary model portfolios (the number of available portfolios depends on the program).

TIM follows a proactive tactical asset allocation strategy to manage portfolios. The firm closely monitors its holdings for relative performance, following economic and technical indicators and using a strict risk management discipline. There will be times where portfolio turnover will increase with volatility. Overall, the firm seeks to keep turnover low while maintaining returns.

Using this strategy, the firm allocates its model portfolios among several asset classes, including small caps, mid - caps, large-caps, international and bonds. The firm starts with an appropriate asset allocation according to the client's risk tolerance, age and goals and then adjusts the allocations as it sees fit. This strategy allows TIM to be overweight in asset classes it feels will outperform, and to underweight those it feels will underperform. Rebalancing is used to take profits on positions when the firm feels the market is approaching a short term opportunity.

TIM has a basket of indicators it uses to help identify long term trend changes. If the long-term trend turns down, TIM downshifts the portfolios by selling certain holdings for a more conservative posture. Once the firm's indicators have pointed to a sustainable market "uptrend", TIM will reinvest according to the agreed allocation.

TIM primarily allocates assets within the model portfolios among mutual funds and ETFs. For *TIM Premier* clients, TIM also offers clients the opportunities to invest in other types of securities, depending on the



client's individual objectives.

As part of its management philosophy, the firm uses the following strategies:

- *Long term purchases:* The firm may rely on this technique when it believes securities to be currently undervalued and/or it wants exposure to a particular asset class over time (regardless of the current projection for that class). These securities are typically purchased with the idea of holding them in a client's account for a year or longer.
- *Short term purchases:* When TIM uses this strategy, the firm purchases securities with the intention of selling them within a year. TIM employs this technique when it believes that conditions will result in a price swing in the securities purchased. This strategy can result in more frequent trading, which in turn can raise the brokerage costs incurred by the client.

## **Risks of Loss**

### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

### *Market Risks*

The profitability of a significant portion of TIM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that TIM will be able to predict those price movements accurately.

### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF (including i-Shares) involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders also may be liable for taxes on any fund-level capital gains received in taxable accounts, as mutual funds and ETFs are required by law to distribute capital gains in the event that they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist.

Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Municipal Bonds*

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

### *Management Through Similarly Managed Accounts*

TIM primarily manages portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, TIM buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

TIM's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to TIM's clients may be limited. As further discussed in response to Item 12B (below), TIM allocates investment opportunities among its clients on a fair and equitable basis.

## **Item 9. Disciplinary Information**

TIM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. TIM does not have any required disclosures to this Item.

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

TIM is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. TIM has described such relationships and arrangements below.

### **Affiliated Investment Adviser**

TIM is under common control with its affiliated SEC registered investment adviser, RESQ Investment Partners, LLC ("RESQ Investment Partners") (SEC File No. 801-78822). Certain *Supervised Persons* of TIM also serve as portfolio managers for RESQ Investment Partners, which is the investment adviser to the RESQ Strategic Income Fund and the RESQ Dynamic Allocation Fund (the "RESQ Funds"). Pursuant to the *Investment Management Agreement (IMA)* and on a fully-disclosed basis, clients may grant TIM the authority to invest assets into the RESQ Funds. A conflict of interest exists to the extent that TIM invests client assets in the RESQ Funds and TIM and/or its affiliated investment adviser, RESQ Investment

Partners, receives additional compensation. To the extent that client assets are invested in the RESQ Funds, clients do not pay a “dual” fee because TIM does not charge its investment management fee on any such assets invested in the RESQ Funds. While TIM and/or its *Supervised Persons* are indirectly compensated based on its or their affiliation with RESQ Investment Partners, which receives an advisory fee for services provided to the RESQ Funds, the firm does not believe this arrangement poses any additional material conflict of interest. Information about how RESQ Investment Partners is compensated by the RESQ Funds is available in funds’ prospectus.

### **Receipt of Insurance Product Commissions**

Certain of TIM’s *Supervised Persons*, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While TIM does not sell such insurance products to its investment advisory clients, TIM does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that TIM recommends the purchase of insurance products where TIM’s *Supervised Persons* receive insurance commissions or other additional compensation.

### **Anjuna Partners, LLC**

A representative of our firm, Philip Lowe, is a General Partner of Anjuna Partners, LLC, a pooled investment vehicle. Clients of TIM will not be solicited for investments in Anjuna Partners, LLC. These activities are passive in nature and will not take up any measurable amount of time for Mr. Lowe.

### **Tax-Return Preparation Service**

TIM is under common control with Taxes Plus, Inc. (“Taxes Plus”), a company which is owned by John E. Foster. Currently, TIM is in the process of transitioning tax return preparation services offered to its clients to an independent third party tax and accounting firm. Some of TIM’s clients continue to engage Taxes Plus to render various tax preparation services. Although TIM does not provide this service or receive a fee for said engagements, John E. Foster II is generally entitled to receive distributions relative to his ownership stake in Taxes Plus. A conflict of interest exists to the extent that firm clients engage the services of Taxes Plus and John E. Foster II receives compensation as a result. Clients are under no obligation to engage Taxes Plus as their tax preparer. TIM seeks to ensure that all such engagements proceed in its clients’ best interests

## **Item 11. Code of Ethics**

TIM and persons associated with TIM (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with TIM’s policies and procedures.

TIM has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). TIM’s Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by TIM or any of its associated persons. The Code of Ethics also requires that certain of TIM’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

When TIM is engaging in or considering a transaction in any security on behalf of a client, no Access

Person may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) a transaction in that security unless:

- the transaction on behalf of the client has been completed;
- the transaction for the Access Person is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact TIM to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

TIM generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("*Schwab*") and/or Fidelity Institutional Wealth Services ("*Fidelity*") for investment management accounts.

Factors which TIM considers in recommending *Schwab*, *Fidelity*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Schwab* and *Fidelity* enable TIM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Schwab* and *Fidelity* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by TIM's clients comply with TIM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where TIM determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. TIM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

TIM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution. The client may direct TIM in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and TIM will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by

TIM (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, TIM may decline a client's request to direct brokerage if, in TIM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless TIM decides to purchase or sell the same securities for several clients at approximately the same time. TIM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among TIM's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among TIM's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that TIM determines to aggregate client orders for the purchase or sale of securities, including securities in which TIM's *Supervised Persons* may invest, TIM generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. TIM does not receive any additional compensation or remuneration as a result of the aggregation. In the event that TIM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolio, with similar mandates; (ii) allocations may be given to one account over another account that has limitations in its investment guidelines that prohibit it from purchasing the security being allocated; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, TIM may exclude the account(s) from the allocation and allocate the shares on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist TIM in its investment decision-making process. Such research generally will be used to service all of TIM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because TIM does not have to produce or pay for the products or services.

### **Software and Support Provided by Financial Institutions**

TIM may receive from *Schwab* and *Fidelity*, without cost to TIM, computer software and related systems support, which allow TIM to better monitor client accounts maintained at the respective custodian. TIM may receive the software and related support without cost because TIM renders investment management services to clients that maintain assets at *Schwab* and *Fidelity*. The software and related systems support may benefit TIM, but not its clients directly. In fulfilling its duties to its clients, TIM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that TIM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence TIM's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems

support, or services.

Additionally, TIM may receive the following benefits from *Schwab* and *Fidelity* through their institutional divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the respective institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

### **Item 13. Review of Accounts**

TIM monitors clients' portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis for Premier clients and annually for Portfolio clients. For those clients to whom TIM provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis, or annually for *TIM Premier* clients. Such reviews are conducted by one of TIM's CFPs®. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with TIM and to keep TIM informed of any changes thereto. TIM contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact of any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. On a quarterly basis, *TIM Premier* clients will also receive a report from TIM that may include relevant account and/or market-related information, such as an inventory of account holdings and account performance. Clients should compare the account statements they receive from their custodian with those they receive from TIM. Those clients to whom TIM provides financial planning and/or consulting services will receive reports from TIM summarizing its analysis and conclusions upon request and as otherwise agreed to in writing by TIM.

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

TIM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, TIM is required to disclose any direct or indirect compensation that it provides to any person who is not a supervised person for client referrals. The Firm does not currently provide compensation to any third-party solicitors for client referrals.

TIM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (Brokerage Practices), above.

Moreover, from time to time, TIM may receive marketing expense reimbursements from distributors of investment products, typically the result of informal expense sharing in which product sponsors underwrite costs incurred for client appreciation events, advertising, and seminar expenses. The reimbursements received may pose a potential conflict of interest between TIM and its clients, as the reimbursements could have an incentive favoring certain products and providers. To minimize this conflict, TIM portfolio management personnel review and tailor investment policies and practices to choose investment products that best suit the needs of their clients.



### **Relationship with Sonoran Tax & Accounting, LLC**

TIM maintains a relationship with Sonoran Tax & Accounting, LLC (“Sonoran”) whereby it refers certain of its clients to Sonoran for tax preparation services and also directs its *TIM Premier* clients to Sonoran for basic individual tax preparation as part of its overall service offering as discussed above in Item 4. While Sonoran is independent of and unaffiliated with TIM, a conflict of interest exists, in the form of an indirect economic benefit, to the extent that TIM and Sonoran may refer their clients to one another and TIM may receive certain discounts for Sonoran’s services relating to TIM clients.

### **Relationship with Knollmiller & Arenofsky, LLP**

TIM maintains a relationship with the independent, third-party law firm of Knollmiller & Arenofsky, LLP (“Knollmiller”) whereby it directs its *TIM Premier* clients to Knollmiller for basic estate planning *consultation* as part of its overall service offering as discussed above in Item 4. Knollmiller provides this *consultation* to *TIM Premier* clients at no cost to TIM or the client. Should the client wish to proceed with an estate plan, the client engages and pays the Knollmiller law firm directly for this service. While Knollmiller is independent of and unaffiliated with TIM, a conflict of interest exists in the form of an indirect economic benefit, to the extent that TIM and Knollmiller may refer their clients to one another and TIM’s clients may request that TIM manage additional account assets as identified in the actual estate planning process.

## **Item 15. Custody**

TIM’s *Agreement* and/or the separate agreement with any *Financial Institution* may authorize TIM through such *Financial Institution* to debit the client’s account for the amount of TIM’s fee and to directly remit that management fee to TIM in accordance with applicable custody rules.

The *Financial Institutions* recommended by TIM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to TIM. In addition, as discussed in Item 13, TIM also sends quarterly performance reports to certain clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from TIM.

### **Surprise Independent Examination**

As TIM is deemed to have custody over clients’ cash, bank accounts or securities (for reasons other than those discussed above), TIM is required to engage an independent accounting firm to perform a surprise annual examination of those assets and accounts over which TIM maintains custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC’s Investment Adviser Public Disclosure website. TIM does not have direct access to client funds as they are maintained with an independent qualified custodian.

## **Item 16. Investment Discretion**

TIM is given the authority to exercise investment discretion on behalf of clients. TIM is considered to exercise investment discretion over a client’s account if it can effect transactions for the client without first having to seek the client’s consent. TIM is given this authority through a limited power-of-attorney included in the agreement between TIM and the client. Clients may request a limitation on this authority

(such as certain securities not to be bought or sold). TIM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

## **Item 17. Voting Client Securities**

TIM is required to disclose if it accepts authority to vote client securities. TIM does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact the firm with any questions by calling the number on the cover of this brochure.

## **Item 18. Financial Information**

TIM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, TIM is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. TIM has no disclosures pursuant to this Item.