

Uniform Application for Investment Advisor Registration

OMB APPROVAL

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Name of Investment Advisor: California Private Investment Corp. dba CPIC International					1/28/09	
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
388 Market St.,	#860 San Francisco, CA	94111			(415)	989-1915

**This part of Form ADV gives information about the investment advisor and its business for the use of clients.
 The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are responsible to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant:
CPIC International

SEC File Number:
801-24109

Date:
1/28/09

Definitions for Part II

Related person -- Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services -- Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instruction below.)

Applicant:

- | | | | | |
|-------------------------------------|-----|---|-----|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services | 100 | % |
| <input type="checkbox"/> | (2) | Manages investment advisory accounts not involving investment supervisory services | | % |
| <input type="checkbox"/> | (3) | Furnishes investment advice through consultations not included in either service described above..... | | % |
| <input type="checkbox"/> | (4) | Issues periodicals about securities by subscription | | % |
| <input type="checkbox"/> | (5) | Issues special reports about securities not included in any service described above | | % |
| <input type="checkbox"/> | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | | % |
| <input type="checkbox"/> | (7) | On more than an occasional basis, furnishes advice to clients on manner not involving securities | | % |
| <input type="checkbox"/> | (8) | Provides a timing service | | % |
| <input type="checkbox"/> | (9) | Furnishes advice about securities in any manner not described above | | % |

(Percentages should be based on the applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?.....

Yes ☐ No ☒

C. Applicant offers investment advisory services for : (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the advisor on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients – Applicant generally provides investment advice to : (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input checked="" type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans | |

3. Types of Investments. Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (1) securities |
| | <input type="checkbox"/> (2) commodities |
| <input checked="" type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. Methods of Analysis, Sources of Information, and Investment Strategies:

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input type="checkbox"/> Corporate rating services | (8) <input type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies. |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

Applicant: CPIC International	SEC File Number: 801-24109	Date: 1/28/09
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5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ☐ Yes ☒ No
(if yes, describe these standards on Schedule F)

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer or applicant or each person with similar status or performing similar functions.

On Schedule F give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

7. Other Business Activities (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including time spend on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliation (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading advisor.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment advisor | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ☐ Yes ☒ No
(If yes, describe on Schedule F the partnerships and what they invest in.)

9. Participation or Interest in Client Transactions. *(For Item 9E exceptions, see detailed explanation Schedule F Item 9)*

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☐ E. Buys or sells for itself securities that it also recommends to clients. *(other than mutual fund shares - see explanation Schedule F)*

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account ? ☒ Yes ☐ No

(If yes, describe on Schedule F.)

11. Review of Accounts. If applicant provides investment supervisory services, manages investment advisory accounts or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For **reviews**, include their frequency, different levels, and triggering factors. For **reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Portfolio reviews. All asset management portfolios are reviewed at least monthly, but often more frequently as market conditions or fund performance warrant making changes to the composition of portfolios. All portfolios are reviewed at least monthly for buildup of cash balances from dividend and capital gains distributions to determine an optimum reinvestment strategy. The mutual funds used to construct portfolios are monitored on a weekly and sometimes even on a daily basis as is dictated by market conditions. Additional reviews may be triggered by changes in market/economic conditions, changes in the performance of investments in client's accounts, deposits and withdrawals from the account, or changes in client's risk/return preferences or strategy.

Portfolio reviewers. All portfolios are assigned to Diane C. Jakubowski, President, for primary review. Thomas J. Bonomo, CEO, reviews accounts as required (and in Ms. Jakubowski's absence). No other employees are authorized to review portfolio holdings or execute trades in client accounts.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Reports. All asset management accounts are furnished quarterly reports that list the securities held, the market value of each security, and the cash and cash equivalents held. Monthly statements and trade confirms are usually provided by the custodian brokerage firm, although exceptions may exist under circumstances where the client directs CPIC to use a particular broker-dealer.

In responses throughout this document, "CPIC" refers to CPIC International.

12. Investment or Brokerage Discretion.

(A) Does the applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|---|--|
| (1) securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| (3) broker or dealer to be used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? (See full explanation Schedule F Item 12) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(B) Does applicant or a related person suggest brokers to clients?..... Yes ☒ No ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of the applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients?..... Yes ☒ No ☐
- B. directly or indirectly compensates any person for client referrals? Yes ☐ No ☒

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes ☐ No ☒

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Applicant:
CPIC InternationalSEC File Number:
801-24109Date:
1/28/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedule)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

California Private Investment Corp.

IRS Empl. Ident. No.:
94-2938505Item of Form
(identify)

Answer

1a.

Fees. CPIC manages client funds primarily by constructing customized portfolios of open-end “no-load” mutual funds. The fee for such services is calculated using the annual formula in the table below. The fee is prorated on a quarterly basis using the total net asset value (NAV) of the account at the beginning of the quarter and paid for the quarter in advance. The NAV includes the market value of all stocks, bonds, mutual funds, cash and cash equivalents, and any other securities held in the account. When requested, CPIC will purchase and/or hold stocks and bonds in the account for the convenience of the client, although this does not fit with CPIC’s stated investment strategy of monitoring and selecting no-load mutual fund shares.

Annual Management Fee

- a) 1.5% on the first \$500,000 of NAV, plus
- b) 1.0% on the next \$1.5 million of NAV, plus
- c) 0.75% on amounts in excess of \$2.0 million of NAV.
- d) There is a one-time \$150 set-up fee for new accounts.

Special fees may be negotiated on a case-by-case basis if, by reason of the composition of the account or unusual factors, more or less than the usual amount of management services are needed. In no event will CPIC’s asset management fee exceed 3.0% of assets under management. CPIC’s fees are in addition to the fees and expenses charged by each mutual fund and the brokerage firm or custodian (as such the client will pay several levels of fees). Regardless of the fees established by CPIC, lower fees for comparable services may be available from other advisors. CPIC’s fees are for discretionary asset management only, and CPIC does not offer or include financial planning, tax, or non-investment related consultation services (i.e. insurance, estate planning, etc.). CPIC principals offer members of their immediate families a discounted annual flat fee of 0.75% of NAV. CPIC manages employees’ accounts fee-free.

Refunds for terminated accounts. Either CPIC or the client may immediately terminate the asset management agreement with written notice to the other. Upon termination of the asset management agreement, a refund is provided to the client within 30 days for the pre-paid but unearned management fee which is calculated on a prorata basis for the partial quarter.

Fees and refunds for interim transactions. Clients will be charged a management fee for each deposit made by them during the quarter that exceeds \$25,000 and for which the management fee calculated on a prorata basis for the remainder of the quarter exceeds \$50. Likewise, clients will receive a refund of management fees for each withdrawal made by them during the quarter which exceeds \$25,000 and for which the pre-paid but unearned management fee calculated on a prorata basis for the remainder of the quarter exceeds \$50. Interim fees and refunds for the current quarter will appear on the next quarter’s billing statement.

Applicant:
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1/28/09

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedule)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

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(identify)

Answer

(1a continued)

Blended rate fees for multiple accounts. For purposes of reaching lower fee breakpoints in the fee schedule above, CPIC will calculate fees by aggregating all of client's accounts under common control or those of all immediate family members. All such accounts must be at the same broker, dealer, or custodian in order to receive the benefit of this blended rate policy, except in special rare circumstances where this requirement may be waived by CPIC. The combined NAV must be disclosed to all account holders to receive benefit of the blended rate fees policy.

Hourly services. Although it is not CPIC's normal practice, on extremely rare occasions CPIC might offer investment advisory services to clients on an hourly basis. The fee for such services would be negotiated and vary widely depending on the nature and complexity of the services authorized and performed. A retainer might be required. Refunds for hourly investment advisory services would be made to the client within 30 days to the extent that the retainer is larger than needed to cover hourly charges for services performed up to the point of termination.

4

Strategy and Methods of Analysis. CPIC's primary strategy is to develop a portfolio of "no-load" mutual funds for all client accounts. CPIC uses a variety of criteria to choose fund investments. These include but not limited to: expected global macroeconomic factors (GDP growth rates, inflation, political risk, interest rates, etc), relative expected performance (domestic vs. international), sector performance, AND an analysis of specific fund investments including past performance (over several recent time periods), risk (beta), risk adjusted return (alpha, Sharpe ratio), correlation to investments in the portfolio and various markets, currently favored market sectors, expenses (fund 12(b)1 fees and management expenses), and the asset allocation in client accounts desired to match client's preferred risk/return objectives and account restrictions.

5

Newsletter. CPIC publishes the quarterly newsletter CPIC Investment Perspectives, which provides an overview of the financial market's performance and CPIC's outlook for the future. This newsletter is provided to CPIC clients with their quarterly reports and is available online via the client side of our website (www.cpic.net) at no additional charge. Charts and performance history of certain mutual funds' prior performance are occasionally provided to our clients upon request at no charge ("past performance is no guarantee of future investment results.")

Educational Background Requirements. CPIC generally seeks to employ persons with educational and business backgrounds necessary to discharge their responsibilities effectively. No precise standards as to education or business background have been established for any position. However, CPIC expects that persons associated with it who will make investment decisions will likely have an MBA or MS degree (in economics or taxation), a CFP, CPA, CFA or similar certification, or equivalent work experience.

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedule)

I. Full name of applicant exactly as stated in item 1A of Part I of Form ADV:

California Private Investment Corp.

IRS Empl. Ident. No.:

94-2938505

Item of Form
(identify)

Answer

6.

Education and business background of the principal executive officers.**DIANE CLARE JAKUBOWSKI****Education:** M.B.A. from the University of California, Berkeley,
B.A. magna cum laude in Psychology from the University of Michigan**Business Background:** Diane Jakubowski is a co-founder of CPIC International and has been its President and a Director since 2/84. Her background includes expertise in investment banking, portfolio management, investment analysis, and strategic tax planning. She has advised individuals and corporations on their investment portfolios since 1980. Ms. Jakubowski worked for E.F. Hutton & Co.'s investment banking group, and in San Francisco and Denver as an investment manager. Ms. Jakubowski has taught financial management at Golden Gate University. For purposes of clearing securities, Ms. Jakubowski was an NASD registered representative from 6/81 and a NASD principal from 12/87 through 5/91. She received a Certified Financial Planner designation in 1981 and licensing as a California real estate broker in 1989. She was a former trustee of the World Affairs Council of Northern California, was a member of the board of the UC Berkeley Business Alumni, and has been a speaker at the Investment Management Institute's conferences on global investing.**THOMAS JOSEPH BONOMO****Education:** M.B.A. from the University of California, Berkeley,
B.S.E.E. from the University of Colorado, Boulder**Business Background:** Mr. Bonomo is a co-founder of CPIC International and has been its Chairman and CEO since 2/84. Mr. Bonomo has also served as CPIC's Chief Compliance Officer since creation of the position 1/04. His background includes expertise in investment analysis, portfolio management, and structuring investment banking transactions. Mr. Bonomo manages the firm's systems used to track portfolios and monitor and analyze investments. Mr. Bonomo was Chairman of PEER Networks from 11/87 to 11/95, and in addition, was its President from 1/93 to 6/96. Mr. Bonomo served as General Partner of Marathon Venture Partners, where he managed investments on behalf of the fund from 11/87 to 12/92. Mr. Bonomo was a director of FNRS Financial, Inc. from 6/81 to 6/93. Mr. Bonomo was an NASD registered representative from 12/87 through 5/91 for purposes of clearing investment securities.**Compliance
& COO****Chief Compliance Officer:** Mr. Thomas J. Bonomo currently serves as CPIC's Chief Compliance Officer and is responsible for implementing and maintaining all aspects of CPIC's compliance programs. Mr. Bonomo also serves as CPIC's CEO, and, as such, has multiple responsibilities.

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other Schedule)

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Item of Form
(identify)

Answer

9. **Transactions in securities recommended to clients.** Affiliated persons of CPIC may purchase the same debt instruments and shares of open-end investment companies (mutual funds) as are used in client accounts. These purchases do not require CPIC's approval as long as CPIC is not an adviser or sub-adviser to such investment company (at this time, CPIC is not an adviser or sub-adviser to any investment company). As these shares are purchased at net asset value (NAV), a conflict of interest normally does not exist. For an affiliated person's stock and bond purchases and securities purchased at other than NAV, CPIC maintains a strict insider trading policy that prohibits those affiliated with CPIC from trading on inside information. In keeping with CPIC's philosophy of using mutual funds for client accounts, it is not CPIC's policy to use securities which are only available in limited quantities (such as thinly-traded securities and IPOs) in client accounts, but in those extremely rare cases where CPIC might decide to use securities available only in limited quantities, all client accounts will receive equal consideration. Clients' needs will always come before those of an affiliate of CPIC. CPIC employees are required to report all personal securities transactions to CPIC, and CPIC reviews such reports regularly. Clients and prospective clients can obtain a copy of CPIC's Insider Trading Policy by submitting a request in writing addressed to CPIC International at CPIC's regular office address (see page 1 of this document) or via email at admin@cpic.net.

10. **Conditions and restrictions for managing accounts.** Asset management accounts generally require a minimum of \$500,000 of assets under management under discretionary trading authority, unless this requirement is waived by CPIC. CPIC will accept reasonable and implementable client investment restrictions, but client should be aware that such restrictions may adversely affect investment performance and CPIC's ability to effectively manage client assets. Client may pay higher brokerage transaction fees and incur higher fund expenses as a result of such restrictions. CPIC does not normally accept non-discretionary accounts, but in the rare instance in which CPIC accepts a nondiscretionary account, client should be aware that this may adversely affect investment performance and CPIC's ability to effectively manage client assets (primarily resulting from CPIC's inability to reach client on a timely basis or include nondiscretionary accounts within block trades).

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Item of Form
(identify)

Answer

12.

Investment discretion. Unless expressly negotiated otherwise, CPIC manages discretionary accounts in which CPIC makes all investment decisions without consulting client prior to each trade. Limitations on CPIC's authority to execute trades for discretionary asset management accounts are contained in the Limited Trading Authorization and the Limited Power of Attorney in CPIC's Asset Management Agreement (which must be signed by client to activate CPIC management).

Selection of brokerage firms and commission rates. Clients retain the full authority, and it is the client's sole decision, to choose the brokerage firm that will custody client's assets. For clients who do not have an account at a brokerage firm capable of trading a wide range of no-load mutual funds, CPIC recommends, but does not require, that clients consider a brokerage account at the *Schwab Institutional* division of *Charles Schwab & Co.*, *TD Ameritrade*, or *Fidelity Investments* to maintain custody of client's assets and to effect trades in their accounts (this is often called "directed brokerage"). CPIC is independently owned and operated and not affiliated with Schwab, TD Ameritrade, or any other brokerage firm. CPIC seeks to recommend brokerage firms that offer a well developed institutional trading and custody platform and that meet "best execution" standards (this is ultimately a subjective assessment that generally includes both execution and non-execution products and services integrated into an institutional trading and custody platform). Best execution includes, but is not limited to, the breadth and flexibility of a firm's brokerage account offerings, the number and type of open-end "no-load" mutual funds offered, the commission rates charged to purchase and sell shares, the quality and speed of execution, the ability to offer CPIC quick access to client account information electronically, quality of trading systems, speed, accuracy, efficiency, quality of research, handling of trade errors, convenience of branch offices, and overall quality of service. The institutional divisions of the above named brokerage firms provide CPIC with access to institutional trading and services that are typically not available to retail investors (including brokerage, custody, pricing, research, market data, practice management aids, software and technology, and access to mutual funds and other investments otherwise available only to institutional investors or that would require a significantly higher minimum initial investment). These services are generally available to independent investment advisors at no charge subject to various account minimums set by each brokerage. The majority of CPIC's clients have chosen to custody their assets at Charles Schwab & Co. (See Schedule F, Item 13 for related disclosures).

When selecting a brokerage firm, client should consider the overall package of services that best meets client's needs (taking into consideration transaction fees and expenses, breadth of mutual fund offerings, minimum securities holding periods, reports quality, customer service, trades, breadth of services, handling of trade errors, convenience of local offices, advisor confidence, etc.). Client may direct CPIC to manage their account at a firm other than those mentioned above, provided that such broker/dealer/custodian has the capability to trade open-end no-load mutual fund securities and can provide CPIC with timely execution and information about client's account. No two brokerage firms offer exactly the same package of services and commission rates. Regardless of the brokerage chosen by client (including those recommended by CPIC), a disparity may exist between

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California Private Investment Corp.

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(identify)

Answer

(cont. 12)

the commissions charged and services provided to clients who direct CPIC to use a particular brokerage firm and those who select another. Client may receive an "institutional" commission rate that is different than the broker's published retail rate (the institutional rate is often lower than broker's published retail rate). If client directs CPIC to use a broker or dealer other than those mentioned above, CPIC may not, under those circumstances, be able to negotiate the commission rate paid, and may not be able to obtain volume discounts or obtain services that meet CPIC's "best execution" standards. As a result of client directing CPIC to use a specific brokerage (including one of the firms mentioned above), costs and expenses may be higher, or services poorer, than client may be able to find elsewhere.

For CPIC's client accounts maintained at a brokerage such as Schwab, TD Ameritrade, and Fidelity Investments, the brokerage generally does not charge separately for custody but is compensated by account holders through trading commissions and other transaction-related or asset-based fees for securities trades that are executed through the brokerage or that settle into the brokerage's accounts.

Within each brokerage, CPIC does not have specific authority to determine commission rates paid by client, but the choice of mutual funds selected by CPIC for client's account may affect the commission paid (this is because brokers assess commissions and fees on some fund purchases and sales while processing others with no commissions or fees). For CPIC's clients' accounts maintained at *Charles Schwab & Co.*, *TD Ameritrade* and *Fidelity Investments* (and most other brokerage firms), these firms do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through them or that settle into their firms' accounts (in many cases, the brokerage firms are compensated directly by the mutual funds for "mutual fund marketplace" funds with "no transaction fee").

Investment strategy and trading in mutual funds. CPIC's investment strategy uses primarily no-load mutual funds. There are limitations in connection with trading these securities. Most mutual funds reserve the right to redeem fund shares "in kind," if the mutual fund manager believes it is in the best interests of the fund to do so (as might be the case during periods of market turmoil, for large redemptions, or a variety of other reasons). Thus, a shareholder in the fund may receive shares of stocks, bonds, or other securities held by the fund in lieu of cash. Liquidating such securities would pose certain problems including the commission costs incurred. Many custodians, including *T.D. Ameritrade*, *Fidelity Investments*, and *Schwab*, maintain a redemption policy for funds that are purchased with "no transaction fee." Funds purchased with no transaction fee must be held for a minimum period of time (which varies with each broker and fund but is generally 60-180 days) from the date of purchase to avoid paying the broker's short-term redemption fee. Short-term redemption fees are generally based upon a percentage of trade principal and are usually subject to a minimum and maximum fee (the broker's fee schedules may be changed by the broker from time to time). Mutual funds also charge management and other fees

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(identify)

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which are deducted from the assets of the fund (the fees for each fund are described in the fund's prospectus). Since CPIC uses mutual funds in its clients' accounts, client will be paying the management fees of both the fund and CPIC. At the present time, CPIC does not offer "limited investment opportunities" such as IPO offerings and "thinly-traded securities" to its clients.

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Products and services provided to CPIC by brokerage firms (including, but not limited to *Charles Schwab & Co.*, *TD Ameritrade*, and *Fidelity Investments*). Brokerage firms often make available to CPIC products and services that benefit CPIC (for which CPIC would otherwise need to spend its own money), but which may not directly benefit clients' accounts. Some of these products and services assist CPIC in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CPIC's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services are used to service all or a substantial number of CPIC's accounts, including accounts not maintained at the above-named brokerage firms. These brokerage firms may also provide CPIC with services intended to help CPIC manage and further develop its business enterprise. These services may include compliance, business, and legal consulting, publications, presentations, roundtables, and conferences on practice management, information technology, business succession, regulatory compliance, and marketing, and access to employee benefits providers, human capital consultants and insurance providers. In addition, brokerage firms may make available, arrange and/or pay for these services to CPIC by independent third-parties. Brokerage firms may discount or waive fees they would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to CPIC. Brokers may also provide other benefits such as educational events or occasional business entertainment of CPIC personnel. CPIC makes extensive use of many of the products and services offered by brokerage companies. While as a fiduciary, CPIC endeavors to act in clients' best interests, CPIC's recommendation that clients maintain their assets at one of the above-named brokerage firms may be based in part on the benefit to CPIC of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by such brokerage firms. Though the value of such products and services is not a directly quantifiable factor in recommending any specific brokerage, a potential conflict of interest may therefore exist. The extent to which these products and services facilitate CPIC's ability to manage client accounts will also influence CPIC's recommendation.

Brokers, including those named above, also usually provide CPIC with access to its institutional trading and custody services, which are typically not available to those brokerage firms' retail investors. At Schwab Institutional, the availability to CPIC of the foregoing products and services are usually available on an unsolicited basis at no charge so long as a total of at least \$10 million of CPIC's clients' assets are maintained in accounts at Schwab Institutional. Schwab may provide CPIC with no-cost or discounted access to its services (including market research, securities pricing, market data, software and other technology, article reprints, practice

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management aids, investment newsletters, presentations, access to industry conference calls, and invitations to participate in on-site meetings, presentations, and/or events with research analysts and managers). The availability to CPIC of the foregoing services is often not otherwise contingent upon CPIC committing any specific amount of business (commissions, assets in custody, or amount of trading). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

At other brokerage firms, the availability to CPIC of a similar set of products and services are usually available at a discount or at no charge so long as a certain minimum amount of assets are maintained, and is not contingent upon CPIC committing any specific amount of securities trades, business, or assets. Though CPIC does not specifically consider the availability of these products and services when selecting mutual funds for client accounts, these services may still exert an unintended influence on CPIC managers, and as such, a potential conflict of interest may therefore exist.

**Code of
Ethics**

CPIC maintains a Code of Ethics applicable to all persons affiliated with CPIC. CPIC's Code of Ethics requires CPIC's directors, officers and employees to act in the best interest of clients at all times. In order to ensure that each of these persons adheres to the highest standards of conduct and integrity in conducting business on behalf of CPIC clients, CPIC requires each person to sign a Securities Industry Agreement and Code of Ethics. Clients and prospective clients can obtain a complete copy of CPIC's Code of Ethics by submitting a request in writing addressed to CPIC International at CPIC's regular office address (see page 1 of this document) or via email at admin@cpic.net.

**Privacy
Policy**

CPIC maintains a Privacy Policy. CPIC takes steps to maintain the security and privacy of client personal information. CPIC does not sell client personal information to anyone. CPIC does not disclose client personal information to third parties, except under specific conditions. Clients and prospective clients can obtain a complete copy of CPIC's Privacy Policy by submitting a request in writing addressed to CPIC International at CPIC's regular office address (see page 1 of this document) or via email at admin@cpic.net.

**Organization
Structure**

CPIC is organized as a subchapter S corporation. As a result of CPIC's ownership and operational structure, CPIC does not have the ability to establish separation of all management and operational functions, and as such each principal and employee performs multiple functions. Certain critical functions, such as the administrative tasks related to securities trading in client accounts, are always reviewed by a CPIC principal.

**Proxy
Voting**

It is CPIC's policy NOT to vote proxies on client's behalf. The right to vote proxies remains solely with client.

Schedule F of Form ADV

Continuation Sheet for Form ADV Part II

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**Disaster
Recovery**

CPIC maintains a Disaster Recovery plan designed to allow CPIC to resume its business operations from another location should CPIC's office become inaccessible. The nature and extent of the disaster would determine how quickly CPIC would be able to resume regular operations.

**Changes in
Client's
Financial
Position**

Client bears a responsibility to notify CPIC in a timely manner of any change in their financial situation or risk/return preferences, or of any other change to the restrictions or guidelines CPIC should use in managing the account.

**Donated
Services**

CPIC may from time to time donate a pre-packaged financial service (e.g. a time-limited financial consultation or portfolio analysis, a specified period of asset management service, or some combination thereof) to charities or non-profit groups. Such pre-packaged services are typically auctioned at the charity's fund-raising events. All auction proceeds are retained by the charity. CPIC receives no financial compensation or other direct benefit from the charity or non-profit as a result of its donation, but CPIC may receive a marketing benefit if the winner of the service later chooses to become a CPIC client.