

Form ADV Part 2A: *Firm Brochure*



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This brochure provides information about the qualifications and business practices of PRI Investments, Inc. If you have any questions about the contents of this brochure, please contact us at (919) 968-2977 or ablass@pri-investments.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. PRI is a Registered Investment Advisory firm registered with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Additional information about PRI Investments, Inc. is also 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. PRI Investments, Inc.'s CRD number is 105301.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 3/13/2012, is prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, following is a summary of material changes from the most recent filing of form ADV Part 2A:

Item 4 Advisory Business

- Removed Comprehensive Wealth Management Program (CWMP)
- Removed PRI Asset Management Program (PAMP)
- Removed PRI Subadvisory Program (PSP)

Item 5 Fees and Compensation

- Added average daily balance billing method

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Item 4 Advisory Business

PRI Investments, Inc. ("PRI") is an SEC-registered investment advisor with its principal place of business located in North Carolina. PRI began conducting business in 1982.

Andrew William Blass, Managing Director, is the firm's sole shareholder.

PRI generally manages advisory client accounts on a discretionary basis. In some cases, at the client's request, PRI will manage advisory client accounts on a non-discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

PRI offers the following advisory programs to our clients:

ASSET ALLOCATION MANAGEMENT PROGRAM ("AAMP")

PRI directs the investment of a client's portfolio in fixed income securities, equity securities, money market mutual funds, fixed income mutual funds, equity mutual funds and exchange traded funds, repurchase agreements and deposit accounts with banks.

In some cases, PRI directs the investment of a client's portfolio in covered equity call options. The principal objective is to generate an additional stream of income in the client's portfolio. A secondary objective of covered equity call options is to achieve a price level (including the value of the generated income) to sell the underlying equity security. In connection with covered equity call options, certain factors are specifically pointed out to clients. First, in the event of a significant increase in the price, a client might forfeit a significant portion of the increase in the client's portfolio value. Second, in the event of a significant decrease in the price of the underlying security, client will not be protected from the loss of the client's portfolio value.

The principal objective of the program is to provide the client's future (or present) income needs as perceived by the given client. The asset allocation is determined on the basis of the principal objective. Actual investment is generally implemented by allocating clients' assets between fixed income and equity securities, exchange traded funds and equity mutual funds. Equities are generally managed passively.

TREASURY SECURITIES MANAGEMENT PROGRAM ("TSMP")

PRI directs the investment of a client's portfolio in treasury bills, treasury notes, and treasury bonds; repurchase agreements; deposit accounts with banks; money market mutual funds; and treasury direct accounts.

The principal objective of TSMP is the protection of capital. A secondary objective is to participate in the cyclical upward movements of the Treasury Securities market. Another secondary objective of this program is to generate a steady stream of income in the client's portfolio.

GOVERNMENT SECURITIES MUTUAL FUND MANAGEMENT PROGRAM ("GSMP")

PRI directs the investment of a client's portfolio in fixed income mutual funds. Actual investment is implemented by exchanges among various money market mutual funds, and long, intermediate and short-term

Government Securities bond mutual funds.

The principal objective of GSMP is the protection of capital. A secondary objective is to participate in the cyclical upward movements of the Treasury Securities market. Another secondary objective of this program is to generate a steady stream of income in the client's portfolio.

EQUITY SECURITIES MANAGEMENT PROGRAM ("ESMP")

PRI directs the investment of a client's portfolio in equities. The program's principal objective is the appreciation of invested capital.

FOCUSED SECURITY MANAGEMENT PROGRAM ("FSMP")

FSMP is designed for a portfolio heavily focused on one security (Focused Security). PRI directs the investment of the client's portfolio in the Focused Security, calls on the Focused Security and puts on the Focused Security. The principal objective of FSMP is to generate a stream of income in the client's portfolio. A secondary objective of this program is to achieve a price level (including the value of the generated income) to sell the Focused Security. FSMP is available only to Qualified Clients.

In connection with FSMP, certain factors are specifically pointed out to clients. All investment programs entail a certain degree of risk. However, the utilization of short option positions in the FSMP entails certain risks that are specific to investing in the FSMP. First, in the event of a significant increase in the price of the Focused Security, client might forfeit a significant portion of the increase in the client's portfolio value. Second, in the event of a significant decrease in the price of the Focused Security, client will not be protected from the loss of the client's portfolio value.

HOURLY BASIS CONSULTING

PRI occasionally offers limited advisory services ("Consulting") on an hourly basis. Consulting generally does not include any services that are part of the above mentioned Programs. Examples of Consulting include assisting a client with rolling a 401(k) from a former employer into an IRA or moving assets to another custodian.

AMOUNT OF MANAGED ASSETS (as of 12/31/2011)

Discretionary AUM	\$257,417,022
Non-discretionary AUM	\$0
Total AUM	\$257,417,022

Item 5 Fees and Compensation

PRI is a fee-only investment advisor and is exclusively compensated from fees paid directly from clients. PRI is not compensated from any recommendations it makes for its clients.

PRI can deduct fees from clients' assets or bill clients for fees incurred. Clients may select either method. Advisory fees and calculation methods are as follows (by Program):

ASSET ALLOCATION MANAGEMENT PROGRAM ("AAMP") and TREASURY SECURITIES MANAGEMENT PROGRAM ("TSMP") and GOVERNMENT SECURITIES MUTUAL FUND MANAGEMENT PROGRAM ("GSMP")

PRI generally charges an advisory fee of one eighth of one percent (0.125%) of the client's assets per quarter, based on either:

- the assets in the client's account at the beginning of each calendar quarter, adjusted for capital additions and withdrawals during the quarter or
- the daily average market value of the assets in the client's account.

This advisory fee is payable quarterly, in arrears, at the end of each quarter.

EQUITY SECURITIES MANAGEMENT PROGRAM ("ESMP")

PRI generally charges an advisory fee of one fourth of one percent (0.25%) of the client's assets per quarter, based upon the assets in the client's account at the beginning of each calendar quarter, adjusted for capital additions and withdrawals during the quarter. This advisory fee is payable quarterly, in arrears, at the end of each quarter.

FOCUSED SECURITY MANAGEMENT PROGRAM ("FSMP")

PRI charges an incentive fee for each quarter equal to twenty percent (20%) of the net premium from the call and put writing on the Focused Security during each quarter. The incentive fee is payable quarterly at the end of each quarter. The client may terminate the advisory agreement at any time upon written notice to PRI. The incentive fee shall in no event be negative with respect to any period for which an incentive fee is calculated.

If the net premium during any incentive fee period is negative, then the following rule shall apply: The negative net premium will be combined with the net premium during the subsequent incentive fee period for the purpose of computing the incentive fee for that subsequent fee period. If the combined net premium remains negative, then the computation of the incentive fee for the following incentive fee period will follow the same rule.

HOURLY BASIS CONSULTING

The fee is \$150 per hour billed every 15 minutes. Consulting generally does not include any investment recommendations.

ADDITIONAL FEE DISCLOSURES

Proration of Advisory Fees: The Client may terminate the advisory agreement at any time upon written notice to PRI. If the advisory agreement is terminated prior to the end of a calendar quarter, the fee will be prorated and refunded, if necessary, within forty-five (45) days of termination.

Limited Negotiability of Advisory Fees: Although PRI has established the aforementioned fee schedule(s), variations in advisory fees have been and may be negotiated. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, and anticipated future additional assets. The specific annual fee schedule is identified in the contract between the advisor and each client.

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

Mutual Fund Fees: All fees paid to PRI 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 PRI's 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 an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

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

PERFORMANCE-BASED FEES

As we disclosed in Item 5 of this Brochure, our firm accepts a performance-based incentive fee from clients in the Focused Securities Management Program ("FSMP"). Accordingly, FSMP clients must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Clients should be aware that a performance-based fee arrangement may create an incentive for PRI to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered

investment advisor.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

Item 7 Types of Clients

PRI 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:

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

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

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of securities quantifiable data, such as the historical share price or historical relative risk.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Asset Allocation. Rather than focusing primarily on securities selection, 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 asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector.

Risks for all forms of analysis. The investment techniques employed by PRI in the management of Advisory Programs are based upon historical studies of the securities market. There is no assurance that the methods employed by PRI in development of Advisory Programs will be successful in achieving the Program's objectives.

Risk of Loss. Securities investments are not guaranteed and clients may lose money on their investments.

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:

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 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 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.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Options. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us, the holder, the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

PRI uses options to "hedge" the value of an underlying security; in other words, we will use an option purchase or sale to limit or decrease the potential upside or downside of a security.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

In connection with covered call options, certain factors are specifically pointed out to clients. First, in the event of a significant increase in the price, the client might forfeit a significant portion of the increase in the client's portfolio value. Second, in the event of a significant decrease in the price of the Focused Security, the client will not be protected from the loss of the client's portfolio value.

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.

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

Item 10 Other Financial Industry Activities and Affiliations

PRI is not engaged in other financial industry activities and has no other industry affiliations. PRI does not receive compensation directly or indirectly from outside advisors.

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.

PRI 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 recordkeeping provisions.

PRI'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 ablass@pri-investments.com, or by calling us at (919) 968-2977.

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.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer.
6. We have established procedures for the maintenance of all required books and records.
7. All of our principals and employees 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 supervised person 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.

Item 12 Brokerage Practices

For discretionary clients, PRI requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

PRI does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

PRI will 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. PRI will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. PRI's 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 PRI, 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 PRI 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) Client accounts participating in an aggregated order and their respective proposed allocation are determined prior to placement of an aggregated order.
- 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. 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, an explanation of the change must be provided to and approved by the Chief Compliance Officer or Portfolio Manager. If the change has a material impact on an account, the Chief Compliance Officer or Portfolio Manager will provide written explanation of the change.
- 8) PRI's 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 PRI's records 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.

PRI 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 "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related

services that are intended to support intermediaries like PRI in conducting business and in serving the best interests of our clients.

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 PRI to obtain 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 part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by PRI (within specified parameters). These research and brokerage services presently include services that can be used by our firm to manage accounts for which we have investment discretion.

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 PRI's 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 PRI 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. PRI and Fidelity are not affiliated.

Item 13 Review of Accounts

Accounts are reviewed at least quarterly. Accounts are reviewed in the context of investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market or the account value.

Accounts are reviewed by the Managing Director, the Portfolio Manager or an independent consultant. Transaction records are verified against account balances and any discrepancies must be brought to the attention of the Managing Director.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer/custodian, clients receive a quarterly report which includes beginning balance, deposits and withdrawals, ending balance, and investment results (see exceptions below).

Clients whose funds are managed under PRI's Focused Security Management Program receive only quarterly reports which include a complete list of all option premiums that are either collected or dispersed during the quarter.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

PRI 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
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is PRI'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 directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

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

In addition to the periodic statements that clients receive directly from their custodians, we also send 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 PRI 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, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

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.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 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 reasonably likely to impair our ability to meet our contractual obligations. PRI has no financial condition that is reasonably likely to impair our ability to meet our contractual obligations. In addition, PRI has never been the subject of a bankruptcy petition.