

Profit Investment Management, LLC

8401 Colesville Rd, Suite 320

Silver Spring, MD, 20910

(301) 650-0059

Fax (301) 650-0608

www.profitfunds.com

This brochure provides information about the qualification and business practices of Profit Investment Management, LLC ("PIM"). If you have any questions about the contents of this brochure, please contact us at (301) 650-0059, or by email at mprofit@profitfunds.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 PIM is available on the SEC's website at www.adviserinfo.sec.gov.

March 23, 2012

Material Changes

Annual Update

PIM is providing this information as part of our annual updating amendment, which contains material changes from our last annual update. This section discusses only material changes since the last annual update, which most recently occurred on March 30, 2011.

Material Changes since the Last Update

This Brochure, dated March 23, 2012, contains the following material changes:

- The firm has added information about an additional wrap fee program that it advises.
- The firm has raised the minimum for a large cap equity account to \$10 million.
- The firm has raised the minimum for a small cap equity account to \$5 million.

Full Brochure Availability

The Firm Brochure for PIM is available by contacting Michelle Q. Profit at (301) 650-0059 or mprofit@profitfunds.com.

Table of Contents

Material Changes	2
Annual Update	2
Material Changes since the Last Update.....	2
Full Brochure Availability	2
Advisory Business	5
Firm Description	5
Principal Owners	5
Types of Advisory Services	5
Tailored Relationships	5
Wrap Fee Programs.....	5
Client Assets	6
Fees and Compensation	6
Description	6
Other Fees	7
Performance-Based Fees & Side-by-Side Management	7
Sharing of Capital Gains or Capital Appreciation	7
Types of Clients	7
Description	7
Account Minimums.....	7
Methods of Analysis, Investment Strategies and Risk of Loss	8
Methods of Analysis.....	8
Disciplinary Information	14
Legal and Disciplinary	14
Other Financial Industry Activities and Affiliations	14
Material Relationships or Arrangements with Financial Industry	14
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Code of Ethics.....	14
Recommend Securities with Material Financial Interest	15
Invest in Same Securities Recommended to Clients.....	15

Personal Trading Policies	15
Brokerage Practices.....	16
Selecting Brokerage Firms	16
Research and Soft Dollars	16
Directed Brokerage	17
Order Aggregation.....	17
Review of Accounts	17
Periodic Reviews	17
Client Referrals and Other Compensation	18
NA	18
Custody	18
NA	18
Investment Discretion	18
Discretionary Authority for Trading	18
Voting Client Securities	19
Proxy Voting	19
Financial Information	19
Prepayment of Fees.....	19
Financial Condition.....	19
Bankruptcy	19

Advisory Business

Firm Description

PIM serves institutional and retail clients investing in U.S. equities. Based in metropolitan Washington, DC, PIM was founded in 1996 by Eugene Profit who had the goal of establishing a first-class investment adviser that delivered more to its clients than benchmark-beating returns.

Principal Owners

Eugene Anthony Profit – President

Joseph A. Quash – Owner

Michelle Quash Profit – Chief Compliance Officer

Thomas Pinder - Owner

Types of Advisory Services

PIM offers portfolio management services to individuals, state and municipal governments, banks, trusts, investment companies, estates, corporations or pensions, charitable organizations and profit sharing plans. PIM's management of these accounts is guided by the stated objectives and restrictions of each client.

PIM may recommend to prospects or clients that they invest in the Profit Funds, which are mutual funds affiliated with the firm. PIM serves as the investment advisor for the mutual funds. This relationship is disclosed in the prospectus for the mutual funds, which is given to prospective clients before they purchase the funds, and it is given to existing clients on an annual basis thereafter.

Tailored Relationships

Every account is governed by the unique objectives of that client and monitored on a daily basis.

Wrap Fee Programs

PIM serves as an investment adviser for Envestnet and in the Summit Program at Scotia McLeod. These accounts are treated the same as all other accounts of the same strategy. We receive a portion of the of the wrap fee from Envestnet Asset Management and Scotia McLeod for our services.

Client Assets

PIM provides continuous and regular management services to discretionary securities portfolios containing \$1.715 billion as of 12/31/2011.

Fees and Compensation

Description

The maximum advisory fee charged will not exceed 2% of assets under management. PIM will quote an exact percentage to each client based on both the nature and dollar value of that account. Fees are calculated as a percentage of assets under management. Clients are invoiced at the end of each calendar quarter, based on the value of the client's account on the last business day of the quarter or in the manner specified by contract. PIM does not direct debit fees from client accounts. Compensation is not payable before service is provided. Fees for institutional clients may be negotiable, depending on the size of the account. A basic fee schedule is included below.

Fee Schedule of Large Cap Equity:

Up to \$10,000,000 - 0.65%
\$10,000,000 but less than \$25,000,000, then 0.60%
\$25,000,000 but less than \$50,000,000, then 0.50%
\$50,000,000 but less than \$100,000,000, then 0.45%
\$100,000,000 or more- 0.40%

Fee Schedule of Small Cap Equity:

Up to \$50,000,000 - 1.0%
\$50,000,000 but less than \$150,000,000 - 0.90%
\$150,000,000 but less than \$300,000,000 - 0.80%
\$300,000,000 or more - 0.75%

Fee Schedule of Mid- Cap Equity:

The fees are negotiable.

Fee Schedule of Social Equity:

Up to \$5,000,000 – 1.0%
\$5,000,000 but less than \$10,000,000 -0.75%
\$10,000,000 but less than \$25,000,000 -0.70%
\$25,000,000 but less than \$50,000,000 -0.60%
\$50,000,000 but less than %100,000,000 -0.55%
\$100,000,000 or more -0.50%

PIM may negotiate investment advisory contracts that provide for performance fees based on the capital gains or capital appreciation of the funds of a client.

Other Fees

In addition to advisory fees, clients will also pay brokerage and other transaction costs and custodial fees. See Brokerage section on Page 18. Clients investing in mutual funds will pay a share of the fund's expenses which will include advisory fees.

Performance-Based Fees & Side-by-Side Management

Sharing of Capital Gains or Capital Appreciation

PIM manages accounts that follow a fee schedule, as well as performance-based fee accounts. Managing performance-based fee accounts side-by-side with accounts that do not pay a performance fee causes a potential conflict of interest, due to the higher fee that could be paid by a performance fee account. In order to address this potential conflict, all accounts in a particular strategy are treated exactly the same.

See Aggregation of Trades on page 19.

Types of Clients

Description

PIM offers portfolio management services to individuals, investment companies, pensions and profit sharing plans, charitable organizations, corporations, state or municipal government entities, and other investment advisers. PIM manages advisory accounts and monitors a client's account on a daily basis. Account supervision is guided by the stated objectives of each client.

Account Minimums

PIM may, at its discretion, manage individual investment advisory accounts with a minimum of \$100,000 per account. The minimum for institutional clients in the Large Cap Equity is \$10 million and Social Cap Equity is \$1million. For institutional clients in the Small Cap Equity the minimum is \$5 million. However, these minimums may be waived at the Firm's discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

PIM's methods of security analysis include fundamental, technical and cyclical. The main sources of information used include: financial newspapers and magazines; research materials prepared by others; corporate rating services; annual reports, prospectuses, and filings with the Securities and Exchange Commission; and company press releases.

Process

PIM initiates the research process with our in-house proprietary screening model—PIMS—which is most similar to the GARP investment style. It is a rigorous process that blends fundamentals-based quantitative analysis, focused qualitative reviews, risk-control guidelines and advanced technology to assess stocks and build portfolios.

PIMS capitalizes on the fact that, after one adjusts for market and industry group influences and temporary market effects, successful stocks share common characteristics. We combine fundamental market knowledge with technology to identify characteristics driving equity returns. This enables the investment team to systematically evaluate several thousand stocks with efficiency, objectivity and consistency. Each PIM portfolio holds large capitalization stocks that have trailing P/Es lower than the benchmark, Return On Equity greater than the benchmark, P/E to Earnings Growth (PEG) below a specified level, and at least double digit five-year projected earnings growth.

PIM determines the company's intrinsic value (what a rational buyer would pay for the entire company) through discounted cash flows, historical market multiples and transaction multiples. The investment team then verifies the strength of the company's financial statements by reading 10Ks, 10Qs and industry reports. We read current news to learn why the company's stock is trading at a discount to our intrinsic value calculation. This step provides us an advantage absent with many firms: avoiding overconfidence. By taking time to critically try and prove our investment thesis wrong before entering a position, we are able to determine if our thesis holds water or if the market's assessment is correct.

Investment Strategies

PIM's investment philosophy is that active fundamental stock selection can provide outperformance to an index of securities over time because business values differ from stock prices at various times over the course of a market cycle. The Profit Large Cap Equity product is an Active Core Large Capitalization approach to investing that is valuation-sensitive growth investing.

The product utilizes the Profit Investment Management Style (PIMS) and focuses on companies that have the potential to outperform a stock market average from

- (1) Rapid earnings expansion
- (2) Investor revaluation of the relationship between a company's fundamental valuation and its current market price

Our Large Cap Equity Composite portfolio is a focused, low-turnover portfolio that typically consists of 37-55 companies. We seek to generate alpha by owning securities that have been mispriced by the market (i.e., companies that trade at a significant discount to their intrinsic value as determined by our PIMS). Hence, we are valuation-sensitive growth investors.

The Profit Large Cap Equity strategy is designed to perform in all market environments over the course of the market cycle. At the core of our process is the belief that mispriced businesses can be found within the stock market at any point within the market cycle.

Buy/Sell Discipline

PIM buys a security when 1) the valuation is low compared to the earnings growth of the stock and 2) a rationale for the stock market mispricing of the security can be identified and correctable. The characteristics that we consider attractive for a stock to be considered in our portfolio include:

- 1) a low P/E relative to a company's history and/or its peer group;
- 2) attractive return on equity;
- 3) strong management team;
- 4) low price to earnings growth ratio;
- 5) consistent earnings growth rates and

6) the value of the company should be trading at least 30% below our calculated intrinsic value.

PIM sells a security when:

- 1) it becomes overvalued relative to its intrinsic value;
- 2) our price objective is attained (i.e. market price within 10% of intrinsic value);
- 3) a substantial change in the company's fundamentals occurs;
- 4) we have a loss of confidence in management's execution of business objectives;
- 5) there is a fundamental change in a competitive landscape;
- 6) the price becomes overvalued relative to other investment opportunities;
- 7) there is a material decline from initial purchase price or;
- 8) the company suffers from substantial underperformance relative to its sector.

Eugene Profit makes all the key decisions at every stage in developing the portfolio.

The Profit Funds

Profit Funds Investment Trust (the "Trust"), an open-end, diversified management investment company, was organized as a Massachusetts business trust in June 1996. The Trust currently offers two series of shares to investors, The Profit Fund and The Profit Opportunity Fund (individually a "Fund" and together the "Funds"). Prior to February 1, 2004, the name of The Profit Fund was Profit Value Fund.

The Profit Fund's investment strategy is designed to participate in rising equity markets while limiting, as much as possible, the downside volatility which can accompany equity investing. The Adviser uses a disciplined valuation process to select stocks generally having the following characteristics:

- low price/earnings ratios relative to a company's sector or historical performance;
- strong balance sheet ratios;
- high return on capital; and/or
- low price/earnings growth ratios relative to a company's sector.

In the Adviser's opinion, these stocks typically enjoy low expectations from investors in general and are undervalued. As a result, in the Adviser's opinion, average "earnings" performance by such companies can result in superior stock performance, and disappointing "earnings" should result in minimal negative stock performance.

After purchasing a stock, the Adviser continues to monitor its progress in relation to the overall market and its peers. In evaluating whether to sell a stock, the Adviser considers, among other factors, whether:

- the stock is overvalued relative to other investments;
- the stock has met the Adviser's earnings expectations;
- political, economic, or other events could affect the company's performance; or
- the Adviser has identified a more attractive opportunity.

The Adviser will not necessarily sell a security based on its relationship to these or other factors.

The Profit Fund may invest a portion of its assets in stocks currently paying dividends, although it may buy stocks that are not paying dividends but offer prospects for growth of capital or future income. Although the Fund invests primarily in common stocks, the Fund may also invest in securities convertible into common stock (such as convertible bonds, convertible preferred stocks and warrants). The Fund may invest in convertible preferred stocks and bonds which are rated at the time of purchase in the four highest rating categories assigned by Moody's Investors Service, Inc. (Aaa, Aa, A or Baa) or Standard & Poor's Ratings Group (AAA, AA, A, BBB) or unrated securities determined by the Adviser to be of comparable quality.

Temporary Defensive Strategies

When the Adviser believes substantial price risks exist for common stocks because of uncertainties in the investment outlook, or when in the judgment of the Adviser it is otherwise warranted in selling to manage the Fund's portfolio, the Fund may temporarily hold for defensive purposes all or a portion of its assets in short-term obligations such as bank debt instruments (certificates of deposit, bankers' acceptances and time deposits), commercial paper, shares of money market investment companies, U.S. Government obligations having a maturity of less than one year or repurchase agreements. Although the Fund primarily will invest in these securities to avoid losses, this type of investing also could prevent the Fund from achieving its investment objective. During these times, the Adviser may make frequent securities trades that could result in increased fees, expenses, and taxes.

The Profit Fund

The Profit Fund seeks to provide investors with a high long-term total return, consistent with the preservation of capital and maintenance of liquidity. Total return represents any capital appreciation and/or income received from the Fund's investments. Dividend income is only an incidental consideration to the Fund's investment objective. The Fund's investment objective may be changed without shareholder approval, but only after shareholders have been notified.

INVESTMENT STRATEGIES

Normally, the Profit Fund will invest at least 65% of its total assets in the common stocks of established, larger capitalization companies (that is, companies having a market capitalization exceeding \$10 billion). The Fund expects to invest a portion of its assets in stocks currently paying dividends, although it may buy stocks that are not paying dividends but offer prospects for growth of capital or future income.

The Profit Opportunity Fund

The Profit Opportunity Fund seeks to provide investors with long-term capital appreciation. In addition, it seeks to outperform the Russell 2000 Index. The Russell 2000 Index is an unmanaged, capitalization-weighted index of domestic small-cap stocks. It measures the performance of the 2,000 smallest publicly traded U.S. companies in the Russell 3000 Index. The Fund's investment objective may be changed without shareholder approval, but only after shareholders have been notified.

INVESTMENT STRATEGIES

Under normal market conditions, the Opportunity Fund will invest at least 80% of its net assets (plus the amount any borrowings for investment purposes) in the common stocks of small capitalization companies. A small capitalization company is defined by the Adviser, as a company having a market capitalization between \$250 million and \$1.5 billion at the time of investment. The Fund expects to hold between 37 to 55 equity positions with an average position size of less than 3% of the Fund's net assets.

INVESTMENT RISKS

Investing in securities involves the risk of loss that clients should be prepared to take.

Risks Applicable to Both Funds

As with any mutual fund, there is a risk that you could lose money by investing in the Funds. The Funds are not intended to be a complete investment program and there is no assurance that the Funds will achieve their investment objectives.

Market Risk

Investments in common stock are subject to inherent market risks and fluctuations in value due to earnings, economic conditions and other factors beyond the control of the Adviser. As a result, the return and net asset value of each Fund will fluctuate.

Style Risk

The Adviser's approach generally focuses on stocks believed to be selling at a discount relative to the market and its peers while having strong growth characteristics. If the market does not recognize these companies, their stock prices may remain stable or decrease in value. The Funds may underperform other funds that employ a different investment style.

Manager Risk.

The Adviser's method of security selection may not be successful and the Funds may underperform the market as a whole.

Risks Applicable to the Profit Fund***Market Capitalization Risk.***

The Profit Fund invests primarily in large capitalization companies. Investing primarily in one category (i.e. large capitalization) carries the risk that due to current market conditions that category may be out of favor. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Many larger companies also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

Credit and Interest Rate Risk.

Although not a principal risk, the Profit Fund may also be subject to credit and interest rate risks. Preferred stocks and bonds rated Baa or BBB have speculative characteristics, and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to pay principal and interest or to pay the preferred stock obligations than is the case with higher grade securities. When interest rates rise, the value of such securities can be expected to decline.

Risks Applicable to the Profit Opportunity Fund***Market Capitalization Risk.***

The Opportunity Fund invests primarily in small capitalization companies. Investing primarily in one category (i.e., small capitalization) carries the risk that due to current market conditions that category may be out of favor. Small capitalization companies often involve higher risks than larger, more established companies because these companies may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. In addition, in many instances, the securities of small capitalization companies are traded only over-the-counter or on a regional securities exchange, and the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities

of small capitalization companies may be subject to greater price fluctuations. Small capitalization companies also may not be widely followed by investors, which can lower the demand for their stock.

Disciplinary Information

Legal and Disciplinary

PIM and its related persons or advisory affiliates have not been involved in any legal or disciplinary event that is material to a client's (or prospective client's) evaluation of the integrity of PIM or its management personnel.

Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements with Financial Industry

PIM has a material relationship with the Profit Funds. PIM is the investment adviser for the Profit Funds Investment Trust ("Trust"), an open-ended mutual fund established June 1996. As investment adviser to the Trust, PIM provides investment advisory services to the Trust.

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

Code of Ethics

PIM maintains a Code of Ethics ("Code") and will provide this Code of Ethics to any client or prospective client on request. The Code of Ethics is based on the principal that personnel of PIM have a fiduciary duty to place the interest of clients before their own interests, to conduct personal securities transactions consistently with this Code, and in such a manner which does not interfere with the portfolio transactions of clients, or otherwise take unfair advantage of their relationship to clients. The personnel covered by this Code must adhere to this general principle, comply with the specific provisions of

this Code; and comply with applicable securities laws. Covered persons must promptly report any violations of the Code to the named compliance officer.

A copy of the Code is available by request by contacting us at the number located on the cover page of this brochure.

Recommend Securities with Material Financial Interest

PIM's principal executive officer may have a position in securities which will also be recommended to a client. Unless deemed uniquely suited to a client's account, our firm will not recommend a purchase or sale of securities which would be inconsistent with trades undertaken on behalf of the principal executive officer. Securities directed to be purchased or sold by the registrant will generally be traded on the basis of the same information.

Invest in Same Securities Recommended to Clients

The Code of Ethics permits personnel to invest in securities for their own account, including securities that may be purchased or held by the firm's advisory clients, including the Funds, but only under certain circumstances. The Code imposes the following requirements that certain personnel: must obtain a pre-clearance for certain trades; cannot trade the same stock as a client within certain timeframes; cannot conduct certain trades; cannot utilize the non-public information of clients for trades; must make reports of certain securities trades and securities holdings; and must keep information on pending trades confidential.

Personal Trading Policies

All access persons shall clear in advance of execution through the applicable Compliance Officer, or in the case of a request by the Compliance Officer, through an alternative Compliance Officer, any purchase or sale, direct or indirect, of any Security in which such access person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership interest, including any acquisition of any direct or indirect beneficial ownership interest in any securities in an initial public offering or in a limited offering. The applicable Compliance Officer shall retain written records of such clearance requests.

The applicable Compliance Officer will not grant clearance for any purchase or sale if the Security is currently being considered for purchase or sale or being purchased or sold by the firm for PIM Clients. If the Security proposed to be purchased or sold by the access person is an option, clearance will not be granted if the Securities subject to the option are being considered for purchase or sale as indicated above. If the Security proposed to be purchased or sold is a convertible security, clearance will not be granted if either that security or the securities into which it is convertible are being considered for purchase or sale as indicated above.

Privacy Notice:

Client privacy is extremely important to the advisor. The following constitutes a description of the advisor's policies regarding disclosure of non-public personal information that you provide to us or that the advisor collects from other sources.

The advisor may collect the following non-public information about you:

Information the advisor receives from you on or in applications or other forms, correspondence, or conversations, including, but not limited to, your name, address, phone number, social security number, assets, income and date of birth; and

Information about your transaction with the advisor, our affiliates, or others, including, but not limited to, your account number and balance, payment history, parties to transactions, cost basis information, and other financial information.

The advisor does not disclose any non-public personal information about our customers to non-affiliated third parties, except as required or permitted by law. The advisor is permitted by law to disclose all of the information we collect, as described above, to our service provider/transfer agent to process your transactions.

The advisor restricts access to your non-public personal information to those persons who require such information to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information.

In the event that you hold accounts through a financial intermediary, including, but not limited to, a broker-dealer, bank or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with non-affiliated third parties.

Brokerage Practices

Selecting Brokerage Firms

PIM, in seeking to obtain best execution for portfolio transactions for advisory accounts, takes into account factors such as (a) price; (b) the quality of the broker and broker's execution; (c) the responsiveness of the broker to the firm; and (d) the value of the broker's research.

Research and Soft Dollars

PIM uses its soft dollar policy as the guidelines for its procedures in directing client transactions to a particular broker in return for products and research services received

by the advisor. These services may include financial newsletters, trade journals, research and quantitative analytical software and other items that fall within the safe harbor. This policy states that in selecting brokers or dealers to execute particular transactions and in evaluating the best net price and execution available, the registrant is authorized to consider the "brokerage and research service" provided to the advisor, so long as these services are "provided by the broker-dealer", and the adviser determines in good faith that the commission is reasonable relative to the total value of services rendered. In return for soft dollars, the client may pay commission rates that are above market and the soft dollar research will be provided to the benefit of all of the advisor's clients. Last year, the registrant directed some client transactions to a particular broker in return for soft-dollar benefits. The registrant used the following procedures before directing all trades, including soft dollar trades, to brokers it: conducted prior due diligence on all brokers, placed qualified brokers on a select list; capped broker-related commissions and reviewed brokerage transactions afterwards. The products and services we received last year fall within the safe harbor and include research, data services including market and economic data streams; corporate governance research, financial newsletters and trade journals, as well as quantitative analytical software. The conflict of interest arises because absent the use of soft dollars, the adviser would have to pay for the products and services received.

Directed Brokerage

Client directed brokerage arrangements may negatively impact the trading costs and opportunity costs for clients, which in turn may negatively impact the ability of the registrant to obtain best execution for those clients. For example, in a directed brokerage account, the client may pay higher brokerage commission because the registrant may not be able to aggregate orders to reduce transaction costs, or the client may receive less favourable prices.

Order Aggregation

PIM will generally aggregate trades and will have brokers buy a block of the position at one time. It is standard practice to allocate trades equally on a percentage basis across the accounts in the composite when initiating, adding to, or exiting a position. PIM allocates investment opportunities across the accounts on a pro rata basis as well, as long as the investment meets the client's objectives.

Review of Accounts

Periodic Reviews

Accounts managed by the registrant will be traded in parallel. Accounts in the same investment strategy will generally hold similar securities, which may vary based on client guidelines. These securities will be reviewed monthly or daily (whenever a significant corporate event requires) by the Portfolio Manager, with the help of trading personnel, in order to determine whether the account's position should be adjusted in view of the

prevailing trend in the market. The number of accounts reviewed will never exceed that number which would compromise the high standard of the registrant. The reviewers are the Portfolio Manager, Senior Vice President of Operations, two operations personnel and the Chief Compliance Officer. The Portfolio Manager, Senior Vice President and operations personnel review accounts monthly and/or quarterly for performance and/or compliance with trade restrictions. The Chief Compliance Officer reviews accounts for compliance with client investment objectives.

Monthly and quarterly reports will be distributed, disclosing realized and unrealized gains and losses, total assets under management, and percentage return on an annualized basis. Gains and losses will be broken down into long and short-term categories, when appropriate. Additional reports are also distributed in the manner and frequency specified by clients.

Client Referrals and Other Compensation

NA

Custody

NA

Investment Discretion

Discretionary Authority for Trading

PIM receives discretionary authority in the client agreement, which may identify limitations on its investment or brokerage discretion. Limitations on this discretion may include; investment guidelines on the securities bought or sold; diversity guidelines on the amount of the securities bought or sold; and recommended minimums on the type of brokers or dealers used, such as location restrictions; as well as client directed brokerage requirements.

Voting Client Securities

Proxy Voting

Clients may obtain a copy of the adviser's policies and procedures for voting proxies and information regarding the manner in which the client's proxies were voted by contacting PIM the advisor. The address for the advisor is 8401 Colesville Road, Suite 320, Silver Spring, Maryland 20910 and the phone is (301) 650-0059.

In general, PIM will vote proxies solely in the interests of its clients. Any conflict of interest must be resolved in the way that will most benefit its clients. Resolution will depend on the particular conflict of interest, but could be resolved by having the client vote, using an independent third party, following pre-approved guidelines, etc. Since the quality and depth of management is a primary factor considered when investing in a company, PIM gives substantial weight to the recommendation of management on any issue. However, PIM will consider each issue on its own merits, and the position of a company's management will not be supported in any situation where it is found not to be in the best interests of its clients. Specifically, PIM usually supports the following: election of an independent board, approval of independent auditors, shareholder voting power equal to equity interests and simple majority votes. PIM has hired a proxy service and generally votes the recommendations of this service. If a client has provided written proxy guidelines beforehand that PIM has agreed to use, then PIM will make an effort to inform our proxy service of this information that a client would deem relevant or specific to their guidelines.

Financial Information

Prepayment of Fees

PIM does not collect fees in advance of providing services.

Financial Condition

PIM is not in a precarious financial condition that would require disclosure.

Bankruptcy

PIM has never been the subject of a bankruptcy petition.