

Part 2A of Form ADV: *Firm Brochure*

Sherlock Investment Management, Inc.

86 Linden Street
Brattleboro, VT 05301

Telephone: 802-258-2370
Email: sherinv@sover.net

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This brochure provides information about the qualifications and business practices of Sherlock Investment Management, Inc.. If you have any questions about the contents of this brochure, please contact us at 802-258-2370 or sherinv@sover.net. 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 Sherlock Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107186.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/17/2015, is our disclosure document prepared according to the SEC's requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes information that we were not previously required to disclose.

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. The only changes to this brochure from the previous brochure dated 3/17/2014 were the change in dates, amount of assets under management, the elimination of Peter Sherlock as a shareholder in PEG Capital Management, an adjustment to the number of members of an investment club Sherlock belongs to, and a declaration that we no longer are using Weeden & Co. as a brokerage firm to obtain research services from The Leuthold Group.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Sherlock Investment Management, Inc. is a SEC-registered investment adviser with its principal place of business located in Vermont. Sherlock Investment Management, Inc. began conducting business in 1994.

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

Δ Peter A. Sherlock, President and Chief Compliance Officer.

Sherlock Investment Management, Inc. provides asset management of client funds based on the individual needs of the client. We hold personal discussions with clients in which goals and objectives based on the client's particular circumstances are established. We create and manage a portfolio based on these discussions. During this process, we discuss the client's individual goals, objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. While we can't take accounts with restrictions, we of course try to meet client's specific needs and preferences.

We manage these accounts on a discretionary basis. Account supervision is guided by the client's stated goals and objectives, as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio's assets continuously, and if necessary, based on the client's individual needs, goals, and objectives, or due to changing market conditions, make changes accordingly.

Our investment decisions will generally involve the following types of securities:

- Δ Exchange-listed securities
- Δ Securities traded over-the-counter
- Δ Foreign issuers
- Δ Warrants
- Δ Corporate debt securities (other than commercial paper)
- Δ Certificates of deposit
- Δ Municipal securities
- Δ Mutual fund shares
- Δ United States governmental securities
- Δ Options contracts on securities

Because some types of investments involve certain additional degrees of risk, they will only be used when consistent with the client's stated investment goals and objectives.

AMOUNT OF MANAGED ASSETS

As of 12/31/2014, we were actively managing \$162,528,636 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

The annualized fee for the portfolio management services is charged as a percentage of assets. The fee is charged quarterly, is payable in advance, and is calculated as per the following schedule:

<u>Δ</u>	<u>Assets Under Management</u>	<u>Annual Fee</u>
Δ	First \$200,000	1.00%
Δ	Next \$300,000	.80%
Δ	Next \$1,500,000	.70%
Δ	Next \$2,000,000	.50%
Δ	Over \$4,000,000	negotiable

Certain long-term clients may be grandfathered under a different fee schedule that is no longer available.

We may also furnish investment and economic consulting services to other clients on a negotiated flat fee or hourly fee basis.

Most clients chose to have their fee paid by their broker/custodian upon presentation of our quarterly invoice. We also bill clients directly if they so choose.

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 any account, any prepaid, unearned fees will be promptly refunded, based upon a pro-rata calculation of the used management fee for the quarter.

Mutual Fund Fees: All fees paid to Sherlock Investment Management, Inc. 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.

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.

ERISA Accounts: Sherlock Investment Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Sherlock Investment Management, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees. We do not accept the payment of 12b-1 fees in any way.

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

Sherlock Investment Management, Inc. does not charge performance-based fees.

Item 7 Types of Clients

Sherlock Investment Management, Inc. provides advisory services to the following types of clients:

- Δ Individuals (other than high net worth individuals)
- Δ High net worth individuals
- Δ Pension and profit sharing plans (other than plan participants)
- Δ Charitable organizations
- Δ 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:

Fundamental Analysis. We attempt to evaluate 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 security 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.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

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

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

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

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

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

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

INVESTMENT STRATEGIES

We may 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 goals, investment objectives, risk tolerance, and time horizon, among other considerations:

Long-term purchases. We may 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 security to be currently undervalued.

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 may 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 risk in this strategy is that we may be wrong in our assumptions with respect to our purchase decision.

Margin transactions. We have in the past, though we do not encourage it, purchased stocks for a portfolio with money borrowed from the client's brokerage account. This allows the purchase of more stock than one would be otherwise be able to with available cash, and allows the purchase without selling other holdings. This strategy adds another layer of risk to the portfolio.

Option writing. We have in the past, though we do not encourage it, used 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.
- △ A put gives us the holder the right to sell an asset at a certain price within a specific period of time.

We have used "covered calls", in which we sell an option on security that is owned. In this strategy, a fee is received for making the option available, and the person purchasing the option has the right to buy the security at an agreed-upon price.

We have also "written puts", in which we sell an option to buy a security that isn't owned. In this strategy, a fee is received for making the option available, and the person purchasing the option has the right to sell you the security at an agreed-upon price.

Options add another level of risk to a portfolio and we don't encourage their use.

Item 9 Disciplinary Information

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

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

Item 10 Other Financial Industry Activities and Affiliations

Sherlock Investment Management, Inc. only provides investment management services for a fee and is not affiliated with any other financial firm in any way.

Peter A. Sherlock, President of Sherlock Investment Management, Inc. has other outside financial industry relationships and outside interests:

- 1) Peter A. Sherlock is a director, consultant and minority shareholder in The Trust Company of Vermont, a state chartered trust company. He also manages a few select portfolios for The Trust Company of Vermont. Clients of Sherlock Investment Management, Inc. may, but are not required to, use The Trust Company of Vermont for asset custody services. The Trust Company of Vermont is the landlord for the offices of Sherlock Investment Management, Inc.
- 2) Peter A. Sherlock is a consultant to PEG Capital Management, Inc., a SEC registered investment adviser.
- 3) Peter A. Sherlock is a corporator and director of the Brattleboro Savings and Loan, and provides consulting services to them regarding asset/liability management.
- 4) Peter A. Sherlock is a corporator of the Brattleboro Development Credit Corporation. Peter A. Sherlock is a corporator of the Brattleboro Memorial Hospital and a member of their investment committee. Mr. Sherlock is also a member of the investment committee of New England Kurn Hattin Homes.
- 5) Peter A. Sherlock, along with 10 other friends, is a member of the Optimist's Investment Club, a private investment club.

Clients should be aware that the receipt of additional compensation by Sherlock Investment Management, Inc. or its management persons or employees can create a conflict of interest that may impair the objectivity of our firm and these individuals when making investment decisions. Sherlock Investment Management, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- △ We attempt to disclose to clients the existence of all material conflicts of interest, as well as to other organizations that we may be involved with of our fiduciary duty to our clients.

- △ We require that our employees seek approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed.

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

In September of 2004, Sherlock Investment Management, Inc. instituted the following Code of Ethics, which is offered to all clients for their review on a quarterly basis. Its purpose is to set forth standards of business conduct that reflects Sherlock Investment Management's fiduciary duties:

- 1) All personnel are to comply with all applicable federal laws.
- 2) All personnel are to report (for review by the Sherlock Investment Management, Inc.) their securities holdings, as well as comply with Sherlock Investment Management, Inc.'s requirements regarding personal quarterly securities trading reports.
- 3) Sherlock Investment Management, Inc. prohibits participation by any employee in equity initial public offerings.
- 4) Sherlock Investment Management, Inc. requires that any employee immediately report to the designated Chief Compliance Officer (CCO) any violation of this Code of Ethics.
- 5) This Code of Ethics requires that any employee disclose to the CCO any potential conflict of interest that may arise within the normal course of business of Sherlock Investment Management, Inc.
- 6) This Code of Ethics strongly discourages employees from entering into any short-term trading strategy in marketable securities of any type (excluding U.S. Government Securities).
- 7) Sherlock Investment Management, Inc. limits gifts received from those seeking to do business with the firm to only those of token value, limited to \$100.00 or less. Employees of Sherlock Investment Management, Inc. should also limit gifts and entertainment to current and potential clients to that which is conducted in the normal course of business (i.e., business lunches, dinners, etc.).
- 8) Sherlock Investment Management, Inc.'s and its employees are expressly prohibited from making political contributions with the intent of influencing or directing business toward Sherlock Investment Management, Inc. in any way.
- 9) Employees of Sherlock Investment Management, Inc. are encouraged to serve the community through the participation in local organizations.

Of note, Sherlock Investment Management, Inc. may buy or sell securities for its clients in which itself, its principals, its employees or their family members may have an interest. Any

employee or person associated with Sherlock Investment Management, Inc. must abide by the following rules when entering into security transactions:

- 1) No employee may purchase for their affiliated accounts any securities in the course of a public offering by an issuer where the demand for the security appears greater than the supply.
- 2) Employees are required to maintain records of all securities transactions for their own or affiliated accounts, including the name and amount of the securities involved, the transaction date, price, and name of the broker effecting the transaction. These will be reported quarterly and reviewed by another officer of Sherlock Investment Management, Inc. Transactions involving U.S. Government or its agencies securities will be exempt from these rules.
- 3) All employees are prohibited from taking any action which would be considered a violation of Section 204A of the Advisers Act of 1940 with regards to the misuse of material, non-public information. If, in the conduct of business operations, Sherlock Investment Management, Inc. or its employees obtain what would be considered to be material, non public information, it shall treat such information in a way that will be consistent with all applicable laws and regulations in effect at that time.
- 4) Trades for Sherlock Investment Management, Inc. and its employees may be placed at that the same time as client transactions and may be "bunched" with client transactions where commissions, trading costs and proceeds may be pro-rated. These transactions will only be in widely held securities where our trading actions will not impact the trade results of clients.

Item 12 Brokerage Practices

When managing accounts where Sherlock Investment Management, Inc. has a choice, we will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Sherlock Investment Management, Inc. in providing investment management services to clients. Sherlock Investment Management, Inc. may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with obtaining best execution for clients, Sherlock Investment Management, Inc. may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Sherlock Investment Management, Inc. and, indirectly, to Sherlock Investment Management, Inc.'s clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through

the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Sherlock Investment Management, Inc. does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Sherlock Investment Management, Inc. may not use each particular research service, however, 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 for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions, if Sherlock Investment Management, Inc. has in good faith determined that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts. When Sherlock Investment Management, Inc. pays a broker a commission in excess of that which another broker might have charged for executing the same order, we will do so only when the execution is performed according to high quality standards.

When Sherlock Investment Management, Inc. uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Sherlock Investment Management, Inc. does 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 client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients. Within the last fiscal year, we have obtained the institutional research services of The Leuthold Group from the brokerage firm Weeden & Co. in exchange for brokerage commissions. The burden of covering these commissions falls on the clients who custody their assets with either The Trust Company of Vermont or People's United Bank. We no longer use the research services of The Leuthold Group, or execute trades with the brokerage firm Weeden & Co.

Sherlock Investment Management, Inc. will block or "bunch" trades where possible and when advantageous to clients. This may include client transactions that are blocked with either personal trades of Sherlock Investment Management, Inc. or its employees. 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. Sherlock Investment Management, Inc.'s block trading policy and procedures are as follows:

- 1) Sherlock Investment Management, Inc. will 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.

- 2) Prior to entry of an aggregated order, a written order ticket will be completed which

identifies each client account participating in the order and the allocation of the order, upon completion, to those clients.

3) 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.

4) Sherlock Investment Management, Inc.'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.

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

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

Many of Sherlock Investment Management, Inc. clients choose to establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts, at the encouragement of Sherlock Investment Management, Inc. Although clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Sherlock Investment Management, Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Sherlock Investment Management, Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Sherlock Investment Management, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that

- i. provide access to client account data (such as trade confirmations and account statements);
- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, record keeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- i. compliance, legal and business consulting;
- ii. publications and conferences on practice management and business succession; and
- iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Sherlock Investment Management, Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Sherlock Investment Management, Inc. may suggest other brokers or custodians for the client, and may or may not accept an account if it is not with a broker or custodian with which Sherlock Investment Management, Inc. already has a relationship. We will only suggest brokers or custodians which we consider to be reputable and of good financial condition. Depending on the broker or custodian chose, the client may pay more or less in commissions than other clients for trades of similar size, quantity or type. In addition, clients at the same broker dealer may pay different commission rates for trades of similar size, quantity or type depending upon the size of that individual clients account with that broker, and their chosen method of delivery of client information and statements.

Sherlock Investment Management, Inc. may find it necessary to trade through different brokers at different times in order to execute purchase and sale programs in all accounts. There will be no pre-determined method for selecting which account, group of accounts, or broker-dealer or custodian groups will trade first or last. This may, and most likely will, result in different accounts and groups of accounts entering into transactions into the same security at different prices over time. This process will be entirely random, and Sherlock Investment

Management, Inc. will make every effort to not show favoritism to any account or group of accounts during this process. We may or may not enter into similar trades through competing brokers or custodians at the same time; when this occurs, every effort will be made to achieve parity in pricing of the underlying security, possibly through the use of limit orders.

Item 13 Reviews of Accounts

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

These accounts are reviewed and portfolio decisions are made by Peter A. Sherlock

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

Item 14 Client Referrals and Other Compensation

It is Sherlock Investment Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Sherlock Investment Management, Inc.'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

Sherlock Investment Management, Inc. typically 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 quarterly statements directly to our clients. We urge our clients to carefully

compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

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

Item 16 Investment Discretion

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

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

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

Clients give us discretionary authority when they sign a discretionary agreement with our firm, Clients may end such discretionary authority by once again providing us with written instructions.

Item 17 Voting Client Securities

At this time, Sherlock Investment Management, Inc. does not vote proxies for any of its clients. Clients either have the responsibility to vote proxies on their own, or have agreements for proxy voting with their custodians. Peter A. Sherlock is always available to answer questions regarding proxy voting simply by contacting him by phone or mail.

Item 18 Financial Information

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

Since we maintain discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Sherlock Investment Management, Inc. has no additional financial circumstances to report.

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