

## ADV PART 2A

### ITEM 1 – COVER PAGE

#### Cetera Investment Management LLC

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This Brochure provides important information about Cetera Investment Management LLC. You should use this Brochure to understand the relationship between you, the Firm, and your investment adviser representative (Advisor). If you have any questions about the contents of this Brochure, please contact Luanne Graham, chief compliance officer for Cetera Investment Management, at the address listed above or by calling 800.223.0989.

The Firm is registered with the Securities and Exchange Commission (SEC) as a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The information in this brochure has not been approved nor verified by the SEC or by any state securities authority.

Additional information about the Firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (select "investment adviser firm" and type in our name).

**CETERA®  
INVESTMENT  
MANAGEMENT**

## ITEM 2 – MATERIAL CHANGES

### **Why are you providing me with this brochure?**

Item 2 will provide a summary of material changes, if any, the Firm has made to this brochure since the last annual update or the last material change.

As of July 1, 2017, Tower Square Investment Management LLC no longer provides discretionary portfolio management services.

As of October 9, 2017, the legal name of Tower Square Investment Management LLC was changed to Cetera Investment Management LLC. On December 18, 2017, Cetera Investment Management ceased conducting business under the name Tower Square Investment Management LLC.

On or around October, 2018, subject to regulatory approval, the parent company of Cetera Investment Management LLC (Cetera Investment Management), Aretec Group Inc. (Aretec), will undergo a change in ownership. As a result of this change, Aretec will continue to be a privately held corporation and a wholly owned indirect subsidiary of GC Two Holdings, Inc.

### **Will I receive a brochure every year?**

We may, at any time, update this brochure. Any material changes will either be sent to you as a summary of those changes or, depending on the extent of these changes, you will receive the entire updated brochure.

### **May I request additional copies of the brochure?**

Absolutely. You may request and receive additional copies of this brochure by contacting the Advisor with whom you are working.

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## ITEM 4 – ADVISORY BUSINESS

Cetera Investment Management LLC (CIM) is a registered investment advisor that provides model portfolio services and market commentary services to its related broker-dealers and registered investment advisors.

CIM is wholly owned by Cetera Financial Group, Inc. Please refer to Item 10 of this brochure for more information on our corporate structure and affiliates.

### Locations

CIM employees are based in El Segundo, CA, although some responsibilities and other Firm operations may be conducted by employees located in San Diego, CA and St. Cloud, MN.

### Our Advisory Activities

We are primarily engaged in the business of providing model portfolio services and market research. Our services are available primarily to affiliated investment advisers and broker-dealers, or investment advisers owned by representatives of affiliated broker-dealers (Program Sponsor).

#### *Information about Model Portfolio Services*

We do not maintain custody of your accounts. The firms that hire us to provide services on their behalf enter into relationships with qualified custodians. The majority of accounts that utilize our services result from our relationships with our affiliates, Cetera Investment Advisers (CIA), First Allied Advisory Services, Inc. (FAAS), and Summit Financial Group, Inc. (Summit). All of these entities are registered investment advisers.

CIM is not an ERISA Fiduciary because it:

- Does not provide individualized models,
- Does not contract directly with clients for services,
- Does not execute trades in clients' portfolio,
- Does not agree to assume fiduciary responsibility,
- Does not have control on whether its model is used in any specific client account, and
- Does not receive any fee or compensation directly from end clients who use the models.

We communicate with you primarily through your Advisor that is registered with the Program Sponsor. We rely on that Advisor to analyze your goals and needs when implementing any CIM service. The Advisor will collect suitability information and ensure that the investment strategy chosen is appropriate for the client.

#### *CIM Research Team & Reports*

CIM provides market research that is made available to the broker-dealer and registered investment advisers affiliated with Cetera Financial Group, Inc. and their advisors. These materials include detailed market information as well as investment perspectives, asset allocation strategies, and investment ideas and recommendations. The research team publishes specific recommendations of mutual funds through a "Research Select List." CIM Research supports advisors by giving them access to a large-scale body of research, including: (1) market perspectives, (2) economic insights, and (3) asset allocation recommendations.

#### *Assets Under Management*

As of July 1, 2017, CIM does not have assets under management or assets under advisement.

## ITEM 5 – FEES AND COMPENSATION

### Overview

*CIM does not receive direct compensation for its services.*

### Conflicts of Interest

We offer our services to several firms; some are affiliated with us while others are owned by registered representatives of these affiliates. Some of the firms that use our services may offer similar services under different program names. Our relationships with the various firms that we provide management services to enter into agreements with fund companies or product sponsors, such as mutual fund companies, to receive discounted fees. These savings will not affect a client's total advisory fee but may provide us with an incentive to work with fund companies or product sponsors that provide such discounts to us or an affiliate.

We may contribute financial support for client events to representatives of affiliates who offer the programs to which we provide investment management services. Providing this support presents a conflict of interest for these representatives, as they may have a financial incentive to induce clients to utilize our services.

## ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not participate in any programs that charge performance-based fees.

## ITEM 7 – TYPES OF CLIENTS

CIM provides services to other investment advisers, broker-dealers, and their clients. We do not contract directly with individual investors. Instead, we are hired by related firms to provide advisory services to be used with their clients. Our strategies are generally used as a foundation for another investment adviser's advisory programs.

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

CIM may use various methods of analysis and investment strategies to formulate our investment advice. We describe these methods and strategies in this section. Investing involves the potential risk of loss that investors should be prepared to bear.

### *Types of Risk*

Various types of risk are involved when investing in securities. Economic risk, market risk, currency risk, inflation risk, interest-rate risk, liquidity risk, and credit risk are examples of the types of risks to which your account may be subject. If you are invested in one of our strategies, there is also the risk that your account value will decrease because of the investment decisions that we make. It is possible that our investment decisions will cause our strategies to underperform other investment strategies or the markets as a whole.

### *Assessing Risk*

While some types of risk can be mitigated by investment strategies, many of these risks cannot be eliminated completely. Your Advisor will work with you to make sure that you are comfortable with the risks associated with the type of investments that are in your account. It is important to make sure that you understand these risks.

### *Risk of Loss*

You should know that all types of securities investing involve risk. Your account value can both increase and decrease over time. You should not invest in any product if you are not prepared to bear a potential loss. Past performance does not guarantee future results.

### *Management Style*

Our management style is based on our attitude toward risk management. We seek to protect our client's investment and help it grow more effectively. Our goal is to lose less in a "down" market, but this typically means we will not gain as much in an "up" market. We believe that markets change over time. We actively research market movement and adjust our strategies accordingly. Active management is not about being invested or not. It is about playing offense and defense by selectively overweighting or under weighting certain asset classes. Our diverse strategies give you access to invest in a variety of asset classes. This approach allows us to change our weightings across industries as we see fit.

Our research process starts broadly. We use a combination of mathematical analysis and in-depth research to identify investment ideas. We have sophisticated tools that help us measure how our models compare with our outlook for the market.

### *Model Provider*

When acting as a model provider, we utilize either a strategic or tactical asset allocation.

Strategic asset allocation is a portfolio strategy that involves the periodic rebalancing of the portfolio in order to maintain a long-term goal of a chosen asset allocation mix. The initial investments are chosen based on expected returns and risk tolerance. Because the value of the assets can change based on market conditions, the portfolio constantly needs to be re-adjusted to meet the policy. This is often called rebalancing and may be done at regular intervals.

The strategist does not purposely deviate from the original determined asset allocation percentages. The emphasis is on preserving this initial chosen asset allocation mix because the mix ultimately relates to a larger performance objective based on historical data.

Tactical asset allocation is a portfolio strategy that involves the rebalancing of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors, as chosen by the portfolio managers. This strategy allows the strategist the opportunity to try and create extra value by taking advantage of these potential situations in the markets. It is a moderately active strategy and may use short-term trading methods.

The investment philosophy is usually based on the belief that investor psychology and market forces can lead to periods of misevaluation. A tactical allocation process attempts to capture these misevaluations. It is not a fixed asset weight mix and the allocation and risk level of the portfolio may change quite dramatically.

### **Research Team and Reports**

CIM provides market research that is made available to the broker-dealer and registered investment advisers affiliated with Cetera Financial Group and their Advisors. These materials include detailed market information as well as investment perspectives, asset allocation strategies, and investment ideas and recommendations. The research team publishes specific recommendations of mutual funds through a "Research Select List." CIM supports advisors by giving them access to a large-scale body of research including: (1) market perspectives, (2) economic insights, and (3) asset allocation recommendations.

### **Mutual Fund Selection and Monitoring**

In selecting investment options for the portfolios, we seek to develop and maintain a broad universe of investment vehicles to provide flexibility and choice in asset allocation and portfolio construction. All investment vehicles in the portfolios will be subject to the same guideline criteria. Investment options may not meet all criteria at all times.

We use the same process to evaluate, retain and withdraw mutual fund selections. First, we engage in initial screening and a quantitative analysis. Next, we complete a qualitative analysis. Third, we consider timing factors. Lastly, we review our findings with our Investment Committee.

### **Ongoing Monitoring and Replacement**

The underlying mutual funds and overall portfolio is reviewed daily, quarterly and annually. A mutual fund may be removed from the portfolio if it no longer meets the basic criteria for inclusion.

## **ITEM 9 – DISCIPLINARY INFORMATION**

The Firm has no disciplinary events to disclose.

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

CIM is part of Cetera Financial Group, Inc. Cetera Financial Group, Inc. has a network of independent broker-dealers, investment advisers registered with the SEC, and general insurance agencies.

CIM is wholly owned by Cetera Financial Group, Inc., which is wholly owned by Cetera Financial Holdings, Inc. Cetera Financial Holdings, Inc. is principally owned by Aretec Group, Inc.

## **ITEM 11 – CODE OF ETHICS**

We are committed to providing brokerage services and/or investment advice with the utmost professionalism and integrity.

To help us avoid potential conflicts, we are subject to Cetera Financial Group's Code of Ethics, which is designed to protect our professional reputation and comply with federal or other applicable securities laws. Adherence to the Code of Ethics is a condition of employment or affiliation with the Firm. Our Code of Ethics may be summarized as follows:

### **Personal Investing by Firm Employees**

Our employees may purchase or sell the same security that they recommend to a client. This type of trading activity creates a conflict because an employee's transaction may receive a better price than your transaction. To help mitigate this potential conflict, we routinely review our employees' personal trading activity. Our Code of Ethics also places restrictions on personal trading activities. These restrictions include a prohibition on trading based on non-public information, pre-clearance requirements for certain personnel transactions with advance knowledge of model transactions, and a requirement that any personal securities transactions do not disadvantage clients or otherwise raise fiduciary or antifraud issues.

Also, employees may not purchase securities in an initial public offering or participate in a private placement without our written approval.

### **Personal Holdings and Transaction Reporting**

We receive information of the security transactions purchased and/or sold by our employees in their personal accounts. We also receive information listing all securities that they currently own in their personal securities accounts. Certain investments are not required to be reported to us by our employees, such as mutual funds holdings and securities issued by the Government of the United States.

You may request a copy of our Code of Ethics at any time by contacting Luanne Graham, chief compliance officer for Cetera Investment Management, by calling 800.223.0989.

## ITEM 12 – BROKERAGE PRACTICES

### *Soft Dollar Benefits*

Some firms in the industry receive benefits in exchange for delivering business to a broker-dealer or other third party. These benefits are known as “soft dollars.” Soft dollar benefits are generally defined as benefits (besides normal fees) received from a firm in exchange for doing business with the Firm. These benefits may include access to software, hardware, research, and/or office space. We do not currently receive any soft dollar benefits for choosing the broker-dealer.

### *Directed Brokerage*

We do not permit clients to direct us to execute transactions through a specified broker-dealer other than broker-dealer affiliated with us. We rely on the relationship established by our affiliated entities to determine where we execute our transaction. We believe that affiliated broker-dealer allow us to achieve best execution because of their business relationships with clearing firms, our access to the broker-dealer’s trading department, financial stability, and overall service. Best execution factors include timeliness of execution, trader expertise, better pricing, and responsiveness.

## ITEM 13 – REVIEW OF ACCOUNTS

Our investment philosophy rests in the idea of an active management style. This means that we want to adjust our strategies to be in alignment with changing market conditions. We review our investment strategies throughout each business day to make sure they are in line with our outlook.

Members of the Investment Committee meet daily to review any beneficial change in portfolio allocations. The Investment Committee meets biweekly to review macro-economic trends, asset class preferences, and thematic tilts.

Client communication and reports are provided by the program sponsor.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

All of our clients are firms, not individuals. These firms contract with the Advisors that service your account. We, and our affiliates, may receive payments from product sponsors, including mutual fund companies. If an affiliate receives payments from product sponsors for securities we manage, we may receive software, training, and conference support, based on the volume of securities we invest with the product sponsor. The Advisor who services your account may provide you with more specific information about revenue sharing arrangements with the program sponsor.

## ITEM 15 – CUSTODY

We do not have physical or constructive custody for any client funds. Account assets are custodied by an approved custodian selected by the program sponsor. The custodian of your account will send your account statements. These statements will be sent to you either quarterly or more frequently. You should review the account statements carefully and compare these account statements with the reports that may be sent to you by the program sponsor. Should you note any discrepancies, please contact your Advisor.

## ITEM 16 – INVESTMENT DISCRETION

We do not have discretion over your assets. We will not remove funds or securities from your account.

## ITEM 17 – VOTING CLIENT SECURITIES (I.E., PROXY VOTING)

CIM does not vote proxies on behalf of clients.

## ITEM 18 – FINANCIAL INFORMATION

We do not take prepayment of more than \$1,200 in fees, six months or more in advance or have a financial condition that could impair our ability to meet our contractual obligations. Therefore, we are not required to provide our audited balance sheets.