

**Firm Brochure (Part 2A of Form ADV)**

March 9, 2012

**Perry Capital Management, Inc.**

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**This brochure provides information about the qualifications and business practices of Perry Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (414) 359-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Registration of an adviser with the SEC does not imply a certain level of skill or training.**

**Additional information about Perry Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2      Material Changes**

*There were no material changes to the last version of PCM's firm brochure dated March 31, 2011.*

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## **Item 4      Advisory Business**

Perry Capital Management, Inc. (“PCM”), founded in 1985 and headquartered in Milwaukee, Wisconsin, is an investment advisory firm primarily serving institutions, retirement plans, foundations and high net worth individuals. Clients may engage PCM for the purpose of receiving portfolio management consulting services and/or comprehensive financial planning services. PCM is a member firm of The Independent Adviser Group of Callan Associates, Inc., an investment management consulting company founded in 1973. PCM is owned by PCM’s President, William M. Perry.

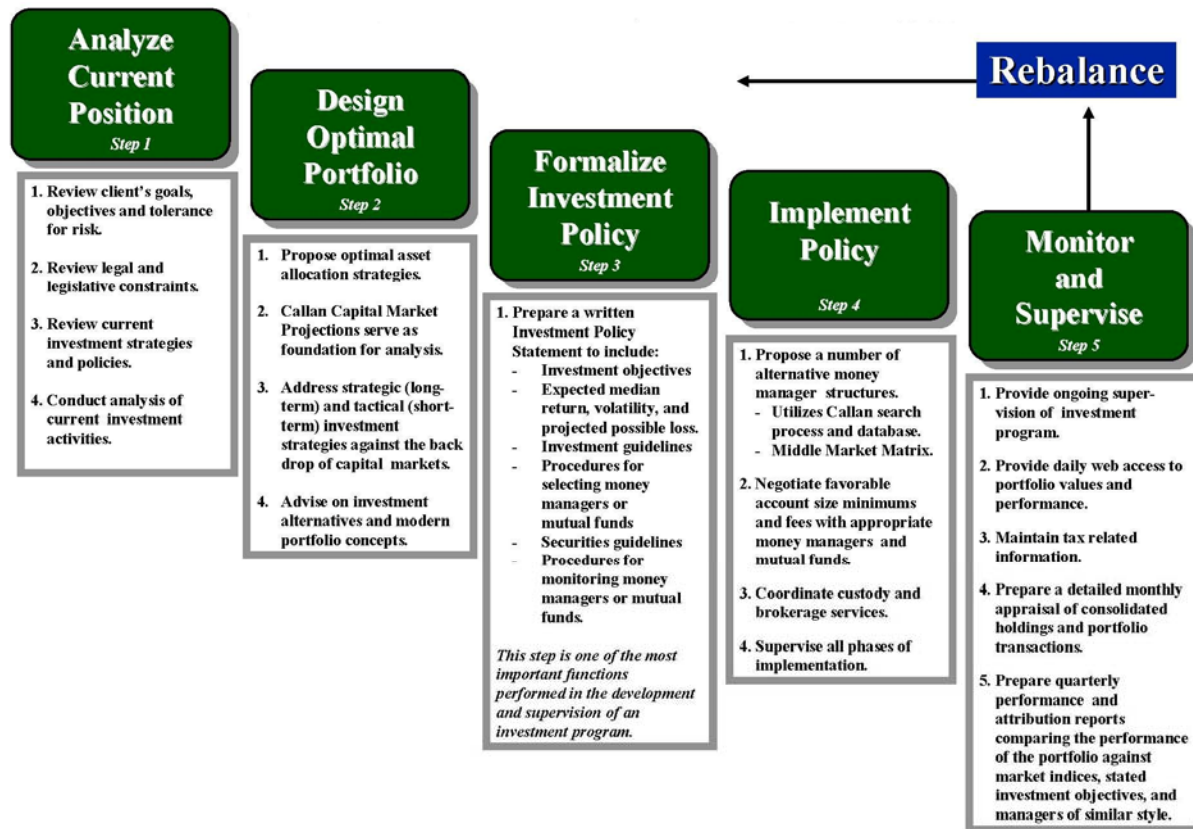
### **Portfolio Management Consulting Services**

PCM’s primary business is asset management consulting. Our expert advice is developed by adherence to a procedurally prudent process and is supported by research provided by Callan Associates, Inc. Portfolio management consulting services include investment planning analysis, manager recommendations and monitoring and ongoing evaluation of a client’s investment strategy.

If so engaged, we will provide one or more of the following services:

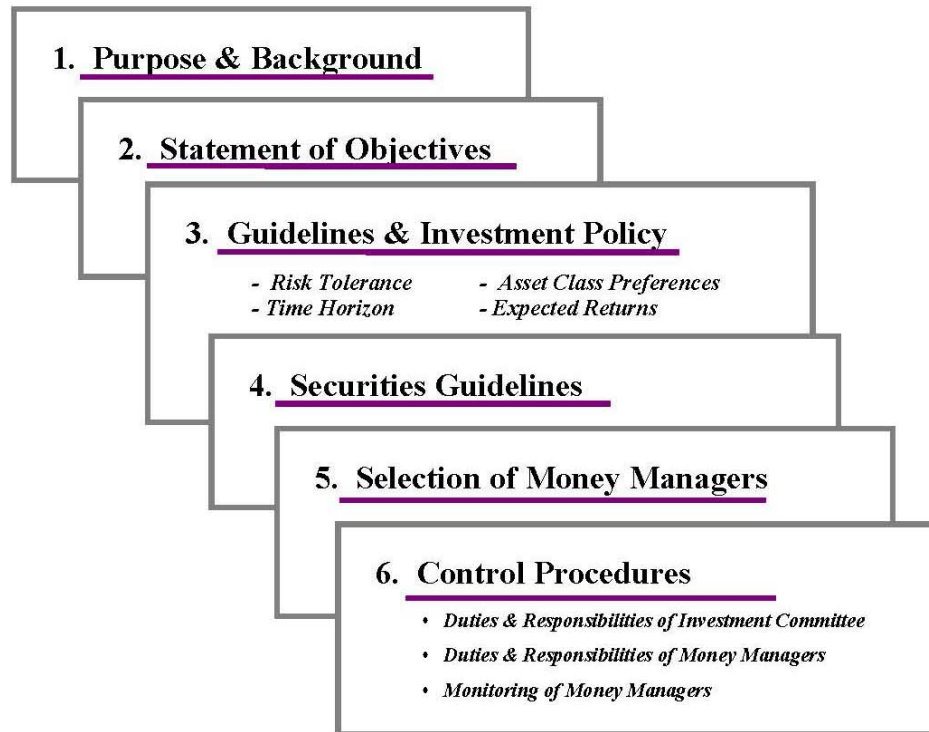
- prepare investment policy statement (“IPS”) which incorporates an asset allocation study
- develop alternative manager structures for consideration
- conduct a search of investment manager and mutual fund candidates
- select, buy and sell shares of mutual funds and engage other investment advisers/managers
- supervise implementation of overall plan
- allocate and reallocate account assets among investment managers, mutual funds or other investment vehicles
- when consistent with client’s objectives and conditions, direct investment managers to sell specific account assets

The following chart illustrates PCM's investment management process:



As a part of our process, PCM develops advice tailored to the individual needs of clients, generally including an investment policy statement with investment objectives, investment guidelines and securities guidelines, any legal and legislative restrictions, and, if applicable, other fiduciary guidelines.

The following chart illustrates the typical components of an investment policy statement:



We typically provide portfolio management consultation services on a discretionary basis. From time to time, we may provide such services on a non-discretionary basis. PCM will meet with clients, as frequently as quarterly and at least annually, to review the performance of your accounts and to discuss any changes to your financial situation or potential changes to your investment objectives.

You may impose management restrictions on your account, such as investing in certain securities or types of securities. PCM and each manager retained on your behalf reserve the right to reject certain restrictions if we determine that the requested restriction is not reasonable or consistent with the applicable investment objective and/or strategy.

*Retention of Managers.* If so engaged, we will recommend unaffiliated investment managers to manage all or a portion of your account. Managers may be selected from the research provided by Callan Associates, Inc., as discussed below and in Item 8. PCM may enter into a subadvisory agreement with the outside manager on your behalf and PCM may be authorized to retain or terminate a manager on your behalf. Alternatively, you may directly retain the manager, in which case PCM does not have the authority to retain or terminate a manager. We will monitor the managers' performance in light of your investment objectives and may terminate managers who, in our judgment, are not meeting such objectives or reallocate assets among managers if multiple managers are employed.

*Independent Adviser Group of Callan Associates, Inc.* For clients meeting certain minimum account size requirements as well as those requiring special services, we may employ the services of the Independent Adviser Group of Callan Associates, Inc., a registered investment adviser. Callan Associates, Inc. provides PCM access to the following services through non-

affiliated third parties: (a) asset simulation software, (b) a matrix of ranked money managers who offer separate account management, (c) a matrix of mutual funds and (d) discounted institutional custody services. Callan Associates, Inc. directly provides the following services to PCM: (a) manager searches, (b) performance measurement reports and (c) training and marketing support.

PCM compensates Callan Associates, Inc. through a combination of a negotiated flat fee and project-based fees. PCM pays the negotiated flat fee which covers overall research costs. The current annual fee is \$100,000. Project-based fees are for unique manager search and performance measurement services. You will be charged for project-based fees incurred on your behalf.

*Callan UMA Program.* PCM clients may establish a discretionary or non-discretionary unified managed account (“UMA”) through a program offered by Callan Associates, Inc. (the “Callan UMA Program”). The Callan UMA Program offers clients the ability to combine the attributes of separately managed accounts with mutual fund and ETF investments, all combined into a single managed account. PCM uses the Callan UMA Program to build customized portfolios using numerous separate account strategies as well as a variety of mutual fund and ETF options. The PCM representative works with the client to develop an investment policy statement and the appropriate investment strategy recommendations for the UMA. If you elect a fully discretionary UMA arrangement, PCM allocates assets to one or more managers, mutual funds and ETFs. The account is maintained at a qualified custodian selected by the client.

PCM has retained Natixis Asset Management Advisors, L.P. (“Natixis”) as the coordinating sub-adviser to perform portfolio implementation and coordination services on behalf of clients in the UMA Program. Natixis is generally responsible for retaining the manager, obtaining model portfolios for the program, establishing accounts with broker-dealers and trade execution unless trade execution is otherwise directed by the manager. Callan provides manager recommendations, reporting services and research tools designed for the client’s investment strategy.

By entering into an agreement with PCM, the client authorizes PCM to appoint Natixis as coordinating manager of the UMA and to provide the services described above, including contracting with the managers and Callan and directing payment of their fees.

You will retain individual ownership of the underlying securities in the UMA and may exclude any strategy from being owned. You will have the right to impose restrictions on each account, although PCM reserves the right to determine whether restrictions imposed are reasonable or consistent with the investment objectives and strategies of the Callan UMA Program.

In addition to the monthly statements you will receive directly from the custodian, you will receive quarterly account statements and will be notified in writing to contact PCM if (a) any changes have occurred in your financial situation or investment objectives that necessitate a change in the asset allocations or securities held for that client or (b) you wish to impose any reasonable restrictions on the account.

Clients participating in the Callan UMA Program should read the relevant manager’s Form ADV Part 2A brochure and the prospectuses of the underlying mutual funds and ETFs for more information regarding the investment strategy, brokerage policies and additional fees, if any, of the managers, mutual funds and ETFs.

## **Comprehensive Financial Planning**

From time to time, PCM also offers financial planning services. If so engaged, we will prepare a Comprehensive Financial Plan (the “Plan”) within the first six months of the initial planning engagement. An annual review includes an update of the Plan within six months of the annual review contract engagement date.

We will discuss and identify your financial needs and objectives based upon general background and financial information you provide. We will prepare a written Plan based upon the identified financial needs and objectives. The Plan will reflect your current financial circumstances, financial outlook and personal objectives. We will utilize various techniques of personal accumulation planning, fringe benefit planning, estate planning and (if you are a business owner) business continuity planning.

As part of the Plan, we will recommend financial and investment strategies, types of investments and specific investments which we believe are best suited to meet identified financial needs and objectives. In creating the Plan, the client and PCM will follow this process:

1. **DATA:** You will be asked to provide PCM with comprehensive data as to your current and prospective financial and personal circumstances.
2. **OBJECTIVES:** PCM will help you determine specific financial objectives, taking into account such matters as current and anticipated income and income tax levels, investment and non-investment assets, anticipated future investable cash flow and your investment risk tolerance.
3. **PRELIMINARY PLAN:** On the basis of the data provided and the objectives chosen, PCM will construct a preliminary Plan.
4. **CLIENT REVIEW:** PCM will review the preliminary Plan with you and will provide an opportunity for you to suggest modifications.
5. **FINAL PLAN:** PCM will modify the preliminary Plan accordingly and will present the final Plan.

We will base our analysis and recommendations upon the information you provide. We will neither independently investigate nor update this information. You must advise PCM of changes in the information provided. We suggest that the client meet with us at least once annually to review general background and financial information, identified financial needs and objectives, the Plan and current investments. Based upon our review of investments, or upon the identification of new financial needs and objectives, we will recommend in writing (if engaged for annual review services) changes in investments, investment strategy or financial plan. A fee will be charged for the annual review if such service is requested.

## **Assets Under Management**

As of December 31, 2011, PCM managed approximately \$154 million in assets on a discretionary basis and approximately \$224 million in assets on a non-discretionary basis. As of such date, PCM provided consulting services to approximately \$800 million in additional assets.



## Item 5 Fees and Compensation

**Portfolio Management Consulting Services.** Fees are based on the complexity of the consultation engagement. The minimum fee is generally \$5,000 per year per client. The fee is negotiable but becomes fixed on the date of contract engagement.

Depending on the services requested, PCM offers portfolio management consulting services for an asset-based fee or a flat annual fee or an hourly fee, as follows:

*Asset-Based Fees.* Fees are based on a percentage of the total account value at the end of the current quarter according to the following fee schedules and are due quarterly.

### **Schedule #1: PCM Standard Fee Schedule – Limited Discretion**

Portfolio Asset Value:	Annual Incremental Fee
First \$500,000	100 bp
\$500,000 - \$3 million	65 bp
Next \$2 million	50 bp
Next \$5 million	35 bp
Next \$5 million	25 bp
Next \$5 million	15 bp
Over \$20 million	Negotiable

### **Schedule #2: PCM Institutional (Tax-Exempt) Fee Schedule – Limited Discretion**

Portfolio Asset Value:	Annual Incremental Fee
\$1 million - \$3 million	65 bp
Next \$2 million	50 bp
Next \$5 million	20 bp
Next \$5 million	14 bp
Next \$5 million	6 bp
Over \$20 million	Negotiable

### **Schedule #3: PCM Standard Fee Schedule – Full Discretion**

Portfolio Asset Value:	Annual Incremental Fee
First \$5 million	100 bp
Next \$7.5 million	75 bp
Next \$7.5 million	65 bp
Over \$20 million	Negotiable

We reserve the right to exclude (exempt) assets from these fee schedules, to provide discounts and to aggregate accounts for the purpose of providing discounts. Fee schedules may be changed annually; however, you will be provided written notice of any change at least 30 days in advance. Fees are generally paid in arrears unless the client chooses in the advisory agreement to pay in advance.

The above fee schedules do not include the fees of any outside investment managers retained by the client to manage all or a portion of a client's account. In some cases PCM may be authorized to retain an outside manager on behalf of the client. However, in all cases the client will be responsible for paying the outside manager's fee, which is generally deducted from the custodial account.

PCM has pre-negotiated discounts for custodial services from certain outside custodians. PCM's fees may be modified to accommodate the additional coordination efforts required if alternative custodial arrangements are selected.

*Flat Annual Fee.* PCM's fees may be paid at a negotiated flat or escalating rate. Flat fees may be charged at the beginning of each calendar quarter. PCM may request a percentage of the fee at contract signing with the balance to be paid in quarterly installments, when invoiced.

*Hourly Fee.* PCM's hourly rate is up to \$300 per hour depending on the services requested, the nature of client's investments and other factors. The client's contract provides an estimate of PCM's total fee. PCM may request a percentage of the total estimated fee at contract signing with the balance to be paid when invoiced.

**Comprehensive Financial Planning Fees.** PCM's fees for comprehensive financial planning and annual reviews are based solely on the complexity of the consultation engagement. The fee is negotiable but becomes fixed on date of contract engagement. Fees may be based on a negotiated flat rate, a percentage of (beginning of contract year) assets, or on an hourly rate of up to \$300 per hour. We will provide a comprehensive written account of fees to you on a quarterly basis and in summary at the end of the contract year. The minimum first year negotiated fee is generally \$3,000. Annual review fees are generally not more than 50% of the first year fee. A deposit of up to twenty five (25%) percent of the fee may be required on the date of engagement with the balance due when invoiced.

**Callan UMA Program.** Clients pay a separate fee to each of PCM, Natixis, Callan and the manager as set forth in the program fee schedule. Program fees for the services provided by PCM, Natixis and Callan range up to 0.87% per annum of assets under management based on fee schedules set forth in the client agreement for the particular option chosen. In addition, subadvisory fees will apply for each manager selected. Under certain circumstances fees can be negotiated separately. All fees for a given account are disclosed to the client at the time the account is opened and are generally deducted from the custodial account.

- PCM's fee is 0.30% for non-discretionary arrangements and 0.50% for discretionary arrangements.
- Natixis charges an account level fee of 0.17% on the first \$3 million; 0.12% on the next \$22 million and 0.10% thereafter, with a minimum fee per account of \$425 per quarter.
- Callan charges an account level fee of 0.20% on the first \$10 million; 0.14% on the next \$10 million and 0.09% thereafter with a minimum fee per account of \$500 per quarter.
- Outside manager fees typically range from 0.18% to 0.50% of the assets managed depending on the asset class, asset style managed, account value and other factors. The variation in fees may occur between managers across investment strategies as well as within an investment strategy.

In addition to the underlying fees of the mutual funds and ETFs, the fees charged by PCM, Natixis and Callan will also be assessed on assets invested in mutual funds and ETFs. The Callan UMA Program may cost the client more or less than purchasing such services and investment products separately.

**Other Fee Information.** PCM's fees do not include fees payable to outside investment managers, brokerage commissions or custodial fees. Fees paid to managers may be more or less than the fee a client may pay if the client obtained the manager's services directly, depending on the size of the client's account. Clients whose assets are invested in mutual funds, ETFs and other collective investment funds will pay both a direct fee to PCM and the proportionate share of a fund's expenses, including the investment management fees to the fund's investment adviser. Please refer to the fund's prospectus or offering memorandum for more information. Clients are responsible for other fees and charges imposed by third parties, including mutual fund and ETF fees, clearing and other transaction charges, brokerage commissions, custodian fees, dealer spreads and transfer fees and taxes. Please see Item 12 for a discussion of brokerage practices.

Clients may choose for advisory fees to be deducted from their account at the custodian or for PCM to bill them directly. Fees may be paid in advance or in arrears, at the election of the client. Upon termination of the advisory agreement by either party, the termination date shall be used as the basis for determining the refund of any prepaid fees. For clients paying an asset-based or flat fee, fees will be prorated on a daily basis from the termination date and any prepaid fees with respect to those days after the termination date will be promptly returned to the client. A client may terminate the contract by providing written notice to PCM within five business days of contract execution and will receive a full refund of all fees paid. Thereafter, the contract may be terminated by either party upon ten days' prior written notice.

Neither PCM nor any of its personnel receive any compensation, commissions or mutual fund distribution or service fees for the sale of securities or other investment products. PCM receives renewal payments with respect to certain life insurance and variable annuity policies sold before 1999.

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

PCM does not charge any performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

## **Item 7      Types of Clients**

PCM provides advice to individuals, retirement plans, trusts, estates, not-for-profit organizations, businesses, endowments and foundations.

Individuals must generally have a net worth of at least \$3,000,000 to be offered investment advisory and/or financial planning services. Investment advisory services for qualified retirement plans are generally limited to plans with assets between \$750,000 and \$300 million.

For accounts engaging PCM for portfolio management consulting services, PCM uses services provided by the Independent Adviser Group of Callan Associates, Inc. In such cases PCM

generally imposes a \$3,000,000 minimum account size. PCM may waive these minimums in special circumstances.

The following chart illustrates our types of clients and account minimums as they relate to Callan Associates, Inc. and the typical retail market.



The minimum account size for clients participating in the Callan UMA Program is generally \$1,000,000. Callan Associates, Inc. may also impose a minimum dollar fee per account.

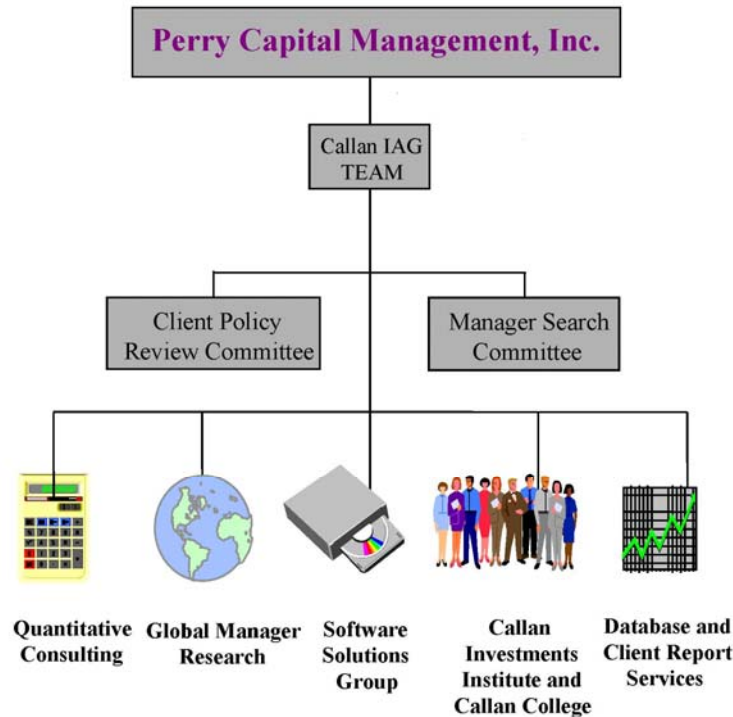
## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

*Overview.* PCM's investment management consulting process begins with an extensive review of each portfolio's current asset allocation strategy. PCM next reviews existing and alternative asset allocation strategies for the client, taking into account the account's assumptions for future contributions and withdrawals. The strategy is cross-tested using sophisticated "Monte Carlo" simulation techniques. As a result of these two processes, we develop a written investment policy statement ("IPS"), which establishes expectations of minimum and anticipated real return, volatility and maximum acceptable losses. The IPS also sets forth guidelines for the selection of managers and mutual funds, as well as parameters for manager termination. Once the IPS is developed, PCM coordinates and supervises the implementation of the long-term plan. As discussed in [Item 13](#), clients receive comprehensive quarterly reports which provide the analysis for continued manager and mutual fund retention or termination.

*Methods of Analysis.* PCM uses fundamental and technical methods in developing strategies for clients. We evaluate managers and securities using capital markets research and computer-based asset allocation strategies. PCM uses services provided by the Independent Adviser Group of Callan Associates, Inc. These resources include investment consulting research, asset allocation modeling software and manager and investment performance measurement databases. We draw on this database to recommend appropriate managers and develop appropriate performance

benchmarks. PCM may use software offered by Schwab Performance Technologies<sup>®</sup>, an affiliate of Charles Schwab & Co., Inc.

The following chart illustrates the resources provided by Callan Associates, Inc.:



*Investment Strategies.* We use a custom asset allocation strategy to manage client portfolios. PCM invests and manages client accounts in accordance with the investment strategy we select in consultation with the client and in accordance with the client's overall investment objectives and risk tolerance. Investment strategies are typically long-term purchases although from time to time we may advise clients to sell securities held for less than a year.

PCM works closely with Callan Associates, Inc. in manager search and selection. The process begins with a detailed review of the client's requirements, including specific objectives and search constraints. We review a wide variety of quantitative and qualitative factors to develop criteria for the optimal manager prior to screening the database, including:

#### QUANTITATIVE

Manager style  
Assets under management  
Length of track record  
Fees  
Performance history  
Risk statistics  
Peer group correlation

#### QUALITATIVE

Manager type  
Client base profile  
Geographic location  
Personnel  
Management style (team vs. star system)  
Client service/communication  
Publicity (positive or negative)  
Organizational and personnel stability

Once the criteria are determined, we screen our database for those managers who closely match the stated characteristics.

For clients participating in the Callan UMA Program, managers generally furnish a model portfolio to Natixis, who is responsible for implementing the model portfolio in consultation with PCM. Managers in the program may include firms affiliated with Natixis.

*Types of Investments.* PCM may offer investment advice on the following types of investments:

- Equity securities, such as common stock, preferred stock and warrants to purchase common and preferred stock
- Fixed income securities
- Certificates of deposit
- Municipal securities
- Open-end investment companies (mutual funds)
- Exchange-traded funds (ETFs)
- Variable life insurance and variable annuities
- Government securities
- Investment partnerships, such as real estate, private equity, oil and gas investments, hedge fund of funds and other commingled funds
- Options. Generally options are used for defensive strategies and not as part of our primary investment strategies. In some cases, PCM will engage the services of options managers for this purpose.

We may invest in both international and domestic securities.

Outside managers may invest in a variety of securities and employ various investment techniques. Please refer to the manager's Form ADV Part 2A brochure for more information about their investment strategy and related risks.

*Risk of Loss.* Risk of loss is inherent in any investment in securities. Your account may be subject to the following risks:

- *Allocation Risk.* The performance of your account will depend in part on PCM's decisions as to strategic asset allocation and tactical adjustments made to the asset allocation. At times, our judgments as to the asset classes in which client accounts should invest may prove to be wrong, as some asset classes may perform worse than others or the equity markets generally from time to time or for extended periods of time.

- *Management Risk.* PCM and other managers will be delegated the authority to buy and sell securities on your behalf. You must rely upon the manager's abilities and judgment and upon their investment abilities. There is no guarantee that the manager's investment techniques will be successful. Accordingly, you may lose money.
- *Mutual Funds Risk.* Mutual funds are subject to investment advisory, transactional, operating and other expenses. Each mutual fund is subject to specific risks, depending on its investments. The value of mutual funds' investments and the net asset value of the funds' shares will fluctuate in response to changes in market and economic conditions, as well as the financial condition and prospects of companies in which the funds invest. The performance of each fund will depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy.
- *ETFs Risk.* You may lose money investing in an ETF if the value of securities owned by the ETF declines. You could pay more to purchase ETF shares, or receive less in a sale of shares, than the actual net asset value of the shares. In addition, when you invest in an ETF, you will bear additional expenses based on your pro rata share of the ETF's operating expenses. The risk of owning an ETF generally reflects the risks of the underlying securities that the ETF is designed to track and the investment strategies employed by such ETF. The ETF may not track the underlying index.
- *Insurance Products Risk.* Investments in variable products may decline in value. Investors in variable insurance products may be subject to special fees, such as mortality and expense charges, surrender fees and maintenance charges.
- *Government Securities Risk.* U.S. Government securities are subject to interest rate and inflation risks. Not all U.S. Government securities are backed by the full faith and credit of the U.S. Government. Certain securities issued by agencies and instrumentalities of the U.S. Government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is risk that these entities will default on a financial obligation.
- *Fixed Income Risk.* A bond's market value is affected significantly by changes in interest rates – generally, when interest rates rise, the bond's market value declines and when interest rates decline, its market value rises. Generally, a bond with a longer maturity will entail greater interest rate risk but have a higher yield. Conversely, a bond with a shorter maturity will entail less interest rate risk but have a lower yield. A bond's value may also be affected by changes in its credit quality rating or the issuer's financial condition.
- *Municipal Securities Risk.* Municipal bonds are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other

factors. Repayment of municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is a risk that the interest on an otherwise tax-exempt municipal security may be subject to federal income tax.

- *Equity Securities Risk.* Common stocks and other equity securities generally increase or decrease in value based on the earnings of a company and on general industry and market conditions. The value of a company's share price may decline as a result of poor decisions made by management, lower demand for the company's services or products or if the company's revenues fall short of expectations. There are also risks associated with the stock market overall. The stock market may experience periods of turbulence and instability.
- *Foreign Investing Risk.* Investments in foreign companies and markets carry a number of economic, financial and political considerations that are not associated with the U.S. markets and that could unfavorably affect your account's performance. Among those risks are greater price volatility; weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; fluctuations in foreign currency exchange rates and related conversion costs; adverse tax consequences; and settlement delays. Investments in foreign companies located in emerging markets may be more volatile than those in the markets of developed countries.
- *Private Funds Risk.* Private investment partnerships and other private investment vehicles ("Private Investment Funds") are not registered under the Investment Company Act of 1940, which regulates mutual funds. Accordingly, activities of Private Investment Funds are subject to less regulation and supervision than a registered investment company (a mutual fund). Private Investment Funds are subject to management and other fund-level expenses. Private Investment Funds that invest in other private funds (funds-of-funds) are subject to the risks of the underlying investments and incur multiple levels of fees. Private Investment Funds are less transparent than exchange-traded securities. PCM generally does not have access to timely information about the underlying investments held by the Private Investment Funds and thus may not be able to mitigate associated risks, such as concentration or exposure to specific securities or strategies. Interests in Private Investment Funds are generally illiquid and restricted as to transferability. Restricted securities may be difficult to sell and value.

There are a number of tax risks associated with an investment in a Private Investment Fund. An investor in a Private Investment Fund will receive a Form K-1 setting forth the investor's share of the Private Investment Fund's income and realized gains, if any. Those items must be included in your income tax return whether or not you receive any distributions from the Private Investment Fund and whether or not your investment has increased in value. As a result, an investor in a Private Investment Fund may be required to utilize personal funds to satisfy any federal income tax liability attributable to the investment in the Private Investment Fund. You may not receive information regarding your share of the



Private Investment Fund's items of income and loss before the original due date of your income tax returns, and thus you may have to obtain an extension for filing income tax returns each year.

You may experience a loss of value in your investments. Past performance does not guarantee future results, and there is no guarantee that a client's investment objectives will be achieved.

## **Item 9      Disciplinary Information**

There have been no legal or disciplinary events involving PCM or any of our employees involving investments or otherwise material to a client's evaluation of our advisory business or the integrity of our management.

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

PCM is an independent, employee-owned investment adviser. We are not affiliated with any other financial services firms.

As part of our investment strategy, PCM recommends outside managers and mutual funds to manage client accounts. As discussed above in Item 4 and Item 8, PCM is a member firm of the Independent Adviser Group of Callan Associates, Inc., a registered investment adviser with the SEC.

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

PCM has adopted a Code of Ethics that governs all employees and investment advisory representatives. The Code of Ethics is intended to assist PCM personnel in carrying out their fiduciary responsibilities to clients, and addresses PCM's policies relating to compliance with laws and regulations, conflicts of interest, confidentiality, client gifts and entertainment, personal trading and reporting, political contributions and insider trading. A copy of our Code of Ethics is available upon request.

PCM personnel may invest in the same mutual funds or ETFs that are recommended to clients, subject to the procedures in PCM's Code of Ethics, which requires pre-clearance and reporting of all non-exempt trades. Other than mutual funds and ETFs, PCM personnel do not invest in securities recommended to clients. However, PCM personnel may have personal accounts managed by the same investment managers retained on behalf of PCM clients. These accounts are managed on a fully discretionary basis by the outside manager. The personal trading activities of PCM personnel are reported to and reviewed by PCM's Chief Compliance Officer.

## **Item 12      Brokerage Practices**

If so authorized by the client, PCM may establish accounts on behalf of the client with broker-dealers, place transactions with broker-dealers it selects and negotiate commissions on behalf of the client. In selecting broker-dealers, PCM seeks best execution through a combination of

competitive commissions and high quality execution. PCM does not engage in soft dollar transactions.

PCM may recommend that clients use Charles Schwab & Co., Inc. (“Schwab”) as a custodian/broker-dealer because of the favorable pricing structure PCM has negotiated with Schwab. PCM is independently owned and is not affiliated with Schwab. Schwab’s services may include brokerage, 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. These services are not contingent upon PCM committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab generally does not charge PCM clients separately for custody but is compensated through commissions or other transaction-based fees for securities trades that are executed through or settle at Schwab. Schwab charges a “trade away” fee for each trade executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited into a client’s Schwab account. These fees are in addition to the commissions or other compensation the client pays to the executing broker-dealer. Because of this, in order to minimize trading costs, we expect that Schwab will execute most trades for client’s accounts.

Clients participating in the Callan UMA Program may select a custodian of their choice, provided that the custodian accepts the terms and conditions imposed by Natixis under the program. Natixis and the managers have the authority to select brokers and dealers to effect all transactions in securities for clients participating in the program. Natixis and each manager will seek best net price and execution for each account. Please see the Form ADV Part 2A brochure for Natixis and the applicable manager for more information about trading and brokerage policies.

Clients may direct that their transactions be effected through particular brokers or dealers. In such a case, the manager will effect all securities (including interests in mutual funds and/or exchange-traded funds) transactions for the client account through the broker designated by each client. Directed brokerage may cost you more money. For example, directed brokerage clients may receive commission rates that are different from what might be attained through other brokers and may not receive volume discounts on bunched orders, which could result in a less favorable price and/or greater trading costs. In the event a client maintains a custodial account at Schwab, the client will have an economic incentive to direct brokerage transactions for the account through Schwab.

PCM receives discounted portfolio accounting software from Schwab Advisor Services, a division of Schwab, pursuant to a client benefit agreement. The discount is available due to PCM’s business relationship with Schwab and is not tied to brokerage commissions or any “soft dollar” arrangements. We may receive discounts on other products and services from Schwab in the future. These products and services generally assist PCM in managing and administering client accounts, including accounts not maintained at Schwab. In evaluating whether to recommend that clients custody their assets at Schwab, PCM may take into account the availability of this discount and other benefits provided by Schwab, as part of the total mix of factors it considers, which may create a potential conflict of interest. However, PCM recommends Schwab due to the favorable pricing structure and PCM’s overall experience with Schwab’s service to clients over the course of many years.

## Trade Error Policy

From time to time, the custodian or a manager may make an error in placing a trade on a client's behalf. Clients will be made whole following a trade error. If the trade error results in a loss, the custodian or manager will reimburse the client. Any gain from a trade error generally remains in the client's account (unless, for example, it would result in undesired tax consequences or it is not permissible for the client to retain the gain). If the gain does not remain in the client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize its administrative time and expenses. Generally, if related trade errors result in both gains and losses to a client account, they may be netted.

## **Item 13      Review of Accounts**

PCM's President, William M. Perry, is responsible for the review of client accounts. Each account is reviewed at least quarterly on the basis of engaged services. However, any personal or financial change of a client's situation of which we are advised will precipitate a review. Unique investment market conditions may also cause an additional review. Matters reviewed include the desirability of purchasing or selling specific securities, investment of new funds from income or cash flows, revising investment strategy to reflect changing client circumstances and/or altering portfolio balance to adjust for market or economic conditions. Individual security transactions in client accounts are monitored on a daily basis by use of a detailed trade log and cross referenced by a client investment log.

If so engaged, PCM prepares a Comprehensive Financial Plan report within the first six months of the initial planning engagement. We prepare an annual review including an update of the Comprehensive Financial Plan within six months of a contract engagement date.

Clients engaging PCM for portfolio management consultation services receive the following written reports within the first three months of engagement:

- Analysis of Current Positions
- Asset Allocation Study
- Analysis of investment structures and investment manager candidates

Clients will also receive services to develop a written IPS. Thereafter, clients receive "Performance Measurement" reports quarterly. These reports reconcile realized gains and losses, unrealized price changes, dividends and interest received and fees paid both for the quarter and year-to-date. Comparative performance reporting is performed quarterly, year-to-date and for one, three, five and ten year periods where applicable.

For clients participating in a unified managed account or other investment advisory program offered by PCM, PCM will deliver periodic reports to clients, which may include reports provided by the program coordinator or sponsor.

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

As noted in Item 12, above, PCM receives certain discounts on software from Schwab and may receive other products and services in the future. PCM monitors any potential conflicts of interest through a review of fee arrangements and the procedures in its Code of Ethics.

PCM may receive referrals and introductions to clients and prospects from other registered investment advisers. The referring advisers may receive part of advisory fees remitted to PCM in which event fee sharing is fully disclosed in writing prior to engagement.

Currently, PCM has a referral arrangement with Compass Wealth Advisors, LLC, 100 South Main Street, Elkhart, IN 46515.

Gregory D. Wait, an unaffiliated financial adviser, provides certain investment consulting services with PCM on behalf of a PCM client for which Mr. Wait receives compensation from PCM.

## **Item 15      Custody**

PCM does not act as custodian of client assets. Rather, the client appoints a qualified custodian to have possession of the assets of the account, to settle transactions for the account and to accept instructions from the manager regarding the assets in the account. All clients receive quarterly account statements directly from the custodian, which you should carefully review. **Please compare the information in PCM's client statements with the information in account statements provided by the custodian.**

## **Item 16      Investment Discretion**

PCM typically provides portfolio management consultation services on a discretionary basis. From time to time, PCM may provide such services on a non-discretionary basis. If you grant PCM discretionary authority, you will sign a limited power of attorney and our advisory representative(s) will exercise discretion over your account consistent with your investment objectives and policies. This may include:

- the purchase and sale of mutual fund shares and other securities;
- the retention and termination of outside managers;
- the allocation and reallocation of account assets among investment managers, mutual funds or other investment vehicles; and
- the authority to direct managers to sell account assets.

When an outside manager is used, the manager, not PCM, exercises discretion to purchase and sell the securities in the account or sub-account managed by such manager.

## **Item 17      Voting Client Securities**

PCM does not exercise voting authority with respect to securities held by its clients. Rather, each investment manager selected to manage the client's assets votes proxies with respect to client securities over which it exercises investment discretion. Clients may receive proxy materials directly from their custodian. You should contact the manager with any questions about a particular solicitation.

With respect to mutual fund proxy statements, PCM will offer suggestions as to proxy voting if so requested by the client. Each investment manager will be responsible for decisions with respect to corporate actions. For clients participating in the Callan UMA Program, Natixis is responsible for voting all proxies, unless client has reserved such authority, and Natixis is responsible for decisions with respect to corporate actions.

## **Item 18      Financial Information**

PCM does not have any financial condition that would impair our ability to meet contractual commitments to clients. A balance sheet is not required to be provided because we do not require prepayment of more than \$1,200 in fees per client and six months or more in advance.

## **Item 19      Additional Information**

### Class Action Policy

PCM will not act for clients in any legal proceedings, including bankruptcies or class actions, involving securities either held or previously held in accounts or the issuers of such securities. Although we will not provide legal advice, from time to time we may provide clients with our view on these matters if so requested by the client. In addition, if so requested we will assist the client in completing the proof of claim for an additional fee based on PCM's hourly rate. The custodian is generally responsible for transmitting information regarding legal proceedings and submitting a proof of claim on behalf of the client.

### Client Trusts

William M. Perry, PCM's President, serves as co-trustee for certain trusts created by PCM clients. Mr. Perry serves in this capacity as a result of his personal relationship with the beneficiary and/or grantor of the trusts.

PERRY CAPITAL MANAGEMENT, INC.

**NOTICE OF OUR PRIVACY POLICY**

Protecting the privacy of our clients is important to us. This notice describes the practices and policies through which we maintain the confidentiality and protect the security of your non-public personal information.

**What Information We Collect**

In the course of providing services to you, we may collect the following types of “non-public personal information” about you:

- Information we receive from you on applications or other forms, such as your name, address and social security number, the types and amounts of investments and bank account information, and
- Information about your transactions with us and others, as well as other account data.

“Non-public personal information” is non-public information about you that we obtain in connection with providing a financial service to you, such as the information described in the above examples.

**What Information We Disclose**

We do not disclose non-public personal information about you or any of our former clients to anyone, except as permitted by law. In the normal course of serving clients, information we collect may be shared with companies that perform various services such as investment managers, custodians and broker-dealers. These companies will use this information only as necessary to provide services to you and as allowed by applicable law.

**Confidentiality and Security Procedures**

To protect your personal information, we permit access only by authorized employees. We maintain physical, electronic and procedural safeguards to protect the confidentiality, integrity and security of your non-public personal information.

We will continue to adhere to the privacy policies and practices in this notice even after your account is closed or becomes inactive.

For questions about our policy, or for additional copies of this notice, please contact William M. Perry at Perry Capital Management, Inc.

**Brochure Supplement (Part 2B of Form ADV)**  
March 9, 2012

**Perry Capital Management, Inc. (“PCM”)**  
**William M. Perry**

One Park Plaza, 11270 W. Park Place, Suite 1050  
Milwaukee, WI 53224  
phone number: 414-359-1000

**This brochure supplement provides information about William M. Perry that supplements PCM’s brochure. You should have received a copy of that brochure. Please contact Mr. Perry at 414-359-1000 if you did not receive PCM’s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Mr. Perry is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 1      Educational Background and Business Experience**

*William M. Perry*, born 1948

BS, Marketing and Economics – Northern Illinois University, 1970

- President and Investment Adviser Representative, PCM, 7/85 – present
- Certified Financial Planner (CFP®) – conferred December 1988
- Certified Investment Management Analyst (CIMA®) – conferred March 1997

Qualification as a CFP® professional requires:

- A bachelor's degree or its equivalent from an accredited college or university
- Completion of financial planning education requirements set by the CFP Board
- Successful completion of the 10-hour CFP® certification exam
- Three-year qualifying full-time work experience
- Successful completion of the Candidate Fitness Standards, which describe conduct that will or may bar an individual from being certified

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

The Certified Investment Management Analyst (CIMA) professional qualification requires:

- Three years of verifiable financial services experience
- No disclosable legal or disciplinary events on Form U4
- Successful completion of CIMA certification application and background check
- Successful completion of qualification examination
- Completion of education program (five months of self study and one week classroom program)
- Entry into licensing agreement and Code of Professional Responsibility
- Continuing education

## **Item 2      Disciplinary Information**

There are no legal or disciplinary events relating to Mr. Perry that would be material to a client's evaluation of Mr. Perry.

## **Item 3      Other Business Activities**

Mr. Perry is not involved in any other investment-related business or occupation or any other business or occupation for compensation.

## **Item 4      Additional Compensation**

Mr. Perry does not receive any economic benefits for providing advisory services, such as sales awards or bonuses for client referrals, from any person that is not a client.

## **Item 5      Supervision**

Mr. Perry is the President, Chief Compliance Officer and 100% owner of PCM. Accordingly, he is the supervisor of the firm's investment advisory representatives, including himself. Mr. Perry's telephone number is 414-359-1000.