

Part 2A of Form ADV: Firm Brochure
P.J. Schmidt Investment Management, Inc.



PJS Investment Management
W62 N570 Washington Avenue
Cedarburg, WI 53012

Telephone: 1-262-377-0484
Email: pjsman@pjschmidt.com
Web Address: www.pjsinvestment.com

Dated: 10/01/2012

This brochure provides information about the qualifications and business practices of PJS Investment Management. If you have any questions about the contents of this brochure, please contact us at 1-262-377-0484 or pjsman@pjschmidt.com. The information in this brochure has not been approved or verified using the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PJS Investment Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 104701.

Item 2 Material Changes

This Firm Brochure, dated 10/01/2012, provides you with a summary of PJS Investment Management advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 03/30/2012:

- While remaining officially registered with the SEC as P.J. Schmidt Investment Management, Inc., the firm has decided to begin doing business as "PJS Investment Management".
- PJS Investment Management website for current and prospective clients is www.pjsinvestment.com.
- PJS Investment Management participates in Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which we receive referrals from Strategic Advisors, Inc. ("SAI"), a registered investment advisor and subsidiary of FMR LLC, the parent company of Fidelity Investments. Under this program SAI acts a solicitor for PJS Investment Management and we pay referral fees to SAI for each referral received based on our assets under management attributable to each client referred by SAI, or member of each client's household.

Item 3	Table of Contents	Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9	Disciplinary Information	10
Item 10	Other Financial Industry Activities and Affiliations	10
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	10
Item 12	Brokerage Practices	11
Item 13	Review of Accounts	14
Item 14	Client Referrals and Other Compensation	14
Item 15	Custody	15
Item 16	Investment Discretion	16
Item 17	Voting Client Securities	16
Item 18	Financial Information	16

Item 4 Advisory Business

PJS Investment Management is a SEC-registered investment adviser with its principal place of business located in Wisconsin. PJS Investment Management began conducting business in 1981.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Phillip J. Schmidt, President
- Elizabeth S. Schmidt, Secretary/Treasurer

PJS Investment Management offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds based on the needs of the client. Through personal discussions in which goals and objectives based on the client's circumstances are established, we develop the client's investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. (See Item 16 for additional details). Account supervision is guided by the client's stated objectives (i.e., growth, growth and income, balanced or income), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio quarterly, and if necessary, rebalance the portfolio based on the client's needs. Individual holdings are reviewed on a continuous basis.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers

- Certificates of Deposit
- Corporate debt securities (other than commercial paper)
- Municipal securities
- Mutual fund shares and Exchange Traded Funds
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Precious Metals (gold, silver, platinum and palladium) in either ETF, Bullion or Coin

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

AMOUNT OF MANAGED ASSETS

As of 08/31/2012, we were actively managing \$375,267,017 of clients' assets on a discretionary basis plus \$18,386,596 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

The annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
<i>0-\$ 1,000,000</i>	<i>1%</i>
<i>\$1,000,001-\$2,000,000</i>	<i>.8%</i>
<i>\$2,000,001-\$3,000,000</i>	<i>.7%</i>
<i>\$3,000,001-\$4,000,000</i>	<i>.6%</i>
<i>Balance of Assets</i>	<i>.5%</i>

A minimum of \$500,000 of assets under management or a minimum annual fee of \$ 5,000 is required for this service. This account size may be negotiable under certain circumstances. PJS Investment Management may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Management fees are billed quarterly in advance and may be directly debited from client accounts.

Limited Negotiability of Advisory Fees: Although PJS Investment Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fee schedules if special circumstances apply. The client fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. The effective termination date is 30 days following written receipt of the termination notice. As disclosed above, fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period, following the effective termination date.

Mutual Fund Fees: All fees paid to PJS Investment Management for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which PJS Investment Management effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are

subject to PJS Investment Management's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: PJS Investment Management is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, PJS Investment Management may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 Performance-Based Fees and Side-By-Side Management

PJS Investment Management does not charge performance-based fees.

Item 7 Types of Clients

PJS Investment Management provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

The combined use of Fundamental Analysis, Technical Analysis, Cyclical Analysis, Qualitative Analysis and Asset Allocation is intended to gain the advantages of each method while limiting the risk of solely relying on a single approach.

Fundamental Analysis. We attempt 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 attractively priced for purchase or overpriced (indicating it may be time to sell).

Fundamental analysis does not focus on anticipated 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.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns and potentially predict future price movement.

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 under perform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Asset Allocation. We attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of exclusively using asset allocation is that it may limit client participation in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has

demonstrated an ability to successfully invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the short-term projection for this class.

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

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. For example purchasing a stock that is fundamentally sound but may have declined in value due to near term market conditions or company developments.

Asset Allocation. We use allocation as central part of formulating client investment strategy. Each client portfolio is assigned an asset allocation objective which is designed to balance income needs, risk tolerance and relative opportunities among bonds, stocks, short-term and other assets.

Our other strategies are applied to the individual investments within each allocation sector.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

PJS Investment Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

PJS Investment Management's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to pjsman@pjschmidt.com, or by calling us at 1-262-377-0484.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

Item 12 Brokerage Practices

PJS Investment Management permits the client to select a broker/dealer.

Clients who direct a specific broker/dealer, including pre-existing broker/dealers, may limit or eliminate PJS Investment Management's ability to obtain best execution and the ability to negotiate commissions. Resulting broker/dealer commissions and transaction fees may be higher than what might have been charged for transactions at another qualified broker/dealer.

In accounts where the client has not directed the use of a specific broker/dealer or where PJS Investment Management is not using the existing broker/dealer we will recommend a broker/dealer that has demonstrated an ability to provide best execution and service.

In those situations we frequently recommend National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") to serve as broker/dealer. PJS Investment Management and Fidelity are not affiliated. However, we do maintain an arrangement through which they provide their Institutional Brokerage services, the details of this arrangement are disclosed below.

Fidelity Investments Institutional Brokerage: PJS Investment Management has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "institutional platform services". The platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services are intended to support intermediaries like PJS Investment Management in conducting business and serving the best interests of our clients but may also benefit us.

As part of the arrangement, Fidelity's platform services that assist us in managing and administering client's accounts include software and technology that provide (i) access to client account data; (ii) facilitate trade execution and allocate aggregated trade orders; (iii) facilitate payment of fees from clients' accounts; and (iiii) assist us with back office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help our firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom PJS Investment Management may contract directly.

Fidelity is providing PJS Investment Management with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act"). Within the last fiscal year items and services provided by Fidelity, which meet the criteria, include research, practice management tools, compliance resources, webinars, pricing and market data.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables PJS Investment Management to purchase many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers.

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of PJS Investment Management clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission 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 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, while PJS Investment Management 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. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

PJS Investment Management and Fidelity are not affiliated.

Fidelity Wealth Advisor Solutions: PJS Investment Management participates in the Fidelity Wealth Advisor Solutions ("WAS") program. Wealth Advisor Solutions is a referral program designed to introduce high net worth investors to independent registered investment advisors. PJS Investment Management pays a fee to Strategic Advisors, Inc ("SAI"), a registered investment advisor and subsidiary of FMR LLC, the parent company of Fidelity for each referral received. See Item 14 for additional details.

Block Trading: PJS Investment Management will execute block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. PJS Investment Management will typically aggregate trades among clients whose accounts can be traded at a given broker. PJS Investment Management block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with PJS Investment Management, or our firm's order allocation policy.
- 2) The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable PJS Investment Management to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) 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 initial order ticket or other 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.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) PJS Investment Management client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on PJS Investment Management and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within accounts are continually monitored, individual accounts are reviewed quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: Phillip J. Schmidt, President and Patrick Sommerfield, Vice President/Research Director/CCO

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, PJS Investment Management will provide quarterly reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

PJS Investment Management participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which PJS Investment Management receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. PJS Investment Management is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control PJS Investment

Management, and SAI has no responsibility or oversight for PJS Investment Management's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for PJS Investment Management, and PJS Investment Management pays referral fees to SAI for each referral received based on PJS Investment Management's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to PJS Investment Management does not constitute a recommendation or endorsement by SAI of PJS Investment Management's particular investment management services or strategies. More specifically, PJS Investment Management pays the following amounts to SAI for referrals: For a period of 7 years from the date that the client funds an account or accounts, PJS Investment Management shall pay SAI an amount equal to the sum of (a) an annual percentage of 0.10% of fixed income and cash assets in such account, and (b) an annual percentage of 0.25% of all other assets held in such accounts. These referral fees are paid by PJS Investment Management and not the client.

To receive referrals from the WAS Program PJS Investment Management must meet certain minimum participation criteria. In addition PJS Investment Management may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, PJS Investment Management may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Adviser may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to PJS Investment Management as part of the WAS Program. Under an agreement with SAI, PJS Investment Management has agreed that we will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, PJS Investment Management has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when PJS Investment Management's fiduciary duties would so require; therefore, PJS Investment Management may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit PJS Investment Management's duty to select brokers on the basis of best execution.

It is PJS Investment Management's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm may directly debit 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 account statements 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 account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm.

PJS Investment Management no longer accepts new advisory clients on a non-discretionary basis. Pre-existing advisory clients that entered into a non-discretionary relationship are subject to the terms that were in effect at that time of agreement.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all

elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. PJS Investment Management has no additional financial circumstances to report.

PJS Investment Management has not been the subject of a bankruptcy petition at any time during the past ten years.