

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

### **Peress Investment Advisors, Ltd.**

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**This brochure provides information about the qualifications and business practices of Peress Investment Advisors, Ltd. (PIA). If you have any questions about the contents of this brochure, please contact us at 703-356-8611. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. We made our best effort to comply with our disclosure requirements. We may need to amend, correct or clarify the information in the brochure subject to new data or a different understanding of the regulatory requirement.**

**Additional information about PIA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://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 110094.**

**Registration with the SEC does not imply a certain level of skill or training.**

## **Item 2 MATERIAL CHANGES**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 02/08/2011, is our new disclosure document prepared according to the SEC's new requirements and rules.

There have been no material changes to our disclosure information since the last annual update of our Form ADV Part II brochure, dated December 31, 2009.

Consistent with the new rules, 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.

<b>Item 3</b>	<b>TABLE OF CONTENTS</b>	<b>Page</b>
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	4
Item 6	Performance-Based Fees and Side-By-Side Management	4
Item 7	Types of Clients	4
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9	Disciplinary Information	5
Item 10	Other Financial Industry Activities and Affiliations	5
Item 11	Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	6
Item 12	Brokerage Practices	6
Item 13	Review of Accounts	7
Item 14	Client Referrals and Other Compensation	7
Item 15	Custody	7
Item 16	Investment Discretion	8
Item 17	Voting Client Securities	8
Item 18	Financial Information	8
Item 19	Privacy and Safeguarding Policy	8
Item 20	Pricing and Client Account Valuation Policy	8

#### **Item 4           ADVISORY BUSINESS**

Peress Investment Advisors, Ltd. (PIA) has been providing investment management services since its formation in December 1999. Benjamin J. Peress is the firm's President and Chief Investment Officer, and owns 85% of PIA. Maria Alexia (Lexy) Burke is the firm's Chief Financial Officer and Chief Operating Officer, and owns 15% of PIA.

PIA works with clients to arrive at investment strategies that will help them achieve their financial goals. We then implement the plan, investing in diversified portfolios of stocks and bonds aligned to meet their goals. Clients give PIA a limited power of attorney to trade stocks and bonds on their behalf, and they may impose restrictions on investing in certain securities or types of securities. The fee for our services is a percentage of assets under management and for some clients we charge a fixed quarterly or hourly fee.

As of December 31, 2010, we had discretionary assets under management of \$242,064.285. The management of non-discretionary accounts is immaterial to our business.

#### **Item 5           FEES AND COMPENSATION**

PIA's investment management fees are expressed at an annual percentage of the assets under management, billed quarterly at  $\frac{1}{4}$  of the annual rate and up to three months in advance. Fees are based on portfolio values as of March 31, June 30, September 30 and December 31. Our annual fee schedule is as follows:

- 1.00% on the first \$1 million under management
- 0.75% on the next \$3 million up to \$4 million
- 0.50% on assets above \$4 million

Our fee is negotiable.

Clients may elect to have the quarterly investment management fee debited directly by the custodian of the account and paid directly to PIA or billed to the client directly for payment. The Investment Management Agreement that specifies the agreed upon fee may be canceled at any time by us or the client. If an Agreement is canceled during the calendar quarter, the fee will be pro-rated and refunded to the client for the portion of the quarter remaining.

To the extent investment portfolios we guide hold mutual fund shares, clients will pay mutual fund operating expenses in addition to PIA's investment management fee. Clients also incur brokerage costs to purchase and sell investments. There is a further discussion of brokerage costs and arrangements in Item 12.

#### **Item 6           PERFORMANCE BASED FEES**

PIA does not have any fee arrangements based on investment performance.

#### **Item 7           TYPES OF CLIENTS**

We manage accounts registered to individuals, trusts, IRAs, retirement plans and corporations. While we do not have an account minimum, our preference is to work with clients that have \$1 million or more in investments to guide.

## **Item 8      METHODS OF ANALYSIS, INVESTMENT STRATEGIES , RISK OF LOSS**

Investment portfolios are diversified to include exchange and over-the-counter traded stocks and bonds of domestic and foreign issuers. Many portfolios we guide also include mutual funds, and fees charged by the funds are in addition to the fees we charge.

We largely employ fundamental analysis to arrive at stocks and bonds we invest in for clients. Primary sources of information that we use include:

- Financial newspapers and magazines
- Corporate press releases and conferences
- Research material prepared by others including brokerage firms
- Annual and quarterly filings with the SEC

While the investment strategies we undertake primarily target long-term investments held for more than one year, we also make short-term investments. Short-term, or frequent trading of securities, can expose the client to higher transaction costs and higher tax rates in taxable accounts, reducing investment performance. We do **not** undertake leveraged, or margin, transactions unless a client directs us to, and for a few of our clients we periodically sell options against stock investments they hold.

Investing in stocks and bonds exposes clients to the risk of loss. Our efforts to manage risks and enhance returns may fall short of client expectation.

## **Item 9      DISCIPLINARY INFORMATION**

Before she became affiliated with PIA, a non-management employee of the firm with client services responsibilities, L. Patrice Boeke was found to be in violation of NYSE Rule 408(A) & (B), exercising discretionary power without obtaining the customers written authorization and without notifying and obtaining the approval of another person with the authority to approve the handling of the accounts. An order accepting settlement with the New York Stock Exchange (NYSE) was entered on July 14, 2003. Ms. Boeke paid a fine of \$5,000.00 and was barred from membership, employment or association with a NYSE member firm for a period of three months (ended October 15, 2003).

## **Item 10      OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

PIA operates another investment advisory firm, Outfitter Financial Corp. (OFC), and owns 42%. Mr. Peress is OFC's President and Chief Investment Officer, and Ms. Burke is OFC's Chief Financial Officer and Chief Operating Officer. OFC is essentially engaged in the same business as PIA. Outfitter Financial Corp. operates a website, [www.outfitterfunds.com](http://www.outfitterfunds.com), with information about the company and its products and services.

Mr. David Kenkel, a registered representative with brokerage firm Oppenheimer, owns 42% of OFC but is not involved in the day-to-day operations. Mr. Kenkel's ownership stake in OFC creates a potential conflict of interest when he refers business to OFC and PIA. For clients he refers that maintain custody and brokerage services at Oppenheimer, Mr. Kenkel establishes the rate and receives commissions on securities transactions. These clients may pay a higher commission rate than if they used a broker selected by PIA or OFC.

## **Item 11      CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

PIA maintains a Code of Ethics as required by law to help assure that clients' interests are put first. The Code includes policies and procedures that prohibit the use of insider information. The Code also includes policies on employee stock and bond transactions in an effort to avoid potential conflicts of interest. PIA will provide a copy of the Code of Ethics to any client or prospective client upon request.

PIA employees may invest in the same securities as clients. Front running, or the buying and selling of an illiquid security, by an employee in advance of client trades to achieve a better price is strictly prohibited. As long as there is enough liquidity in the underlying security so that the purchase or sale would not materially influence the price, employees are generally free to buy and sell the security. Trades by employees are only to occur when all client open orders are filled. Periodically, the Chief Compliance Officer (CCO), Mr. Peress, will restrict a security from employee trading to accommodate clients first. All employee investment transactions are reviewed two or more times per year to make sure that they are compliant with firm policy. The PIA employee retirement plan is managed by Outfitter Financial Corp. and may participate in block trades with other Outfitter client accounts, but not at the expense of completing the client order.

## **Item 12      BROKERAGE PRACTICES**

In selecting or recommending broker-dealers for client transactions, PIA considers the following:

- Ability to achieve the best price
- Lowest transaction costs
- Ease of administration
- Value added research provided

### **RESEARCH AND OTHER SOFT DOLLAR BENEFIT**

Per a "Soft Dollar" agreement with PIA, Charles Schwab pays for some of our expenses associated with the Bloomberg Financial Services investment research and market data service. Schwab receives commissions on investment transactions in PIA client accounts that maintain custody at Schwab. PIA's recommendation that clients maintain their assets in accounts at Schwab may be based in part on this "soft dollar" benefit to PIA, and creates a potential conflict of interest.

It is possible that PIA may agree to commission rates higher than it could have paid elsewhere in order to receive investment research. The commission must be reasonable in relationship to the value being provided. Investment research benefits many accounts rather than just the one for which a trade is executed.

### **BROKERAGE FOR CLIENT REFERRALS**

PIA may periodically direct trades to brokers that provide client referrals. Our interest in receiving client referrals creates an incentive to trade with referring brokers, and could be in conflict with clients' interest in receiving most favorable trade execution.

## **DIRECTED BROKERAGE**

Our clients use the brokerage and custody services of a number of national brokerage firms. The majority of our client accounts and assets are at brokerage firm Charles Schwab, and we typically recommend Schwab if our clients do not have a preference. The combination of low prices, administrative ease and trading scale supports the recommendation to utilize Schwab's custody and brokerage.

Some of our clients direct us to work with a particular broker for custody and trading of their accounts. Commission arrangements may be negotiated between the broker and client, independent of us. This arrangement may be more costly to the client compared to arrangements obtainable by PIA at other brokerage firms. Clients that direct custody and brokerage to firms where we do not have many clients may not get the benefits of block trading, or the aggregating of client orders to reduce transaction costs.

We may combine orders of two or more clients (block trading) to achieve administrative efficiency and the ability to average the purchase price or sale among multiple clients. Block trading does not assure best execution. Client trades that are not executed in blocks may achieve better or worse execution depending on the changes in the securities price over the period it is being purchased or sold. Trading bonds in blocks or aggregated orders typically achieves transaction costs savings. Bonds that are not traded in blocks may have a higher transaction cost to the client.

### **Item 13      REVIEW OF ACCOUNTS**

Client accounts are reviewed regularly by Mr. Peress to include analysis related to stock and bond market events. Each account is reviewed quarterly on a formal basis as part of our client reporting and billing cycle. Following the end of each calendar quarter, clients receive reports that summarize investments and after-fee period rates of return. These reports are produced by Advent software. Written commentary accompanies these reports. The commentary is prepared by our CIO, and typically discusses past activity and general market and economic trends.

Client accounts are reconciled monthly to make sure that our internal Advent portfolio tracking and reporting software is aligned with account activity and brokerage statements. At least once per year our CIO reviews and updates in writing our clients' investment goals and restrictions to make sure the portfolios are positioned accordingly.

### **Item 14      CLIENT REFERRALS AND OTHER COMPENSATION**

We have arrangements where we pay a third party (solicitor) a portion of the investment management fee we receive for clients that are referred to us. Each client that is referred to us by a solicitor receives a written Disclosure Statement that specifically reviews the terms of the arrangement, including the compensation provided to the solicitor.

### **Item 15      CUSTODY**

PIA does not have custody of client assets. Accounts are held at independent custodians; all of whom provide monthly statements directly to clients. In quarterly mailings, we provide calendar quarter-end appraisals to clients. Clients are urged to compare the account statements they receive from the independent custodian with those they receive from us.

**Item 16 INVESTMENT DISCRETION**

Our clients give us investment discretion to buy and sell securities on their behalf. Clients execute a limited power of attorney (LPOA) granting us permission to trade in their accounts. The LPOA may be rescinded at any time by the client. Clients can specify restrictions that prohibit investment in specific or types of securities. We make a written record of any restrictions along with general investment goals as well as stock and bond targets. These are updated at least annually, or whenever there is a change in investment goals and/or restrictions.

**Item 17 VOTING CLIENT SECURITIES**

Mr. Peress will vote proxies on behalf of those clients who have asked. Copies of votes cast on behalf of clients are kept on file, and available for review by clients upon request. Our internal proxy voting policies and procedures are provided to clients upon request. Mr. Peress is prohibited from voting proxies in a way that puts his or PIA's interests ahead of clients' interests. Clients are welcome to direct a vote in a particular situation by contacting us in advance.

**Item 18 FINANCIAL INFORMATION**

PIA has no debt and maintains suitable liquidity to meet our contractual commitments to clients and employees.

**Item 19 PRIVACY AND SAFEGUARDING POLICY**

PIA recognizes its responsibility to protect existing and former clients' nonpublic and personal information. To meet its obligation, we have in place a Privacy and Safeguarding Policy & Procedures Guide, and will provide a copy of the guide to any existing or former client upon request.

**Item 20 PRICING AND CLIENT ACCOUNT VALUE POLICY**

We obtain both daily and month-end prices of client securities in the following order:

- Charles Schwab & Co Inc.
- FT Interactive Data
- Bloomberg

Schwab, through a daily point-to-point interface download, provides the majority of security prices. If Schwab does not provide an accurate price, we then use a widely deployed industry pricing service, FT Interactive Data. A third option in the event of material pricing differences is the Bloomberg financial data service.