

Form ADV Part 2 Brochure –
Dated March 30, 2017

Goelzer Investment Management, Inc.

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This Form ADV Part 2 (öBrochureö) provides information about the qualifications and business practices of Goelzer Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (317) 264-2600. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (öSECö) or by any other state securities authority.

Additional information about Goelzer is also available on the SEC's website at www.adviserinfo.sec.gov.

Goelzer is a registered investment adviser. However, please note that registration as an investment adviser does not imply any level of skill or training.

ITEM 2 - Material Changes

The information contained in this section relates only to material changes that have occurred since the last update. We define a material change as any change that an average client would consider important to know prior to making an investment decision. The following are short summaries of the material changes that have occurred since our last update on March 24, 2016, with regard to our services or business operations.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

This Brochure reflects Goelzer's annual update of its assets under management and assets under advisement. Additionally, Goelzer also discloses its new relationship as a solicitor on certain ERISA retirement plans.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please visit our website at www.Goelzerinc.com, e-mail us JBush@Goelzerinc.com or simply telephone us at telephone us at (317) 264-2600.

ITEM 3 ó Table of Contents

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ITEM 4 ó Advisory Business

Goelzer Investment Management, Inc. (õGoelzerö) is an investment advisory firm registered with the SEC, whose Principal Officers include Gregory W. Goelzer, Chief Executive Officer, Brett D. McKamey, President, and Jeffrey A. Bush, Chief Compliance Officer. Goelzer is an employee owned company, with controlling interest held by the Goelzer family.

Formed in 1969, Goelzer provides discretionary and non-discretionary Asset Management Services to our clients. In addition, in certain instances, the firm may provide Portfolio Monitoring & Consulting Services to clients that wish to have Goelzer monitor and report on investments held at a third party asset manager, adviser, custodian, or trust company. These services are more fully described below, as well as in the Advisory Contract applicable to each account.

As of 12/31/2016, the firm advises on a total of \$1,384,860,825 in assets under management, \$9,098,785 in Non-Discretionary assets that it monitors, and \$170,264,768 in consulting assets for a total of \$1,564,224,378 in assets under advisement.

Discretionary and Non-Discretionary Investment Management Services:

Goelzer offers investment management services in which Goelzer is appointed as the investment adviser that has either discretionary or non-discretionary trading authorization. Goelzer provides this continuous advice to investment advisory accounts as set forth in an agreement between Goelzer and the client. Investment advisory portfolios are generally managed by the use of investment research, security analysis and investment strategies as described in Item 8 of this Brochure. There are circumstances in which Goelzer may not be aware of the individual needs of each client, as determined by the nature and amount of other assets, investments, insurance and the nature and extent of personal and family obligations. As such, it is incumbent upon all clients to ensure that Goelzer has up to date information about other investments and assets, and to notify the firm of any changes in personal/financial situations or investment objectives.

The investment advisory service provides individualized investment management to each client on a discretionary basis. However, in certain

instances, upon mutual agreement by Goelzer and the client, client portfolios may be advised on a non-discretionary basis. Each and every portfolio is structured to conform to the client's own investment objectives and risk tolerances. This service is typically available to persons wishing to invest a minimum of \$1,000,000. The minimum investment amount, however, may be waived at the discretion of Goelzer. The investment objectives and portfolios may differ from client to client.

The portfolio construction process begins with an in-depth interview conducted by the client's personal investment adviser representative to establish each client's unique profile as an investor. All pertinent subjects are covered, including but not limited to:

- Current and future financial assets and liabilities
- Ongoing income and periodic cash needs
- Investment goals and objectives, including time horizons
- Risk tolerance (emotions) and capacity (resources) assessment
- Tax considerations
- Unique needs and preferences

The Investor Profile serves as the basis for determining the allocation of the client's investment funds among different asset classes such as equities, bonds, and alternative investments. Goelzer's asset allocation recommendations are a reflection of the fundamental investment philosophy of diversification and risk management. These recommendations are made only after careful consideration of all factors arising from defining the client's Investor Profile.

Next, the client and the investment adviser representative will determine which investment strategy or strategies are appropriate to the client's needs. Investment Strategies include:

- Rising Dividends Equity Portfolio
- Core Value Equity Portfolio
- Core Growth Equity Portfolio
- Growth Equity Portfolio
- Environmental, Social and Governance Core Portfolio
- Small and Mid Cap Funds
- International Funds

- Fixed Income
- Alternative Investments
- Sector Allocation Strategy

The client's Investor Profile together with Goelzer's investment recommendations are typically formalized in a written "Personal Investment Plan" or "Investment Policy Statement" prepared by Goelzer and accepted by the client. This document serves two main purposes:

- To confirm a common understanding of the client's relationship
- To provide a point of reference during future client meetings

Each client's Personal Investment Plan addresses specific aspects of the client's relationship with Goelzer. Included are:

- A clear statement of investment objectives
- Specification of return objective, risk tolerance, and time horizon
- Articulation of income and liquidity needs
- Definition of portfolio risk constraints as well as quality controls
- Identification of portfolio benchmarks
- Identification of any unique needs or preferences

The Personal Investment Plan is the starting point of our ongoing commitment. This commitment is multi-faceted and comprises:

Client Meetings: Periodic client investment review meetings provide an opportunity to assess the client's progress toward the client's stated goals and to discuss any changes in their profile, including their financial circumstances and/or investment objectives. Subjects we will typically discuss include:

- Investment objectives, including any changes in circumstances that may affect those objectives ó review and confirmation
- Current asset allocation
- Investment performance versus goals and benchmarks
- Security holdings, purchases, and sales
- Current economic and market trends
- Action items and points of interest

Our meetings additionally serve to further our continuing dialogue with regard to matters such as tax-related issues and any other financial questions or needs that may arise.

The above listed advisory services can be tailored to each client ó as such, if any client requires any restrictions on any types of stocks or market segments, the client needs to inform their advisory representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

Any fee-based advisory client has the ability to select any brokerage or custodian of their choice. However, Goelzer may decline to enter into an advisory agreement with a prospective client if the prospective client requires the use of a broker/dealer that, in the opinion of Goelzer, would not permit Goelzer to efficiently and effectively manage the prospective client's account. Please see further disclosure on Goelzer's broker/dealer services in Item 10.

Portfolio Monitoring & Consulting Services:

Goelzer may also provide non-discretionary Portfolio Monitoring & Consulting Services to select clients. These services are provided for assets that are held at Fidelity and/or other Investment Advisory or Brokerage firms, but for which the client wants an outside adviser (Goelzer) to assess, assist, and advise on the work performed by that outside adviser or company, or by the client themselves. In these relationships, Goelzer may perform due diligence, provide periodic reports, and make recommendations to the client pursuant to the client's written investment objectives.

Unsupervised Assets

From time to time, clients may ask Goelzer to include in their managed accounts assets for which Goelzer does not provide ongoing management or advisory services (öunsupervised assetsö). As Goelzer includes these unsupervised assets in its reports to clients, and considers these unsupervised assets in making asset allocation decisions or recommendations for clients, Goelzer may, but typically does not, include these unsupervised assets when determining the total assets under management upon which the client's fee is based.

However, Goelzer does not regularly research, review or otherwise evaluate a client's unsupervised assets. Clients requesting this service should recognize that Goelzer may be unaware of factors that could lead an unsupervised asset to rapidly decline in value, and that Goelzer should not be expected to alert the client should such a decline be in progress. The client has the responsibility to monitor and request trades in unsupervised assets.

Sub-Adviser Relationships

For a number of accounts, Goelzer serves as a sub-adviser to another investment adviser. Typically, these are institutional accounts where Goelzer has responded to a Request for Proposal. Additionally, for other clients, Goelzer either contracts with a sub-adviser to manage the account on behalf of Goelzer or recommends other advisers to the client to manage certain aspects of the account. In those relationships where Goelzer recommends advisers to the client, Goelzer may recommend itself as an investment adviser, and Goelzer may earn an additional advisory fee for those relationships. This is an inherent conflict of interest. Goelzer discloses the potential of additional fees to affected clients prior to entering the relationship.

ITEM 5 ó Fees and Compensation

All clients are required to enter into a written advisory agreement prior to the establishment of an investment advisory relationship.

Goelzer will not enter into an investment advisory relationship with any prospective client whose investment objectives may be considered incompatible with Goelzer's basic investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Goelzer offers its investment advisory services for continuous advice to advisory accounts based upon a percentage of assets under management, hourly charges, a fixed fee, or a combination of those forms of compensation (as outlined below). Investment advisory fees are divided into quarterly

installments and are payable in advance of each quarter based on market values as of March 31, June 30, September 30, and December 31.

Discretionary & Non-Discretionary Investment Management Fees:

Goelzer charges management fees according to a standard fee schedule with standard fees ranging from .5% to 1.5% and annual minimums from \$3,000 to \$4,500. The client pays this annual fee based upon assets under management. In addition, the client may have transaction costs associated with each trade to cover execution and custodial expenses, and/or internal mutual fund expenses.

All fees are negotiable. As such, in certain cases, Investment Advisory fees may be modified based on a pre-existing or employee relationship, the nature of services to be provided, types of investments, portfolio makeup, size of the account, the complexity of the client's situation, and/or other competitive factors. Investment advisory fees and services to be provided are determined at the time of engagement. Fees will not be based upon a share of capital gains or capital appreciation of the funds of any portion of a client's account (known as *performance fees*). Goelzer does not collect investment advisory fees in excess of \$1,200 and 6 months or more in advance of services. The Adviser reserves the right to modify fees with 30 days advance written notice.

Payment of investment advisory fees may be paid directly by the client; or payment of fees may be made through a debit directly to the client's account(s) by the qualified custodian holding the client's funds and securities. The client must specifically authorize this automatic fee deduction in writing, and may revoke this authority at any time in writing. Note that the Custodian does not verify advisory fees, therefore, clients are encouraged to direct any questions regarding fees to their client advisor at Goelzer directly, and are advised to carefully review each statement received by the Custodian firm to ensure accuracy.

The fees associated with Goelzer's services may be higher or lower than at other financial institutions. Clients are encouraged to discuss any questions that may arise regarding investment policies, services and fees throughout the course of our engagement. Additionally, clients are welcome to utilize a broker/dealer of their choice if executing securities transactions.

Portfolio Monitoring & Consulting Services:

Fees for Portfolio Monitoring and Consulting Services may be based upon a percentage of assets under management with a standard fee schedule beginning at 0.50% of the first \$1,000,000, hourly charges (\$150 - \$250), a fixed fee (\$500 - \$6,000 per month), or a combination of those forms of compensation. Portfolio monitoring and consulting services fees are divided into quarterly installments and are payable in advance of each quarter as of March 31, June 30, September 30, and December 31. Fees may be paid directly from accounts that Goelzer monitors.

Additional Fee Information and Disclosures:

All Advisory fees are negotiable between the firm and clients. Client may choose to have fees deducted directly from their accounts, or clients can choose to be billed directly. The choice of direct billing or automatic deduction of fees is made at the time of new account sign-up, as outlined in the Advisory Agreement or related account opening documentation. A client can choose at any time to change the method of fee deduction/billing for their account. If a client opens an account during a quarter, fees for that quarter are pro-rated to the end of that quarter.

The aforementioned advisory fees do not include fees paid to firms for transaction and brokerage fees which are paid to broker/dealers, and/or service fees (if applicable on accounts). All fees paid to Goelzer for advisory services are separate from the fees and expenses charged to shareholders of mutual funds shares by the fund companies, or by the investment adviser managing the fund portfolios. A complete explanation of the expenses charged by mutual funds is contained in each fund's prospectus. Investors are strongly encouraged to read any offering document or prospectus before investing in funds.

Goelzer takes numerous actions to address all conflicts of interest. As a fiduciary, the firm, through its Management and Compliance Department, works to ensure that every client's best interests are used when determining investment recommendations, including review of advisory accounts. Clients are always free to choose the investments made in their accounts and may always choose their own brokerage firm or custodian. In addition, Goelzer maintains a Code of Ethics to help ensure that investment decisions are in the best interest of clients, as disclosed in Item 11 below.

Termination of Services:

Advisory Services are continuous and on-going in nature, but either party may terminate the Advisory Agreement with 90 days prior written notice to the other party's last known legal address. As fees are levied on a quarterly basis in advance, a pro-rata refund may be made to the client in the event of termination of the Investment Advisory Agreement.

Where the client has not received Goelzer's Form ADV Part 2A, The Firm Disclosure Brochure ("Brochure") at least 48 hours prior to engagement, the client may terminate the Agreement for any advisory services and without penalty (full refund or no fees due) within 5 business days of signing the Agreement.

ITEM 6 – Performance Based Fees and Side-By-Side Management

Goelzer does not charge any performance based fees of any kind (those fees that are based upon a share of capital gains or capital appreciation of client assets).

Goelzer does manage client accounts that may pay different fees. This is a potential conflict of interest in that Goelzer has an incentive to favor accounts that pay higher fees. Goelzer has developed allocation policies designed to prevent this type of favoritism. GIM does not trade shares in its own principal accounts along with clients. GIM employees may trade individual securities their personal accounts. If a portfolio manager decides to trade a security for a client and for the portfolio manager's own account the same day, it is Goelzer's policy that portfolio managers should not get a better price than a client. However, if a portfolio manager trades a security for a client, and another employee without knowing what the portfolio manager has decided to do, trades in the same security, then the employee may receive a better price than the client if that is the result of the trades.

ITEM 7 ó Types of Clients

Advisory services are generally provided to individuals, high net worth individuals, families, institutions, and institutional investors. These may include accounts for retirement plans, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, partnerships, or other business entities.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, (õERISAö), Goelzer acknowledges that Goelzer is a fiduciary within the meaning of the Act and the ERISA client is a named fiduciary with respect to the control or advice of the assets in the Account. In each instance, the client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include Goelzer and Goelzer's principals, agents, and employees under those insured under that bond and will deliver to Goelzer a copy of the governing plan documents. If the account assets for which Goelzer provides services represent only a portion of the assets of an employee benefit plan, the client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

Goelzer typically requires a minimum investment account size of \$1,000,000. This minimum may be reduced at the discretion of Goelzer.

ITEM 8 ó Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in securities of any kind involves risk of loss that clients must be prepared to bear.

Goelzer Investment Management's approach to security analysis is based primarily on fundamental analysis. Goelzer attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is

underpriced (indication it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

In addition, Goelzer makes occasional but limited use of technical analysis.

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movements.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

The principal sources of information that Goelzer uses are: company prepared information (annual reports, proxy materials, prospectuses, press releases, etc.); SEC filings; management interviews and contacts; financial industry related press, newspapers, and magazines; and industry trade research from various investment banking firms.

When providing investment advisory services, Goelzer analyzes information provided by the client and evaluates and identifies each individual client's goals, risk tolerances, and time horizon through an extensive due diligence process in an effort to determine an investment objective that is suitable. Therefore, the client's active participation in the review and analysis process is crucial. Investment strategies used to implement investment advice are generally long-term in nature, though certain investment strategies may include short-term purchases depending upon the individual needs and objectives of the client.

In a long-term strategy, Goelzer purchases securities with the idea of holding them in the client's account for a year or longer. Goelzer may do this because it believes the securities to be currently undervalued. Goelzer may do this because it wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, Goelzer may not take advantages of short-term gains that could be profitable to a client. Moreover, if these predictions are incorrect, a security may decline sharply in value before Goelzer makes the decision to sell.

In a short-term strategy, Goelzer purchases securities with the idea of selling them within a relatively short time (typically a year or less). Goelzer does this in an attempt to take advantage of conditions that it believes will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, Goelzer is left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains

Generally, the firm provides advice on the following types of securities: Stocks, Bonds, Mutual Funds and exchange traded funds (ETFs), Government and Municipal Securities, options contracts, and warrants. In limited instances, or at specific client request, Goelzer may also advise on limited partnerships, private placement offerings, or other alternative investments. Limited partnerships, private placement offerings, and alternative investments may involve higher degrees of risk than other investments (including potential liquidity risks).

Upon occasion, unique clients' investment goals and objectives may warrant the use of margin accounts and/or the use of equity options. Because the use of margin accounts and options entail increased risk, they are only recommended when consistent with clients' stated risk tolerance and investment objectives.

Margin

To facilitate mandatory distributions or other liquidity needs, Goelzer may advise clients to open a margin account. In a margin account, the securities will serve as collateral for the borrowed funds. A client may at his or her discretion, direct the opening of a margin account to facilitate the purchase additional securities without selling the holdings in the account.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in a client's account minus what the client owes the broker falls below a certain level, the broker will issue a "margin call", and the client will be required to sell the position in the security purchased on margin or add more cash to the account. In some circumstances, the client may lose more money than was originally invested.

Goelzer may recommend, where appropriate, that a client establish a margin account with the client's broker, even though a margin strategy is not being followed. In this situation, if Goelzer is selling one stock and purchasing another stock with the proceeds, Goelzer can use the margin account to make certain that the client is not left out of the purchase if Goelzer has difficulty completing the sale.

Options

Goelzer may, from time to time if circumstances warrant use options as an investment strategy after discussion and mutual agreement with the client. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

A call gives the holder the right to buy an asset at a certain price within a specific period of time. Goelzer may buy a call based on research indicating that the stock will increase substantially before the option expires.

A put gives the holder the right to sell an asset at a certain price within a specific period of time. Goelzer may buy a put if research indicates that the price of the stock will fall before the option expires.

Goelzer may use options to speculate on the possibility of a sharp price swing. Goelzer may also use options to "hedge" a purchase of the underlying security; in other words, Goelzer may use an option purchase to limit the potential downside of a security purchased for a client's portfolio.

Goelzer uses covered calls, in which Goelzer may sell an option on a security the client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if the client wants to sell the stock prior to the end of the option agreement, the client will have to buy the option back from the option holder, for a possible loss.

Goelzer may use a spreading strategy, in which Goelzer purchases 2 or more option contracts (for example, a call option that Goelzer buys and a call option that Goelzer sells) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

ITEM 9 – Disciplinary Information

Firms are required to report any legal or disciplinary events that are material to a client's evaluation of our advisory business and the integrity of our management.

As a result of an examination in 2010, the SEC entered a Cease and Desist Order in July 2013 against Goelzer and Greg Goelzer for failure to comply with disclosure and compliance requirements, specifically issues relating to block trading, best execution, and fee negotiation, as well as supervision. After the exam the firm took immediate remedial action on its behalf, including hiring a national compliance consulting firm, hiring a full-time chief compliance officer, and revamping its policies and procedures. The SEC accepted Goelzer's Offer of Settlement, and Goelzer consented to the entry of the Order by agreeing to pay a penalty of \$100,000, prejudgment interest of \$53,799, and disgorgement of commissions of \$309,994, as well as other remedial measures. Greg Goelzer agreed to a civil penalty of \$35,000. For more information on this matter, you may review the related hyperlink on Goelzer's website at www.goelzerinc.com.

ITEM 10 ó Other Financial Industry Activities and Affiliations

Neither the firm nor any individual associated with the firm is registered with any other Investment Adviser, Brokerage firm, insurance agency or company, of any kind, and the firm does not permit any individual to maintain outside registrations of any kind (dual registrations) with any other registered firm.

Goelzer also compensates other advisory firms for client referrals to this firm under a Solicitation Fee Arrangement. This Brochure, as well as the related Solicitation documents are provided to solicited clients prior to engaging this firm. Additionally, Goelzer receives compensation for referral of certain retirement plan clients to another adviser under a Solicitation Fee Arrangement. Both of these arrangements are more fully described in Item 14.

ITEM 11 ó Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics:

Goelzer Investment Management has adopted a Code of Ethics that obligates this firm and its related persons to put the interest of the firm's Clients before their own interests, and to act honestly and fairly in all aspects of client servicing. Clients or prospective clients can always obtain a copy of the firm's Code of Ethics by contacting Mr. Jeffrey A. Bush, Chief Compliance Officer, at the address or phone number listed on the cover page of this Brochure. Goelzer has adopted the Asset Manager Code of Professional Conduct published by the Chartered Financial Analyst Institute.

Participation or Interest in Client Transactions and Personal Trading:

Goelzer Investment Management and its related persons may invest in the same or similar types of securities, investment products, or market segments as clients are invested in. As such, at times the interests of the Adviser or related persons' accounts may coincide with the interests of clients' accounts. Because of this, all trades, including internal employee account trades, are reviewed on a daily basis to ensure that front-running and other

potential conflicts can be prevented. In addition, Goelzer requires that all supervised personnel pre-clear all reportable securities transactions with the Chief Compliance Officer prior to order execution. Finally, the firm also monitors trading in firm personnel outside accounts by requiring that all outside accounts be approved by the Chief Compliance Officer prior to opening. Goelzer requires that quarterly transactions be reviewed by the Chief Compliance Officer. Annual holdings reports are also maintained and reviewed by the firm. As discussed above, Goelzer employees may trade in the same securities as clients on the same day. As a matter of policy, Goelzer employees should not receive a better price for the same security on the same day. Some employees choose to aggregate their trades along with clients so that all receive the same average price. However, if an employee makes a trade in a security on the same day as another employee trades on behalf of a client in the same security without the knowledge of the first employee, then that employee may receive a better price.

Goelzer does not conduct principal transactions, does not engage in cross-trades between advisory clients, and does not participate in agency cross transactions.

ITEM 12 ó Brokerage Practices

Typically, clients must direct Goelzer as to the broker/dealer to be used. In directing the use of a particular broker/dealer, it should be understood that Goelzer will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients. Certain institutional clients may direct Goelzer to select a broker/dealer. In these client relationships, Goelzer shall utilize factors included in the advisory agreement with the client.

The firm considers the following factors before suggesting a particular brokerage firm to clients: the products offered, the level of service, the quality of trade execution, the record keeping and reporting capabilities, the trading platforms offered, and the ability to meet client needs. In assessing the reasonableness of their commissions, the firm compares various brokerage firm rates.

Goelzer generally utilizes the brokerage services of Fidelity Institutional Wealth Services and participates in the institutional adviser program (the "Program") offered by Fidelity Investments. Fidelity Institutional Wealth Services is a division of Fidelity Investments, member FINRA/SIPC/NFA ("Fidelity"), an unaffiliated SEC-registered broker-dealer and FINRA member. Goelzer receives some benefits from Fidelity through its participation in the Program.

As disclosed above, Goelzer participates in Fidelity's institutional customer program and Goelzer may recommend Fidelity to clients for custody and brokerage services. There is no direct link between Goelzer's participation in the program and the investment advice it gives to its Clients, although Goelzer receives economic benefits through its participation in the program that are typically not available to Fidelity retail investors. These benefits include consulting services provided without cost or at a discount as well as monetary assistance in implementing recommendations due to those consulting services. These consulting services may benefit Goelzer but may not directly benefit its client accounts by assisting Goelzer in managing and administering client accounts, including accounts not maintained at Fidelity. Other services, including soft dollars, made available by Fidelity are intended to help Goelzer by directly benefitting Goelzer's clients. Goelzer utilizes these services to purchase third party research that will assist in providing investment advice and portfolio management. The benefits received by Goelzer or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Fidelity but instead are based on the amount of assets held by Goelzer clients at Fidelity. As part of its fiduciary duties to clients, Goelzer endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Goelzer or its related persons based on the assets held at Fidelity creates a potential conflict of interest and may indirectly influence Goelzer's choice of Fidelity for custody and brokerage services. Clients who want to use "discount" or other brokerage firms that may charge lower commissions may direct Goelzer to do so.

Additionally, Fidelity receives benefits from its arrangement from Goelzer, including commissions and sundry fees such as wire transfer fees. Depending on the transaction, Fidelity may receive additional compensation from mutual funds in the form of 12B-1 fees or other service fees for

Goelzer's purchase or recommendation of certain mutual funds. These mutual funds may or may not have transaction charges for clients, but clients should be aware that Fidelity may be compensated from the mutual fund families based on Goelzer's discretionary purchase or non-discretionary recommendation of the mutual fund. Goelzer does not receive any compensation from mutual fund families. Other broker/dealers that a client may utilize for clearing and custody services may receive similar fees as Fidelity.

Each client must evaluate each broker/dealer carefully to determine if the broker/dealer selected provides the client with an optimal blend of cost, clearance and settlement, client service and responsiveness, and other services.

Clients should note, while Goelzer has a reasonable belief that Fidelity is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Our clients may pay a commission to Fidelity that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not solely the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

When the same security is bought and sold for many accounts on the same day, certain trades may be aggregated and those clients that have directed the use of Fidelity as the broker/dealer will receive an average price for the trades in securities that were aggregated and executed through Fidelity on that date. When Goelzer chooses to aggregate trades for the purposes of average pricing, Goelzer will identify each client account participating in the order and the proposed allocation of the order, upon completion, to those clients. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance

with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts. No client or account will be favored over another when aggregating transactions.

Not all trades may be included in an average priced trade with Goelzer, due to various reasons and aggregation will only occur when Goelzer deems the aggregation appropriate at the time the trades are executed. Due to this practice, certain client trades may be executed before others, and clients that have directed the use of other brokerage firms apart from Fidelity may receive a different price and/or commission rate. Additionally, Goelzer's clients may not receive volume discounts available through other investment advisers who utilize block trading. However, when executing transactions in the same security for clients at different broker/dealers, Goelzer follows a trade rotation policy to ensure that Goelzer treats clients fairly.

As a fiduciary, Goelzer has the responsibility to effect orders correctly, promptly, and in the best interests of clients. However, during the course of business, errors occur in the handling of client transactions due to the actions or inactions of Goelzer or any of its service providers. Goelzer's policy is to correct these errors as quickly as possible without disadvantaging the client. If the error is due to an action or inaction by Goelzer, then Goelzer will correct the error and will be responsible for any loss as a result of the error. For all clients custodied at Fidelity, Goelzer participates in Fidelity's mandatory trade correction policy where all gains and losses are netted against each other at the end of a certain period. All net losses at the end of the period are the responsibility of Goelzer, and all net gains are donated to charity. Goelzer utilized Fidelity to select the charity, which is the American Red Cross. Any gains from trade errors will be distributed to the American Red Cross on a periodic basis.

ITEM 13 ó Review of Accounts

Discretionary & Non-Discretionary Investment Management Accounts:

Reviews: Each investment advisory account is reviewed frequently by the investment team of Goelzer specifically in charge of that account. This

investment adviser representative also keeps a separate inventory of each advisory account under his care. Further, the Investment Policy Committee reviews each account on an ongoing basis, with a focus on asset allocation, sector weights, relative performance and adherence with customer objectives. Goelzer investment adviser representatives involved in the advisory business also meet at least weekly, and in most cases daily, to discuss potential investments.

Furthermore, on a monthly basis throughout the course of a calendar year, the Chief Executive Officer and Chief Compliance Officer perform an independent review of accounts, confirms and performances for suitability of investments, and adherence to Goelzer's policies on trading activities.

Reports: The custodial firm will provide investment advisory clients with a monthly statement for any month during which there is trading activity in the client's account. In addition, Goelzer will provide clients with quarterly statements containing a quarterly commentary, account summary, and performance history. Whenever transactions are effected for their account, the client receives confirmation from the broker/dealer or custodian firm. At calendar year end, all taxable client accounts receive a Form 1099 reflecting net tax effects of all transactions during the year from the broker/dealer or custodian firm.

Portfolio Monitoring & Consulting Services:

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

Reports: Portfolio Monitoring and Consulting Services clients will typically receive reports unless those reports are otherwise excluded through the investment advisory agreement.

ITEM 14 ó Client Referrals and Other Compensation

Other Advisory firms may refer suitable potential advisory clients to Goelzer Investment Management. Goelzer in return provides compensation to those firms, in accordance with SEC Rule 206(4)-3 of the Investment Advisers Act of 1940. Written agreements are entered into between Goelzer and solicitors as required by SEC Rule 206(4)-3. Pursuant to such arrangements, Goelzer provides the solicitor with the ADV Disclosure Document and an "Additional Disclosure Statement" which are to be furnished to prospective clients at the time of solicitation by the solicitor.

Solicitors are paid a percentage of the annual fee on assets under management, collected from clients referred to Goelzer by the solicitor, as outlined and disclosed to each client in the Disclosure Statement that all solicited clients receive.

For certain types of ERISA retirement plans, Goelzer serves as a solicitor to another adviser. Goelzer receives compensation from that firm in accordance with SEC Rule 206(4)-3 of the Investment Advisers Act of 1940. Goelzer has entered into a written agreement with that adviser as required by the SEC Rule, and the adviser has provided Goelzer with the required ADV Disclosure Document and an "Additional Disclosure Statement" which are to be furnished to prospective clients at the time of solicitation by Goelzer. Goelzer is paid a percentage of the annual fee on the assets under management for a specified period of time, collected from clients referred by Goelzer to the solicitor, as outlined and disclosed to each client in the Disclosure Statement that all solicited clients receive.

ITEM 15 ó Custody

All funds are held by the broker/dealer or custodian firm. We previously disclosed in the Fees and Compensation section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all

transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all holdings and values are correct and current.

ITEM 16 ó Investment Discretion

Goelzer Investment Management provides both Discretionary and Non-Discretionary investment advisory services to its clients. Clients choose at the inception of the relationship whether they prefer to grant discretion to Goelzer, or whether their account will be non-discretionary in nature. If a Discretionary account is chosen, clients specifically provide this discretionary authority in the Investment Advisory Agreement that must be signed. Discretionary authority can be revoked at any time in writing to this firm. Discretion is limited discretion, allowing this firm to execute trades, rebalance accounts, and buy and sell investments within client accounts, in accordance with the Advisory Agreement and client investment objectives. As noted in Item 4 of this Brochure, firm advisory services can be tailored to each client ó as such, if any client requires any restrictions on any types of investments, stocks, or market segments, the client needs to inform their Advisory Representative of the restrictions in writing. If, for any reason, the firm is not able to meet the client restrictions, the firm will notify the client of that fact so that the client can determine their requirements and needs.

In very limited circumstances, an institutional client may give Goelzer discretion to choose a broker/dealer as discussed in Item 12 above.

ITEM 17 ó Voting Client Securities

In the vast majority of instances, clients retain the authority to vote proxies and will be responsible for ensuring that all proxy materials are sent directly to them. For those clients, Goelzer does not and will not vote proxies on behalf of the client.

However, in very limited instances, an institutional client may delegate proxy voting authority to Goelzer. Those institutional clients work closely with this firm to ensure that the authority and scope of the delegated authority is noted in the client account file. Goelzer will vote proxies according to its Proxy Voting Policy; however clients may contact the firm to direct how it would like its securities voted either generally or for specific votes. For those clients, a copy of the firm's Proxy Voting Policy can be obtained by contacting the firm's Chief Compliance Officer at the address and phone number on the front cover or in Item 2 of this Brochure. Those clients may also contact the Chief Compliance Officer for a copy of how their securities were voted.

ITEM 18 ó Financial Information

Goelzer Investment Management does not require prepayment of more than \$1,200 in fees per client 6 months or more in advance ó as such, a Balance Sheet is not required and therefore not attached. There is also no known financial condition that is reasonably likely to impair this firm's ability to meet contractual commitments to clients, and the firm has not been the subject of a bankruptcy proceeding.