

Item 1 Cover Page

Part 2A of Form ADV: *Firm Brochure*



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This brochure provides information about the qualifications and business practices of Parsons Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 908-730-0011 or E-mail us at russ@parsonscapitalmanagement.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 Parsons Capital Management, LLC 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 114494.

Item 2 Material Changes

Parsons Capital Management is submitting this brochure as part of the annual amendment requirement. There have been no material changes.

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Item 4 Advisory Business

Parsons Capital Management, LLC ("PCM") is an SEC-registered investment adviser with its principal place of business located in Lebanon, New Jersey. The principal, Russell J. Parsons, founded PCM in 2001.

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Clients are requested to refer to PCM's investment management agreement for further information on our discretionary authority. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service.

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive valuation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.

- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicare and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

AMOUNT OF MANAGED ASSETS

As of December 31, 2015, we were actively managing \$201,389,000 of clients' assets on a discretionary basis and \$0 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INDIVIDUAL PORTFOLIO MANAGEMENT

The annual fee for portfolio management services will be charged as a percentage of assets under management, typically ranging from 0.50% to 2.00%, depending on the size, nature, and complexity of the client account. PCM will quote a specific fee to each client prior to the execution of the advisory agreement. PCM requires a minimum account size of \$100,000 for this service, although this may be negotiable under certain circumstances.

Clients will be invoiced in arrears or have their account directly debited at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end. PCM will not directly debit any client account without receiving written authorization from the client.

FINANCIAL PLANNING

Our Financial Planning and Consulting service fee is calculated and charged on an hourly basis at the rate of \$150 per hour. An estimate for total hours will be determined at the start of the advisory relationship. A retainer may be requested upon completion of PCM's fact-finding session with the client, however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance will be due upon completion of the plan or consulting service.

PCM's financial planning and consulting fees will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

If a Financial Planning or Consulting services client implements investment recommendations by engaging PCM for Portfolio Management services, PCM may, at its discretion, waive, discount, or adjust Financial Planning/Consulting services fees for Portfolio Management services fees.

ADDITIONAL COMPENSATION

The principal executive officer of PCM is separately licensed as a registered representative of Purshe Kaplan Sterling Investments (hereinafter "PKSI"), a FINRA member broker dealer. This individual may also be an insurance agent or broker for one or more insurance companies. As such, this individual, in his separate capacity as a registered representative and/or insurance agent or broker, will be able to effect securities transactions and/or purchase insurance products for clients. As a result, this individual will receive separate, yet customary compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This individual may spend as much as 5% of his time on these related activities.

A conflict of interest exists between the this individual, and those of the advisory clients, creating an incentive for him to recommend investment products based on the compensation received through PKSI or various insurance companies, rather than on a client's needs. However, clients are under no obligation to act upon any recommendations of this individual or to effect any transactions through him if they decide to follow the recommendations. The principal executive officer of PCM does not limit his recommendations to products offered by PKSI, with all consulting and financial planning advice provided being of a generic nature.

GENERAL INFORMATION

Limited Negotiability of Advisory Fees: Although PCM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Mutual Fund Fees: All fees paid to PCM advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

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

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

PCM does not charge performance-based fees.

Item 7 Types of Clients

PCM provides advisory services to Individuals (other than high net worth individuals), Pension and profit sharing plans, Trusts, estates or charitable organizations, and Corporations or other business entities.

There is a minimum account size of \$100,000 required for Portfolio Management services. Please refer to Item 5 of this disclosure brochure for more information.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Our Investment Philosophies and Strategies

Generally. PCM draws upon expansive academic research, investment information, and its own proprietary analysis to provide innovative and comprehensive fiduciary wealth management and investment advisory services. PCM periodically monitors clients' portfolios, recommends a strategic asset allocation, recommends specific investments, and suggests changes when

appropriate. PCM also suggests trading in clients' portfolios utilizing a disciplined approach to rebalancing (in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax planning or other reasons). PCM manages mutual fund and fixed income portfolios on either a discretionary or nondiscretionary basis.

Methods of Analysis. In designing investment plans for clients, PCM will rely on information supplied by the client and the client's other professional advisors pertaining to the client's financial situation, objectives, time horizon and risk tolerance. This information becomes the basis for the strategic asset allocation plan which PCM believes best meets the client's long term stated goals. The investment plan which sets forth the strategic asset allocation provides for investment in those asset classes which PCM believes (based on historical data and PCM's proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long term.

PCM's investment advice is based upon long-term investment strategies incorporating the principles of Modern Portfolio Theory. PCM emphasizes the utilization of several different asset classes as part of an investor's portfolio, as this has been shown to effect a reduction in portfolio volatility (i.e., the standard deviation of returns) over long periods of time. PCM allocates and diversifies the client's assets among various asset classes and then among individual investments, following the investment policy agreed to by the client. PCM's investment approach is firmly rooted in the belief that markets are efficient and that investors' returns are determined principally by asset allocation decisions. PCM focuses on developing globally diversified portfolios, principally through the use of passively managed stock mutual funds and ETF's.

Sources of Information. PCM's investment analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market and financial information, due diligence reviews, and specific investment analyses that clients may request. PCM's main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic white papers, periodicals, as well as prospectuses, statements of additional information, and other issuer-prepared information. PCM also attends various investment and financial planning conferences.

Types of Investments. PCM will typically create a portfolio of no-load stock and bond mutual funds. PCM primarily recommends portfolios consisting of passively managed mutual funds and ETF's offered by the Vanguard Funds. Vanguard mutual funds and ETF's offer broad diversification and most are structured for low turnover, so as to substantially lessen the often-substantial transaction costs incurred by funds as they trade securities within the fund. Some investment portfolios may also include individual fixed income investments (bonds, C.D.'s, etc.). For clients with a substantial fixed income allocation, PCM generally recommends a combination of bond funds and individual fixed income investments, with actual investments dependent upon PCM's views of the risk/return relationship for various forms of fixed income investments or bond funds. PCM will typically request discretionary authority from clients to manage individual fixed income assets, as such may be necessary to enable PCM to purchase or sell such assets in a timely manner at quoted prices.

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.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk. There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Client Information.** Because our advice is determined based on information provided by clients regarding their current circumstances and goals, the accuracy and ongoing validity of that information is paramount to success. As needs change, clients should keep in contact with us so we may revise our recommendations accordingly. Otherwise, performance may suffer, or goals may not be met
- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Concentration Risk.** While PCM selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation

comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to PCM there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by PCM. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of PCM may adversely affect the client's account values, as PCM's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

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

A. Broker-dealer

As more fully discussed in Item 5E, certain professionals associated with PCM are registered representatives of a broker-dealer.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither Mr. Parsons nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Neither Mr. Parsons nor any related persons have any material relationships to this advisory business that would present a possible conflict of interest.

D. Recommendations of other Advisers

PCM does not utilize nor select other advisers or third party managers. All assets are managed by PCM management.

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

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. PCM does not recommend to clients that they invest in any security in which PCM or any principal thereof has any financial interest.
- C. On occasion, an employee of PCM may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of PCM may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12 Brokerage Practices

PCM does not maintain custody of client assets though PCM may be deemed to have custody if a client grants PCM authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. PCM recommends that investment accounts be held in custody by Schwab Advisor Services ("Schwab") or Fidelity Brokerage Services, LLC ("Fidelity") which are qualified custodians. PCM is independently owned and operated and is not affiliated with Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when PCM

instructs them to, which PCM does in accordance with its agreement with you. While PCM recommends that you use Schwab or Fidelity as custodian/broker, you will decide whether to do so and will open your account with Schwab or Fidelity by entering into an account agreement directly with them. PCM does not open the account for you, although PCM may assist you in doing so. Even though your account is maintained at Schwab or Fidelity, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

How we select brokers/custodians

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab, Fidelity, or any other broker-dealer/custodian, refers clients to PCM as part of our evaluation of these broker-dealers.

Your brokerage and custody costs

For our clients’ accounts that Schwab and Fidelity maintains, Schwab and Fidelity generally do not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or Fidelity account. In addition to commissions, Schwab and Fidelity charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab or Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab and Fidelity execute most trades for your account. We have determined that having Schwab and Fidelity execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

Products and services available to us from Schwab and Fidelity

Schwab Advisor Services™ (formerly called Schwab Institutional®) or Fidelity Institutional Brokerage Group (“Fidelity”) is Schwab and Fidelity’s business serving independent investment advisory firms like PCM. They provide PCM and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab and Fidelity retail customers. Schwab and Fidelity also makes available various support services. Some of those services help PCM manage or administer our clients’ accounts, while others help PCM manage and grow our business. Schwab and Fidelity’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to PCM. Following is a more detailed description of Schwab and Fidelity’s support services:

Services that benefit you

Schwab and Fidelity’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise

have access or that would require a significantly higher minimum initial investment by our clients. Schwab and Fidelity's services described in this paragraph generally benefit you and your account.

Services that may not directly benefit you

Schwab and Fidelity also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab and Fidelity's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab or Fidelity. In addition to investment research, Schwab and Fidelity also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that generally benefit only us

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

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab and Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab and Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our interest in Schwab and Fidelity's services

The availability of these services from Schwab and Fidelity benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab or Fidelity services. These services are not contingent upon us committing any specific amount of business to Schwab or Fidelity in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab or Fidelity, based on our interest in receiving Schwab or Fidelity's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab or Fidelity as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab and Fidelity's services (see "How we select brokers/ custodians") and not Schwab or Fidelity's services that benefit only us.

We do not consider whether Schwab, Fidelity's or any other broker-dealer/custodian, refers clients to PCM as part of our evaluation of these broker-dealers.

Block Trading

As a matter of policy and practice, PCM does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate.

Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 Review of Accounts

INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. 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.

REPORTS: Clients will receive monthly statements and confirmations of transactions directly from their broker-dealer. PCM will not provide regular reports to clients.

FINANCIAL PLANNING/CONSULTING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning/Consulting clients unless otherwise contracted for.

REPORTS: Financial Planning/Consulting clients will receive reports as contracted for at the inception of the advisory relationship.

All accounts are reviewed by Russell J. Parsons, President and Chief Compliance Officer of PCM.

Item 14 Client Referrals and Other Compensation

A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

Please refer to Item 12, where we discuss recommendation of Broker-Dealers.

B. Compensation to Non-Advisory Personnel for Client Referrals.

PCM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15 Custody

PCM deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from the custodian, and copies of all trade confirmations directly from the custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. The client will receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your monthly report prepared by PCM against the information in the statements provided directly from the custodian. Please alert us of any discrepancies.

Item 16 Investment Discretion

When PCM is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and PCM.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

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

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six (6) months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. PCM has no additional financial circumstances to report.