



**Item 1 – Cover Page**

Prim Advisors Inc.

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Form ADV, Part 2; our “Disclosure Brochure” or “Brochure” as required by the United States Securities and Exchange Commission is a very important document between Clients (you, your) and Prim Advisors, Inc. (PAI, Applicant, us, we, our). PAI’s IARD firm number is 111686.

This Brochure provides information about our qualifications and business practices. If you have any questions about the contents of this brochure, please contact us at (216) 830-1111. 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 are a state registered investment adviser. Our registration as an Investment Adviser does not imply any level of skill or training. Additional information about PAI also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you with both Parts 1 and 2 of our Form ADV.

## Item 2 – Material Changes

The only material change to report since the last filing of our Form ADV Part 2 or “Disclosure Brochure” dated March 2012 is PAI will no longer be SEC registered and will now become a state registered investment adviser. This Disclosure Brochure was developed in response to new requirements adopted and imposed by the United States Securities and Exchange Commission.

1. In future filings, this section of the Disclosure Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).
2. We may, at any time, update this Disclosure Brochure and send to you an updated copy including a summary of material changes, or a summary of material changes that includes an offer to send you a copy (either by electronic means (email) or in hard copy form).
3. If you would like another copy of this Disclosure Brochure, please download it from the SEC website as indicated above or you may contact our President, Chief Executive Officer, and Chief Compliance Officer, Carolyn C. Kaufman, at (216) 830-1111, facsimile (216) 447-1938, or via email at [ckaufman@primcapital.com](mailto:ckaufman@primcapital.com).

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## Item 4 – Advisory Business

Prim Advisors, Inc. (hereinafter "PAI", Applicant, we, our, us) is a corporation that was organized on December 9, 1997, under the laws of the State of Ohio. PAI is a wholly-owned subsidiary of Prim Capital Corporation ("PCC"), whose principal shareholder is Joseph A. Lombardo. As of March 28, 2012, PAI had 260 discretionary accounts and 1 non-discretionary account with approximately \$45,763,265 and \$467,413 of assets under management respectively.

PAI has been registered as an investment adviser with the United States Securities and Exchange Commission ("SEC") since February 2, 1998. We are noticed filed with States of California, New York, Ohio, and Texas. We have filed our application to transition our registration from a federally registered investment adviser to a state registered investment adviser with the State of Ohio in order to provide the investment advisory products and services described within this document. PCC also wholly owns Prim Securities, Inc. ("PSI"), a broker-dealer registered with the SEC and each state in which it conducts business, and is a member of the Financial Industry Regulatory Authority ("FINRA"). In addition, PCC wholly owns Prim Agency, Incorporated ("Prim Agency"), which is an Ohio domiciled licensed general insurance agency.

This Disclosure Brochure provides you with information regarding our qualifications, business practices, and the nature of advisory services that should be considered before becoming our advisory client.

Please contact our President, Chief Executive Officer, and Chief Compliance Officer, Carolyn C. Kaufman, at (216) 830-1111, facsimile (216) 447-1938, or [ckaufman@primcapital.com](mailto:ckaufman@primcapital.com), if you have any questions about this Brochure.

Individuals associated with us will provide our investment advisory services. These individuals are appropriately licensed and qualified to provide advisory services on our behalf. Such individuals are known as Investment Advisor Representatives (IARs).

Below is a description of the investment advisory and financial planning services we offer. For more detail on any product or service please reference the advisory agreement or speak with your IAR.

PAI designs, develops and markets asset management strategies and services for use by individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations and other business entities. PAI believes that a successful investment program requires: (1) a defined set of investment objectives based on a thorough review

of the client's needs, goals and objectives, (2) an asset allocation strategy designed to meet the client's objectives with an acceptable amount of investment risk, (3) a process of evaluating and selecting professional investment managers, and (4) a process of carefully monitoring, adjusting and reporting on investment activity.

### **Investment Supervisory Services**

Clients may engage PAI to perform investment supervisory services through Prim Asset Consulting Service ("PACS"). PACS provides clients a full-service approach to investment management including goal and objective setting, asset allocation, manager selection and performance monitoring and reporting.

For accounts of any value, PACS may utilize a "Multiple Mutual Fund Asset Allocation" program, incorporating no-commission mutual funds and exchange traded funds ("EFT's").

For accounts of at least \$100,000, PAI may utilize private money managers through the "Private Manager Search" program wherein PAI is the advisor and such private money managers are sub- advisors.

### **Consultation Services**

Clients may engage PAI to provide investment advice through consultations not involving investment supervisory services. These consultations may include a range of services including: (1) development of investment goals and objectives; (2) investment policy design and/or review; (3) investment strategy design and/or review; (4) customized asset allocation; (5) preparation of written plan of action and supporting documentation; (6) investment manager search; (7) custodian and/or administrator search; (8) assistance with fee reduction and/or commission recapture; (9) periodic investment performance measurement, analysis and review; and (10) annual goal achievement report including calculation of funding liability.

### **Financial Planning Services**

PAI may also provide advice to clients not involving securities. These services may be termed "financial planning" services. Clients may select certain services to be performed either as a package of services or ala carte. Available services may include: (1) establishment of financial goals and objectives; (2) budgeting, cash flow and debt planning; (3) planning for college education funding; (4) risk management and insurance planning; (5) long-term health care planning; (6) retirement planning; (7) tax planning; (8) employee benefit planning; and/or (9) estate, asset protection and charitable giving planning.

## **Item 5 – Fees and Compensation**

### **Investment Supervisory Services**

For accounts of any value, PACS may utilize a "Multiple Mutual Fund Asset Allocation" program, incorporating no-commission mutual funds and exchange traded funds ("ETF's"). Fees for this service will generally not be greater than 1.50% of the account value per year and are negotiable. Investment management fees and other related expenses accruing to individual mutual funds are deducted at the fund level and are not part of PAI's fees. The fees charged by such funds or managers are disclosed in each fund's prospectus. No transaction fees are charged on mutual fund trades done through PSI, an affiliated broker/dealer. Transaction fees (brokerage commissions) on trades in ETFs done through PSI are charged to the client at PSI's wholesale cost (that charged by PSI's clearing broker/dealer without mark-up by PSI). Accounts utilizing the "Multiple Mutual Fund Asset Allocation" program may be managed as discretionary or non-discretionary accounts at the option of the client.

For accounts of at least \$100,000, PACS may utilize private money managers through the "Private Manager Search" program wherein PAI is the advisor and such private money managers are sub-advisors. Fees for this service will generally not be greater than 1.50% of the account value per year and are negotiable. Sub-Advisor investment management fees are billed separately to the account by the Sub-Advisor and are not part of PAI's fees. Transaction fees (brokerage commissions) are charged on trades in addition to PAI's fees. Transactions executed through PSI are charged to the client at PSI's wholesale cost (that charged by PSI's clearing broker/dealer without mark-up by PSI.) Accounts utilizing the "Private Manager Search" program will be managed as discretionary accounts by sub-advisors.

Details on each of the PACS programs are set out in a standardized "Investment Management Agreement" which is signed by the client prior to acceptance of the account by PAI.

### **Consulting Services**

PAI may be compensated on an hourly, percentage-of-assets, or fixed fee basis for these investment advisory services. Hourly rates typically range from \$100/hr to \$350/hr, assets under management fees of up to 2%, and fixed fees range from \$250 to \$10,000. All fees are negotiable and can fall outside these fees ranges in limited circumstances, depending on either the limited or complex nature of the services

offered. Clients sign a standardized "Letter of Engagement" prior to PAI performing services.

## **Financial Planning**

PAI may be compensated on an hourly or fixed fee basis for these "financial planning" services. Similar to the fee ranges above, the hourly fees typically range from \$100/hr to \$350/hr, and fixed fees range from \$250 to \$10,000. Again, all fees are negotiable and can fall outside these fees ranges in limited circumstances, depending on either the limited or complex nature of the services offered. Clients sign a standardized "Letter of Engagement" prior to PAI performing services.

## **General Account and Fee Characteristics**

PAI bills clients for its advisory fees either monthly or quarterly in advance and payable accordingly based on compensation arrangement agreed upon by PAI and the client. Clients may terminate their contracts with PAI upon written notice. Should the contract be terminated prior to end of the quarter, the fee will be returned to the client on a prorated basis.

The client may grant PAI the authority to receive monthly or quarterly payments directly from the client's account held by an independent custodian. Accordingly, the client will provide, in writing, limited authorization to withdraw the contractually agreed upon fees from the account. PAI will send to the client and the custodian a bill showing the amount of the fee, the value of client's assets on which the fee was based, and the specific manner in which the fee was calculated. The custodian of the account is advised in writing of the limitation on PAI's access to the account. The custodian will also send to the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to PAI.

PAI provides applicable disclosure brochure(s) or Form ADV Part 2 to clients and prospective clients more than 48 hours prior to entering into an advisory contract. In the event the disclosure brochure is not delivered until entry into the contract, the client may terminate the contract without penalty within five business days after entering into the contract.

All clients retain PAI by entering into a written agreement for services, which contains a more complete discussion and disclosure regarding the account's services or fee structure.

You could invest in mutual funds and with unaffiliated private money managers directly, without our services. In that case, you would not receive the services provided by us



which are designed, among other things, to assist in determining which mutual funds or money managers are most appropriate for your financial condition, goals, and objectives. Accordingly, you should review the fees charged by the funds, private money managers and PAI to fully understand the total amount of fees to be paid and to thereby evaluate the advisory services being provided.

Advisory recommendations are based on your financial situation at the time the services are provided and are based on financial information disclosed by you. We incorporate information about trends and performance of securities, the market and the economy into our recommendations, which are designed toward meeting your specific goals, objectives, and needs. Therefore, as your financial information and situation change, you must notify us promptly.

Associated persons of PAI are licensed to sell securities through PSI and insurance products through Prim Agency. This could present a conflict of interest for PAI and its associated persons to make recommendations related to the purchase or sale of securities and insurance products and present an incentive to receive additional compensation in their separate capacities as registered representatives and insurance agents. The client is under no obligation to purchase securities or insurance products through any PSI, Prim Agency, or any particular broker-dealer or insurance agency or IAR and may effect any such transactions where the client desires.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge advisory fees on a share of the capital gains or capital appreciation of the funds or securities in a client account (so-called performance based fees). Our compensation structure is disclosed in detail in Item 5 above.

## **Item 7 – Types of Clients**

PAI designs, develops and markets asset management strategies and services for use by individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations and other business entities.

Generally, we do not impose a minimum account value required to open and maintain an advisory account, except for clients in the Private Manager Search program. These accounts should have a minimum and maintain at least \$100,000 in the program. PAI retains the right to impose or waive minimums at its discretion.

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

Our investment strategies may include long term buy and hold strategies and we provide investment advice regarding, but not limited to, equities, fixed income, certificates of deposit, investment company securities such as mutual funds and variable insurance products, and options. PAI also provides advice concerning hedge fund investments and any investments we are asked to review by clients. In addition, PAI recommends to clients various investment managers who may utilize a variety of investment strategies in the direct management of client's investment portfolios. These investment managers act as sub-advisors to PAI through PAI's PACS program.

Each portfolio will be designed to meet particular investment goals and objectives taking into account the client's financial situation, circumstances, and risk tolerance. You have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions may affect the composition and performance of your portfolio. For these reasons, performance of the portfolio may not be identical with our average client.

Our main sources of information on which we base investment advice includes financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission. PAI also utilizes various databases, both purchased and proprietary, to analyze investment managers.

There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

## **Item 9 – Disciplinary Information**

We do not have any legal, financial or other “disciplinary” item to report. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate a Client / Adviser relationship, or to continue a Client /Adviser relationship with us.

## Item 10 – Other Financial Industry Activities and Affiliations

Neither PAI nor any of our management persons (except as disclosed below) are registered, or have an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities, except as noted below.

In addition, neither PAI nor any of our management persons have any relationship or arrangement that is material to our advisory business or to our clients that PAI or any of our management persons have with any related person, except as noted below, that is, under common control and ownership, a:

- Investment company or other pooled investment vehicle,
- Other investment adviser or financial planner
- Futures commission merchant (or commodity pool operator or commodity trading advisor),
- Banking or thrift institution,
- Accountant or accounting firm,
- Lawyer or law firm,
- Pension consultant,
- Real estate broker or dealer, or
- Sponsor or syndicator of limited partnerships.

However, PAI is a wholly-owned subsidiary of PCC, which also is the parent company of PSI, a broker-dealer registered with the SEC and each state in which it conducts business, and is a member of the Financial Industry Regulatory Authority (“FINRA”). In addition, PCC is the parent company of Prim Agency, which is an Ohio domiciled licensed general insurance agency.

Associated persons of PAI are licensed to sell securities through PSI. Activities and commissions earned in this separate capacity as registered representatives are independent from and in addition to those of PAI.

Associated persons of PAI also are licensed to sell life and annuity insurance products through various companies, and they may receive compensation for the purchase and sale of such products. Activities listed and commissions earned in this separate capacity are independent from and in addition to those of PAI.

Associated persons of PAI who provide investment advice spend approximately 20% of their time on brokerage activities, 20% of their time on insurance activities, and 60% of their time providing investment advice.

While these individuals and PAI endeavor at all times to put the interest of the clients first as part of PAI's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest and an incentive for such individuals to make recommendations based on this potential for additional compensation. This conflict and incentive may affect the judgment of these individuals when making recommendations. The client is under no obligation to purchase securities or insurance products through them and is free to choose the sources through which to implement investment advisory recommendations.

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

Our firm has adopted a written Code of Ethics in compliance with SEC Rule 204A-1 under the Investment Advisers Act of 1940 (as amended—the Advisers Act) and in compliance with state regulations. All employees of PAI are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are therefore subject to this Code of Ethics. In carrying on its daily affairs, PAI and all of our associated persons shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority. The Code of Ethics sets forth standards of conduct and requires compliance with state securities laws. Our Code of Ethics also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to our Chief Compliance Officer. We will provide a copy of our Code of Ethics to you or any prospective client upon request within a reasonable period of time at the current address of record.

We have created a Code of Ethics which establishes standards and procedures for the detection and prevention of certain conflicts of interest including activities by which persons having knowledge of the investments and investment intentions of PAI might take advantage of that knowledge for their own benefit.

The Advisers Act imposes a fiduciary duty on investment advisers. As a fiduciary, PAI has a duty to act with utmost good faith and in the best interests of each of our clients. Our clients entrust us with their funds, which in turn places a high standard on our conduct and integrity. Our fiduciary duty compels all employees to act with the utmost integrity in all of our dealings. This fiduciary duty is the core principle underlying this Code of Ethics and Personal Trading Policy, and represents the expected basis of all of our dealings with our clients.

PAI has in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that PAI’s personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii)

<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.



at all times place the interests of PAI's clients first; (iii) disclose all actual or potential conflicts; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, PAI's personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

PAI's personnel are required to conduct their personal investment activities in a manner that PAI believes is not detrimental to its advisory clients. PAI's personnel are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where PAI's personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access Persons<sup>2</sup> to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to clients and prospective clients from PAI upon request by contacting us during regular business hours. We will furnish a copy within a reasonable period of time to you at your current address of record.

PAI and its employees and associated persons may purchase or sell the same securities as those purchased by client accounts. Priority will always be given to orders for clients accounts. PAI will maintain records of transactions for each employee and employee trades will be reviewed by PAI's officer. Nonetheless, we do not, nor does a related person, recommend to you buys or sells for your accounts, securities in which we (or a related person) have a material financial interest. Additionally, we do not, nor

<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients' purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

does a related person, recommend securities to you, or buy or sell securities for your accounts, at or about the same time that we (or a related person) buy or sell the same securities for our own (or the related person's own) account. We do not execute transactions on a principal or agency cross basis.

## Item 12 – Brokerage Practices

PAI may recommend specific brokers for execution of trades, other than PSI (for details on PSI, see Items 4 and 10 above). In so doing, PAI's primary objective is to obtain the most favorable execution of orders and not necessarily the lowest possible execution cost. PAI will negotiate commission rates, taking into account execution and other services. In addition, PAI may recommend a brokerage firm that refers clients to PAI. As a result of all of the foregoing, the commissions paid on the execution of trades or any particular trade may be higher than rates paid by other clients or higher than rates obtainable from other brokerage firms.

PAI has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides PAI with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist PAI in managing and administering 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 fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help PAI manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom PAI may contract directly.

PAI is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients 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 Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Fidelity is providing PAI with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

PAI implements its strategies primarily through mutual funds and ETFs and therefore does not typically aggregate client orders. However, any third party adviser recommended by PAI will fully disclose their allocation and aggregation policies in their Brochure. Aggregated orders would allow PAI to execute equity trades in a more timely and equitable manner and to reduce overall commission charges to clients because transaction costs are generally shared on a pro-rated basis among all accounts included in the block. However, as stated above, PAI does not primarily trade in individual equity securities.

**Brokerage Direction.** In some instances, because of a prior relationship between a client and one or more brokers, or for other reasons, a client may instruct PAI to execute some or all securities transactions for its account with or through one or more brokers designated by the client. In such cases, the client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers and the client is satisfied with such terms and conditions. PAI will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such client's account.

The client must recognize that it may not obtain rates as low as it might otherwise obtain if PAI had discretion to select broker/dealers other than those chosen by the client. Also, PAI may not be able to include such client directed accounts when aggregating trade orders. Any client providing instructions to PAI regarding direction of brokerage transactions must notify PAI in writing if the client desires PAI to cease executing transactions with or through any such broker/dealer.

## **Item 13 – Review of Accounts**

The nature/frequency of account reviews depend upon the type of investment account being managed. Accounts are generally monitored on a monthly, quarterly or annual basis, depending upon the needs of the client and the investment objective and policies of the account, and are reviewed by our President, Chief Executive Officer, and Chief Compliance Officer, Ms. Kaufman. Reviews are conducted to ensure that the accounts are being managed in accordance with stated objectives and policies, and in order to facilitate and implement those objectives and policies. Based upon these reviews, PAI may either make or recommend securities purchases or sales for its clients.

PAI provides account reports periodically for financial plans and investment management accounts so that the client receives account reports at least quarterly. These reports vary in scope depending upon the nature of the account and its investment objectives and policies, but may include information about asset allocation, investment performance and the portfolio's comparative risk profile. Clients may also receive more frequent recommendations regarding the purchase and sale of securities based upon the results of the reviews described above.

If clients receive reports from PAI or private money managers, clients are encouraged to review all such reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

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

PAI has entered into an agreement with Deutsche Bank Trust Company Americas (“Deutsche Bank”) for various services and products offered by Deutsche Bank. Deutsche Bank pays PAI 30% of its net profits from accounts referred by PAI. Compensation to PAI will not result in any referred clients to pay higher total fees than other clients of Deutsche Bank. However, this profit sharing arrangement creates an incentive for PAI to favor Deutsche Bank over third party managers.

See Items 5 and 10 regarding additional compensation received by PAI, its affiliates, and associated persons.

PAI endeavors at all times to put the interest of its clients first as part of its fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of PAI and its associated persons when making recommendations.

## **Item 15 – Custody**

We do not have custody of client funds or securities; however, we may be granted authority, upon written consent from you, to deduct the advisory fees directly from your account. The custodian will send to you, at least quarterly, an account statement identifying the amount of funds and each security in the account at the end of period and setting forth all transactions in the account during that period including the amount of advisory fees paid directly to us.

If clients receive reports from PAI or private money managers, clients are encouraged to review all such reports and compare them against reports received from the independent custodian that services your advisory account. You should immediately inform us of any discrepancy noted between the custodian records and the reports you receive from us.

## **Item 16 – Investment Discretion**

As described in Items 4 and 5 above, clients give PAI discretionary authority to actively manage your assets and assist you in implementing your investment strategy. This authority is disclosed in the advisory agreement entered into between you and PAI. This authority grants us the discretion to determine the types of securities to be bought or sold, the total amount of securities to be bought or sold, and the brokers or dealers through whom securities are to be bought or sold. You will have the right to place reasonable restrictions on such authority. Any restrictions must be submitted in writing to us.



## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

PAI does not vote proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by you shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to your investment assets. We and/or you shall correspondingly instruct each custodian of the assets to forward copies of all proxies and shareholder communications relating to your investment assets.

Client can obtain a copy of our proxy policies by contacting our Chief Compliance Officer, Carolyn C. Kaufman, at (216) 830-1111, facsimile (216) 447-1938, or [ckaufman@primcapital.com](mailto:ckaufman@primcapital.com)

## **Item 18 – Financial Information**

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have custody of client funds or securities, or require or solicit prepayment of fees in excess of \$500 per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.

## **Item 19 – Requirements for State-Registered Advisers**

Each of our principal executive officers and management persons, identified as our President and Chief Compliance Officer, Carolyn C. Kaufman (CRD #852490) and our Principal, Joseph A. Lombardo (CRD #1453769) will provide the formal education and business background including any business in which they are actively engaged (other than giving investment advice) and the approximate amount of time spent with PAI in a separate disclosure, the Form ADV Part 2B Supplement.

We do not, nor do any of our supervised persons receive performance-based fees compensation for advisory services.

We do not, nor any of our management persons, have material facts regarding any legal, financial or other “disciplinary” item to report.

We do not, or any of our management persons, have any relationship or arrangement with any issuer of securities that is not listed in Item 10 of this Brochure.