

**Part 2A of Form ADV: *Firm Brochure***

**Princeton Capital Management, Inc.**

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This brochure provides information about the qualifications and business practices of Princeton Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 609 924-6867 or [info@pcminvest.com](mailto:info@pcminvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Princeton Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site either by entering the name of our firm or by entering our CRD number, which is 105263.

## **Item 2     Material Changes**

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There are no material changes since our last amendment.

### **Item 3    Table of Contents**

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## Item 4    **Advisory Business**

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Princeton Capital Management is an SEC-registered investment adviser. Our principal place of business is in Princeton, New Jersey. Princeton Capital Management began conducting business in 1988. No one shareholder controls 25% or more of the company.

Our firm provides Investment Supervisory Services for individuals based on the needs of each client. In discussions with clients, we establish goals and objectives and manage portfolios according to a strategy that meets each client's needs.

Throughout our relationship with clients, we meet and communicate to review objectives, time horizons, risk tolerance, and liquidity needs. Account supervision is guided by the client's stated objectives. We manage advisory accounts on a discretionary basis.

We may provide investment advice through consultation for those who wish to maintain control of their own financial affairs but who wish to seek our professional advice and opinions on their portfolios or on matters related to the economy and the investment environment.

Our firm is retained by clients through wrap fee programs sponsored by broker/dealers. Wrap fee clients and individual clients are offered the same investment strategies in which to invest. We receive a portion of the wrap fee for our investment management services. We may also act as a sub-advisor by providing a model portfolio to broker/dealers with whom we have such arrangements.

Clients may request reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment selections include, but are not limited to, the following types of securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities
- Municipal securities
- United States governmental securities
- Assets that might already be part of a client's portfolio

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

As of December 31, 2011, we were actively managing \$197,678,713 of clients' assets on a discretionary basis.

## Item 5 Fees and Compensation

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### INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fees for Investment Supervisory Services are charged as a percentage of assets under management according to the following schedule:

	Balanced and Equity <u>Accounts</u>	YES* <u>Accounts</u>	Bond <u>Accounts</u>
Assets up to \$1 million	1.25%	1.5%	0.5%
Next \$4 million	1.0%	1.5%	0.5%
Assets above \$5 million	negotiable	negotiable	0.5%

Our fees are paid in advance, quarterly, based on the value of the portfolio on the last business day of the calendar quarter preceding the calendar quarter to which the fee relates, multiplied by one-fourth (1/4) of the annual fee rate. If the value of related client accounts totals more than \$1,000,000, we will group such accounts for the purpose of determining the annualized fee. Certain client relationships may require specific fee arrangements such as arrears or monthly billing. Any such arrangements are negotiated and agreed to in advance and are defined in the Client Agreement.

Our firm directly debits advisory fees from client accounts. As part of our quarterly report, clients receive a fee statement detailing how their fee was calculated and a copy of the advice that was submitted to their account custodian. On occasion and only under certain circumstances, we bill the client directly for our management fee.

We do not reduce our fees to offset brokerage commissions or other account fees and expenses.

Under certain circumstances fees may be negotiable or may be charged at a fixed rate. Such might be the case for eleemosynary accounts or for an account faced with changing circumstances as with Estate accounts. The negotiated fee schedule is defined in the Client Agreement between our firm and each client. Fees are not charged to those associated with the firm or to members of their immediate families.

Fees for investment advice furnished through consultation are negotiated with each individual client in advance of rendering investment advice and are based on time and need.

Fee arrangements for wrap fee programs and sub-advisory services are defined on a case-by-case basis with each broker/dealer.

\* YES is an acronym for Young Enterprise Shares, a service that invests in small-cap companies providing products or services drawn primarily from applied sciences. The YES service is provided through individual accounts or through a fund for qualified investors. The annualized fee for the fund is 1.5% of all assets.

## 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 written notice. Upon termination of an account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are responsible for the fees and expenses charged by custodians and broker/dealers, including, but not limited to, transaction commissions. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Mutual Fund Fees:*** Fees paid to Princeton Capital 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, expenses and sales charges (if any) are described in each fund's prospectus. 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.

***Wrap Fee Program Fees:*** In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed with or without commission charge in a wrap fee arrangement. In evaluating such an arrangement, a client should also consider that, depending upon the level of the wrap fee charged by the broker/dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately.

***ERISA Accounts:*** Princeton Capital 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. For ERISA clients, we will not engage in prohibited transactions and will not receive commissions, 12b-1 fees or any other form of compensation from any investment product that we may recommend.

***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**

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Princeton Capital Management, Inc is the Manager and associates of our firm may be Members of PCMInvest, LLC.

PCMInvest, LLC is the Managing Member of Young Enterprise Securities, LLC (YES, LLC), a fund for qualified investors. PCMInvest, LLC may receive a profit allocation from YES, LLC calculated on a "high water mark" basis. Our firm as Manager and associates who are Members of PCMInvest, LLC may benefit from the profit allocation.

Princeton Capital Management, Inc is the investment manager for YES, LLC and receives an annual management fee of 1.5% (see Item 5).

The investment strategy employed for YES, LLC is also available to individual investors on a separate account basis. When trading for YES, LLC and for separate accounts, our policy is to trade on a rotational basis so that no one account is favored over any other account.

## **Item 7      Types of Clients**

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Princeton Capital 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)
- Other pooled investment vehicles (e.g., hedge funds)
- Charitable organizations
- Corporations or other businesses not listed above

The minimum dollar value for starting an account is \$1,000,000. However, under certain circumstances, the minimum dollar value may be negotiable.

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

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### **METHODS OF ANALYSIS**

In formulating our investment advice and managing client assets we employ fundamental analysis. Our analysis is based upon consideration of all pertinent data. 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 underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

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

Our analysis of smaller companies includes company visits and discussions with management.

***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 strategies in managing client accounts, provided that such strategies 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 current projection for this class.

A risk in a long-term purchase strategy is that by holding a 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.



**Margin Transactions:** We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Risk of Loss:** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9     Disciplinary Information**

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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 associates have no reportable disciplinary events to disclose.

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

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As described in Item 6, our firm and associates of our firm are related to PCMInvest, LLC and YES, LLC. This association may present a conflict of interest in that the receipt of additional compensation gives us an incentive to recommend investment in YES, LLC. To address this conflict, YES, LLC is offered only to qualified investors. If any client invests in YES, LLC and also has a separate account, the assets in YES, LLC are not included in the fee calculation for the separate account.

Neither our firm nor our associates have affiliations with any related financial industry participants.

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

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Our firm has adopted a Code of Ethics that defines our fiduciary obligations to our clients. We have established policies and procedures that require all associates to submit quarterly transaction reports as well as initial and annual securities holdings reports, all of which are reviewed by our Chief Compliance Officer. Our Code of Ethics requires prior approval for any acquisition of securities in a limited offering (e.g., private placement) or for an initial public offering and includes provisions for oversight, enforcement and recordkeeping.

Further, our Code 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 associates are reminded that such information may not be used in a personal or professional capacity.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our associates 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 associates to invest for their own accounts.

Our firm and our associates may have a position in or buy/sell securities for their personal accounts that are identical to or different from securities that we buy/sell for our clients.

We may aggregate our associate trades with client transactions when compliant with our duty to seek best execution for our clients. In these instances, all participating accounts will receive an average share price. If there is a partial fill of an aggregated order, we will allocate on a pro rata basis, with each account paying the average price. Associate accounts may be included in the pro rata allocation.

To ensure that our firm complies with its regulatory obligations and provides our clients with full and fair disclosure of such conflicts of interest, we have established the following policies and procedures for implementing our firm's Code of Ethics:

1. No associate of our firm may put his or her own interest above the interest of an advisory client.
2. No associate of our firm may buy or sell securities for their personal account(s) if their decision is based on information received as a result of his or her employment unless the information is also available to the investing public.
3. Unless transactions for our associates are part of an aggregated order, associates may purchase or sell a security for his/her personal account(s) only after client transactions for that security are completed.
4. Our firm requires prior approval for any IPO or private placement investment by any associate of the firm.
5. We require quarterly transaction reports and annual reports of securities holdings from all associates of our firm. These reports are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All associates must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. We require delivery and acknowledgement of the Code of Ethics by each associate of our firm.
9. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
10. Any individual who violates any of the above restrictions may be subject to termination.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email to [aelmes@pcminvest.com](mailto:aelmes@pcminvest.com), or by calling us at 609 924-6867.

As described in Item 6, Princeton Capital Management, Inc. is the Manager of PCMinvest, LLC. PCMinvest, LLC is the Managing Member of YES, LLC (the Fund) and has designated Princeton Capital Management as the investment manager of YES, LLC.

Investment in the Fund may be recommended to advisory clients for whom a partnership investment may be more suitable than a separate account managed by our firm.

The Fund is not required to register as an investment company under the Investment Company Act of 1940 in reliance upon an exemption available to funds whose securities are not publicly offered. Our firm manages the Fund on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents.

Princeton Capital Management is not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources of our firm. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of our employees would not be devoted exclusively to the business of the Fund, but would be allocated between the business of the Fund and our other business activities.

## **Item 12 Brokerage Practices**

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Princeton Capital Management will recommend broker/dealers to clients and will endeavor to select those that provide the best services at the lowest commission rates possible. Our recommendations are based on the broker/dealer's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services that will help us provide investment management services to our clients. In evaluating the services that are provided to our firm, some of the things we consider are:

- on-line access to client accounts
- facilitation of trade executions and the aggregation of orders for multiple accounts
- research, pricing and other market data
- the ability to place electronic orders with our portfolio management system
- quality of communication with us on issues related to client accounts

When undertaking an advisory relationship with us, certain clients may have a relationship with broker that they wish to maintain and would direct us to execute all transactions through that broker. When a client directs us to use a particular broker, we may not have authority to negotiate commissions, obtain volume discounts, aggregate that client's orders or ensure best execution. In addition, under these circumstances, a disparity in commission charges may exist with the commissions charged to other client accounts.

We may, at our discretion, effect client transactions with broker/dealers who provide supplemental investment research or other services or products. Such research, services and products may include company and industry information through written and verbal reports and research seminars. Princeton Capital Management does not attempt to put a specific dollar value on the services or products rendered or to allocate the relative costs or benefits of those services among all clients, believing that the research we receive will help us to fulfill our overall duty to our clients. We may not use each particular research service to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker/dealers we select may be paid commissions that exceed the amounts other broker/dealers would have charged. However, we endeavor to determine, in good faith, that such amounts are reasonable in relation to the value of the brokerage and/or research services provided.

When Princeton Capital Management uses client brokerage commissions to obtain research or other services, we receive a benefit to the extent that we do not have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest because we have an incentive to direct brokerage to brokers who provide research and services that we utilize, even if those brokers may not offer the best price or commission rates for our clients.

We may use commission dollars from client brokerage transactions to pay for products provided by non-clients (soft dollars). When we use commission dollars to pay for products, we still seek to obtain a favorable net price and execution of orders. Within our last fiscal year, we used soft dollars to pay for Telemet, a real-time pricing, news and analytic service that benefits all clients.

If a broker/dealer refers clients to us, we will generally place trades for such accounts through that broker/dealer. We will not make a commitment to compensate a broker/dealer with transactions for client referrals. In instances of broker/dealer referrals, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and our interest in receiving future referrals. In our last fiscal year, clients that were referred to us by a broker/dealer had established accounts with that broker/dealer. For those accounts, we effected all transactions with the referring broker/dealer. For clients participating in all-inclusive wrap-fee programs, brokerage was directed to the sponsor of the wrap fee program.

Princeton Capital Management will block trades where possible and when advantageous to clients. Blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts with all accounts realizing the same average price.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Princeton Capital Management will typically aggregate trades among clients whose accounts can be traded at a given broker, and will rotate the order of brokers through which it will place trades for clients on any particular day. Princeton Capital Management's block trading policy and procedures are as follows:

1. The portfolio manager determines which clients will participate in the block trade based on client investment objectives, guidelines or restrictions.
2. Prior to placing an aggregated order, an order ticket is created that identifies each account participating in the order and the allocation of the order.
3. If the order cannot be executed in full by the close of the business day, the transacted securities will be allocated pro rata among the participating accounts in accordance with the allocation order. Adjustments to the pro rata allocation may be made to avoid having odd amounts of shares held in any account, or to avoid excessive ticket charges in smaller accounts.
4. Accounts that participate in the aggregated order do so at the average price for all separate transactions made to fill the order.
5. Our 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.
6. No client or account will be favored over another.
7. Associates of the firm may participate in aggregated trades.

## **Item 13    Review of Accounts**

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### **INVESTMENT SUPERVISORY SERVICES (“ISS”) INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** The securities held in client accounts are continually monitored by our investment managers, all of whom serve on the Investment Committee. Investment managers review client accounts on an on-going basis in the context of each client's stated investment objectives and guidelines. Material changes in variables such as the client's individual circumstances, or the market, political or economic environment would trigger additional reviews. Our investment managers are James Fitzpatrick, William H.B. Hamill and Jordan Schreiber.

The Investment Committee meets at least twice a month (more frequently if circumstances warrant) to review current and prospective holdings in the context of client objectives and the economic environment. The members of the Investment Committee are James Fitzpatrick, Co-Chair, William H.B. Hamill, R. Hugh A. Fitzpatrick, Kenneth Berents, Co-Chair and Jordan Schreiber.

All members of the firm participate in daily morning meetings to discuss company reports, news and world events as such pertain to the environment for investing and client holdings.

**REPORTS:** Appraisals, performance information and other account reports, along with written interpretive comments on investment positions and the general investment environment, are provided to clients on a quarterly basis and more frequently as clients request or as external events suggest. Clients also receive monthly statements and confirmations of transactions as they occur directly from their broker/dealer.

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

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### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- notice that the fee paid to us by the client will not be increased above our normal fees in order to compensate the Solicitor.

## **Item 15 Custody**

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We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, clients receive both a fee calculation statement and a copy of the advice submitted to each client's custodian showing the amount to be deducted from that client's account. On at least a quarterly basis, the custodian is required to provide to the client an account statement showing all transactions, including the fee debit, within the account for the reporting period.

It is important for clients to carefully review their custodial statements to verify the accuracy of the amount debited for our fee, 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 reports directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

In Item 6, we discussed the relationship that our firm and associates have with YES, LLC, a fund for qualified investors. Because of that relationship, we are deemed to have custody of YES, LLC. To comply with SEC regulations, an independent public accountant annually audits the Fund and audited statements are distributed to the investors in the Fund.

## **Item 16 Investment Discretion**

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We provide discretionary asset management services for our clients. 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 Client Agreement with our firm. If mutually agreeable, clients may limit this authority through written instructions. Clients may change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

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It is the policy of our firm to not vote proxies for client accounts. If a client requests our assistance on a proxy voting issue, we will provide information about a company or an issue, but clients retain the right to vote proxies.

As exceptions to our policy, we will vote proxies (1) for clients covered by ERISA only if proxy voting authority is not retained by a plan fiduciary, and (2) as required by wrap fee sponsors. Also, if an associate of our firm serves as Trustee of a Trust under our management, that associate may vote proxies in the capacity of Trustee, not in the capacity of an associate of the firm.

In the absence of specific voting guidelines from a client, Princeton Capital Management, Inc. reviews and follows the Glass Lewis recommendations as provided by ProxyEdge unless there are specific mitigating reasons for not doing so.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our office.

## **Item 18 Financial Information**

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We do not 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 and is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Princeton Capital Management has no such financial condition to report.

Princeton Capital Management has not been the subject of a bankruptcy petition at any time.