

# Form ADV

## Part 2A

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### Primoris Capital Management, LLC

March 22, 2012

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This brochure ("Brochure") provides information about the qualifications and business practices of Primoris Capital Management, LLC ("Primoris"). You should review this Brochure in conjunction with our separate brochure supplement ("Supplement"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 888-850-7746 or reaton@PrimorisCapital.com. Additional information about Primoris or any of our supervised persons (who are registered under our firm) is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. Primoris' response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to Primoris.

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.

## **II. Material Changes**

Filing date of last annual ADV update: March 22, 2012

There have been no material changes since the last annual update.

### III. Table of Contents

II. Material Changes.....	2
III. Table of Contents .....	3
IV. Advisory Business .....	5
Item IV.(A). Primoris at a Glance.....	5
Firm Profile .....	5
Years in Business .....	5
Principal Owners.....	5
IV.(B). Primoris' Advisory Services.....	5
Product Type Limitations .....	5
Our Services.....	6
Ongoing Asset Management.....	6
IV.(C). Customization of Advisory Services .....	8
IV.(D). Wrap Fee Program Participation .....	8
IV. (E). Assets Under Management (“AUM”).....	8
V. Fees and Compensation .....	8
V.(A). Primoris Advisory Fees .....	8
V.(B). Fee Collection Process.....	8
V.(C). Other Fee/Expenses. ....	8
V.(D). Fees Charged in Advance .....	8
V.(E). Additional Compensation .....	9
V.(E).(2). Client-Directed Brokerage .....	9
V.(E).(3). Brokerage Compensation .....	9
V.(E).(4). Advisory Fee Offset .....	9
VI. Performance-Based Fees and Side-By-Side Management .....	9
VII. Types of Clients.....	9
VIII. Methods of Analysis, Investment Strategies and Risk of Loss .....	10
VIII.(A). Methods of Analysis.....	10
VIII.(A). (cont.) Investment Strategies .....	11
VIII.(B). Risk Disclosures .....	12
VIII.(C). Investment-Specific Risks .....	14
IX. Disciplinary Information.....	14
IX.(A). Criminal or Civil Action .....	14
IX.(B). Administrative Proceedings.....	15
IX.(C). SRO Proceedings.....	15

X. Other Financial Industry Activities and Affiliations.....	15
X.(A). Broker-Dealers .....	16
X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators .....	16
X.(C). Related Persons.....	16
X.D Use of Other Investment Advisers .....	16
XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	16
XI.A Code of Ethics.....	16
XI.(B) Participation in Client Trading .....	17
XI.(C) Trading Alongside Our Clients .....	17
XI.(D) Batch Trading .....	17
XII. Brokerage Practices .....	18
XII.(A).(1). Research and Soft Dollar Benefits .....	18
XII.(A).(2). Brokerage for Client Referrals .....	18
XII.(A).(3). Directed Brokerage .....	18
XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required.....	18
XII.(A).(3)(b). Directed Brokerage – Permitted .....	18
XII.(B). Order Batching .....	19
XIII. Review of Accounts .....	19
XIII.(A). Review of Accounts.....	19
Review of client accounts. ....	19
XIII.(B). Non-Periodic Account Reviews.....	19
XIII.(C). Reports to Clients.....	20
XIV. Client Referrals and Other Compensation .....	20
XIV.(A). Compensation we Receive .....	20
XIV.(B). Compensation we Pay .....	20
XV. Custody .....	20
XVI. Investment Discretion .....	20
XVII. Voting Client Securities .....	21
XVII.(A). Proxy Voting .....	21
Proxy Voting Policies and Procedures and Client Instruction .....	21
XVII.(B). Proxy Voting .....	21
XVIII. Financial Information.....	21
XVIII.(A). Balance Sheet.....	21
XVIII.(B). Adverse Financial condition .....	21
XVIII.(C). Bankruptcy-Related Matters .....	21
XIX. Requirements for State-Registered Advisers .....	21

## IV. Advisory Business

### Item IV.(A). Primoris at a Glance

#### Firm Profile

Primoris Capital Management, LLC is an independent, privately owned investment management firm. As a registered investment adviser, our primary service is to provide high quality, objective portfolio management services in accordance with each client's goals, objectives, and risk tolerance levels.

We provide discretionary investment management services on a fee-only basis, without the conflict of interest inherent to a commission-based account. The private, independent structure of our firm provides clients with the assurance that our recommendations and actions are always focused on their best interests.

Primoris was created by John Catalfamo and Raymond Eaton. Both partners have extensive backgrounds in their respective fields: Mr. Catalfamo as an investment banker and division manager of a national brokerage firm, and Mr. Eaton as a well established tax and financial consulting practitioner.

Primoris' investment management services provide investors with an advisory resource guided by the principles of professionalism, objectivity, integrity and personal service. We are dedicated to providing superior services to a sophisticated client base that understands, appreciates and respects the operating style of a private, independent and objective investment management firm.

#### Years in Business

Date of formation: June 19, 2000.

Date of initial investment adviser registration: November 8, 2000.

#### Principal Owners

The following party(s) maintains at least 25% direct/indirect ownership in Primoris.

- John A. Catalfamo
- Raymond L. Eaton

### IV.(B). Primoris' Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services. As far as investment products on which we may provide advice, those product types are identified in the grid below.

#### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments.

<input checked="" type="checkbox"/>	Exchange listed equities	<input checked="" type="checkbox"/>	Mutual funds (closed-end and open-end funds)
<input checked="" type="checkbox"/>	Over the counter equities	<input type="checkbox"/>	Real Estate Investment Trusts ("REITs")
<input type="checkbox"/>	Equities of foreign issuers	<input type="checkbox"/>	Exchange traded funds
<input type="checkbox"/>	Interests in privately offered securities (hedge funds, venture capital funds,	<input checked="" type="checkbox"/>	U.S. government securities

	private equity funds, etc.) involving any of the following: <ul style="list-style-type: none"> <li>• Real estate</li> <li>• Oil and gas</li> <li>• Mortgages or other receivables/assets</li> <li>• Other:</li> </ul>		
<input checked="" type="checkbox"/>	Warrants	<input checked="" type="checkbox"/>	Options on securities
<input checked="" type="checkbox"/>	Corporate debt securities (other than commercial paper)	<input type="checkbox"/>	Options on commodities
<input checked="" type="checkbox"/>	Commercial paper	<input type="checkbox"/>	Options on futures
<input checked="" type="checkbox"/>	Certificates of deposit	<input type="checkbox"/>	Futures contracts (tangibles)
<input checked="" type="checkbox"/>	Municipal securities	<input type="checkbox"/>	Futures contracts (intangibles)
<input type="checkbox"/>	Variable life insurance	<input type="checkbox"/>	Other:
<input type="checkbox"/>	Variable annuities	<input type="checkbox"/>	Other:

## Our Services

Service:	<b><i>Ongoing Asset Management</i></b>							
Service description:	<p>Our ongoing asset management services can be described as follows:</p> <p>After assessing a client's goals, objectives, time horizon and risk tolerance, Advisor recommends a diversified portfolio. Subscribing to academic research that indicates that the majority of portfolio returns are a result of the asset allocation decision and not market-timing or individual security selection, Advisor devotes the majority of its time in determining the percentage allocation among domestic stocks and bonds, international stocks and bonds, mutual funds, cash, etc. Advisor has full discretion to invest client assets in the portfolio mix governed by the Advisor's assessment of a client's risk tolerance and investment objectives. Advisor's services include the following:</p> <ul style="list-style-type: none"> <li>• Develop written Investment Policy Statement.</li> <li>• Investment selection and execution of trades.</li> <li>• Periodic reporting.</li> <li>• Re-balance the portfolio when appropriate.</li> <li>• Re-allocate the portfolio due to changes in the economy, of the Client's objectives, or performance of the mutual fund manager selected.</li> <li>• Tax loss harvesting (where applicable)</li> </ul>							
Use of discretion:	<p>Depending on your individual needs and the services you request of us, we may exercise full discretion as to the following elements.</p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Securities to be bought or sold</li> <li><input checked="" type="checkbox"/> Amount of the securities to be bought or sold</li> <li><input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold</li> <li><input checked="" type="checkbox"/> The broker-dealer to be used for securities execution purposes</li> <li><input checked="" type="checkbox"/> Commission rates to be paid to a broker-dealer</li> </ul>							
Service fees:	<p>Fee description/schedule.</p> <table border="1"> <thead> <tr> <th colspan="2">Fee Schedule - based on value of assets under management</th> </tr> <tr> <th>Account/Portfolio Value</th> <th>Annual Fee (%)</th> </tr> </thead> <tbody> <tr> <td>Up to \$200,000.00</td> <td>3.0 %</td> </tr> </tbody> </table>		Fee Schedule - based on value of assets under management		Account/Portfolio Value	Annual Fee (%)	Up to \$200,000.00	3.0 %
Fee Schedule - based on value of assets under management								
Account/Portfolio Value	Annual Fee (%)							
Up to \$200,000.00	3.0 %							

	<table border="1"> <tr> <td>\$200,001.00 to \$500,000.00</td><td>2.5%</td></tr> <tr> <td>\$500,001.00 to \$1,000,000.00</td><td>2.0%</td></tr> <tr> <td>\$1,000,000.00 to \$5,000,000.00</td><td>1.5%</td></tr> <tr> <td>\$5,000,000.00 +</td><td>1.25%</td></tr> <tr> <td>Min. account/portfolio value (initial):</td><td><input checked="" type="checkbox"/> None <input type="checkbox"/> \$</td></tr> <tr> <td>Min. account/portfolio value (ongoing):</td><td><input checked="" type="checkbox"/> None <input type="checkbox"/> \$</td></tr> <tr> <td>Min. annual fee:</td><td><input checked="" type="checkbox"/> None <input type="checkbox"/> \$</td></tr> </table>	\$200,001.00 to \$500,000.00	2.5%	\$500,001.00 to \$1,000,000.00	2.0%	\$1,000,000.00 to \$5,000,000.00	1.5%	\$5,000,000.00 +	1.25%	Min. account/portfolio value (initial):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Min. account/portfolio value (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Min. annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$
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Min. account/portfolio value (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$														
Min. annual fee:	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$														
	<p>All fee arrangements are negotiable at our sole discretion. Specific fee arrangements will be set forth in your Primoris investment advisory agreement (“Agreement”).</p>														
Other fees:	<p>In addition to our service fees, you may be assessed other fees by parties independent from us. You may also incur, relative to certain investment products (such as mutual funds), charges imposed directly at the investment product level (i.e. advisory fees, administrative fees, and other fund expenses.) Brokerage fees/commissions charged to you for securities trade executions may be billed to you by the broker-dealer or custodian of record for your account, not us. Any such fees are exclusive of, and in addition to our compensation. You will be solely and directly responsible for all fees, including fees other than those we may bill directly to you.</p> <p>Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.</p>														
Fee collection:	<p>For the service described above, we receive our service fees by the following method(s):</p> <p><input checked="" type="checkbox"/> automatic fee deduction via the custodian; and/or  <input type="checkbox"/> direct invoice to you.</p> <p><i>Billing Via Custodian.</i></p> <p>Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p><i>Direct billing.</i></p> <p>If so desired, you may choose to be billed directly by us for our service fees. If so chosen, you will be invoiced by the fifth business day of the month subsequent to the most recently ended billing period. Payments are due on or by the final business day of the month in which the invoice is generated.</p>														
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input type="checkbox"/> advance, or <input checked="" type="checkbox"/> arrears.</p>														
Advanced billing and refunds:	<p>Primoris does not charge its advisory fees in advance.</p>														

#### **IV.(C). Customization of Advisory Services**

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To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

In making investment recommendations on behalf of a client, we will rely on a data gathering document or other questionnaire, which would be completed based on information provided by a client.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines imposed by a client may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and a client should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to the client.

#### **IV.(D). Wrap Fee Program Participation**

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Refer to item IV.(B). above for details as to our participation/involvement with wrap programs.

#### **IV. (E). Assets Under Management<sup>1</sup> ("AUM")**

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AUM (discretionary):	\$ 38,000,000
AUM (non-discretionary):	\$ 0
Total AUM <sup>2</sup> :	\$ 38,000,000
Date of AUM calculation:	December 31, 2011

### **V. Fees and Compensation**

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#### **V.(A). Primoris Advisory Fees**

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Refer above to Item IV.(B).

#### **V.(B). Fee Collection Process**

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Refer above to Item IV.(B).

#### **V.(C). Other Fee/Expenses.**

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Refer above to Item IV.(B).

#### **V.(D). Fees Charged in Advance**

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<sup>1</sup> The term, "assets under management" shall carry the same meaning as that term is defined by Form ADV.

<sup>2</sup> Rounded to the nearest \$100,000



Refer above to Item IV.(B).

## **V.(E). Additional Compensation**

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Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Neither we, nor any of our supervised persons are party to such arrangements.

From time to time, we recommend mutual funds to our clients and often or occasionally, we may recommend no-load funds.

### **V.(E).(2). Client-Directed Brokerage**

You have the ability to purchase investment products that we recommend through any broker-dealer or other financial institution you choose. If you choose to use a firm other than the broker-dealer(s) we may normally recommend, we may not be able to properly monitor your assets and therefore we cannot be held responsible for the success or failure of any investment products or strategies that you implement at firms other than those we recommend. In other words, our services and responsibilities will not apply to transactions you effect on your own whether through firms you choose on your own or through any broker-dealer we may recommend.

### **V.(E).(3). Brokerage Compensation**

Primoris is not registered as a broker-dealer and thus, it does not receive transaction –based compensation for securities-related activities.

### **V.(E).(4). Advisory Fee Offset**

In the event that we or our supervised persons receive any compensation other than our advisory fees as described above in Item V.(A), we will not adjust our advisory fees to offset those other fees.

## **VI. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees.

## **VII. Types of Clients**

We will generally provide our services to the following types of clients.

- Individuals
- High net worth individuals
- Pension plans / profit sharing plans
- Foundations / charitable organizations
- Trusts
- Estates
- Business or corporate entities

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions we may impose, please refer to Item IV.(B).

## VIII. Methods of Analysis, Investment Strategies and Risk of Loss

### VIII.(A). Methods of Analysis

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. The codes used below relate to risks described further below in this section.

#### **Charting / Technical –**

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this document, we will use the term, “technical analysis.” In most cases, technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often times involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Market Risk, Operational Risk, and Strategy Risk.

#### **Fundamental**

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company’s/issuer’s current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

#### **Cyclical**

Cyclical analysis involves the evaluation of an investment instrument or perhaps its issuer for the purpose of identifying whether (and if so, to what extent) it/they may be impacted by fluctuations in the overall economic conditions throughout time. As an example, as more and more people lose their jobs, broad industries like housing or the automotive industries can be negatively impacted because consumers are less able to purchase things like homes and automobiles.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, and Inflation Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(A). (cont.) Investment Strategies**

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In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Short-Term Purchases**

Short-term purchases generally involve the acquisition of an investment instrument and holding it for a period of not more than one year.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Trading**

Trading generally involve the acquisition of an investment instrument and holding it for a period of at not more than thirty days.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Short Sales**

Selling short involves the sale of an investment instrument that you do not own. In most cases, a short seller will have to go out and borrow or arrange for the borrowing of a particular investment instrument before selling short. When selling short, the seller is expecting the price of the underlying investment instrument to decline but if it does, the seller is able to sell the investment instrument(s) at the present day price (in effect at the time of entering into the short sale) and the profit potential is the difference between the sale price of the borrowed shares and the cost of purchasing the borrowed shares in order to make good on the delivery of the investment instrument(s) to the party on the other side of the initial short sale.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Margin Trading**

Margin trading, or “trading on margin,” as it is generally stated, involves the ability to purchase a dollar value of securities that is greater than the dollar value of funds you have available for the purchase. Essentially, trading on margin means that you can borrow additional funds, generally from the firm that holds your brokerage account, to purchase investment instruments that exceed the amount with which you have funded your account.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Margin Risk, Market Risk, Operational Risk, and Strategy Risk.

### **Option Writing** (including covered/uncovered options or spreading strategies)

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of

a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, and Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

## **VIII.(B). Risk Disclosures**

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### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used currencies (U.S. dollar, British pound, German mark, Euro, Japanese yen, French franc, etc.).

### **Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

### **Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

### **Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

**Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Margin Risk**

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, however, they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" maintenance requirement at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

**Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

**Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

**Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

**VIII.(C). Investment-Specific Risks**

There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

**IX. Disciplinary Information**

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you may consider material in your evaluation of our firm or the integrity of our management. Following each of the numbered items below, we shall provide details as to each applicable matter or we will answer "No" or "N/A." This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

**IX.(A). Criminal or Civil Action**

In any domestic, foreign, or military court of competent jurisdiction, has Primoris or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?		
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **IX.(B). Administrative Proceedings**

Has Primoris or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Primoris or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of Primoris or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending Primoris or one of its management person's association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting Primoris or one of its management person's investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on Primoris or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **IX.(C). SRO Proceedings**

Has Primoris or any of its management persons been involved in a SRO proceeding in which Primoris or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## **X. Other Financial Industry Activities and Affiliations**

The following information will address any active or pending financial industry affiliations that you need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to letting us handle your investment advisory needs.

## **X.(A). Broker-Dealers**

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Neither Primoris nor any of its management persons is registered as a broker-dealer nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Further, none of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer.

## **X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators**

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Neither Primoris nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

## **X.(C). Related Persons**

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The following information will address any relationship or arrangement that is material to our advisory business or our clients that we or any of our management persons have with any of our related persons. In any such case, the related person is identified below and we have also addressed the nature of any conflict(s) arising out of this relationship/arrangement and how we address such conflict(s).

Raymond L. Eaton (an executive officer/related person) is the owner of an accounting and tax preparation firm, providing services to a significant portion of applicant's client base. John A. Catalfamo (an executive officer/related person) is the Managing Partner of a tax preparation and accounting services firm. For each related person, approximately 50% of time is spent on tax related business and 50% on investment related business, throughout the year. Neither Mr. Eaton's nor Mr. Catalfamo's activities with the accounting and tax preparation firm give rise to any material conflict of interests in relation to our clients or the advisory services we provide them.

## **X.D Use of Other Investment Advisers**

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We do not use other investment advisers in the course of the services described above in Item IV.(B).

# **XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

## **XI.A Code of Ethics**

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We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions



- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

## **XI.(B) Participation in Client Trading**

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The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments we may recommend to you. No such arrangements exist.

## **XI.(C) Trading Alongside Our Clients**

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On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

### Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

### Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and
- 2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may included our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **XI.(D) Batch Trading**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

At the present time Advisor is recommending Fidelity Institutional Brokerage Group for the custody and clearing of client accounts. The following factors were taken into consideration in the selection of this broker-dealer:

- Quality of overall execution services provided by the broker-dealer;
- Promptness of execution;
- Provided dedicated telephone lines;
- Creditworthiness and business reputation of the broker-dealer;
- Promptness and accuracy of oral, hard copy or electronic reports of execution;
- Ability and willingness to correct trade errors;
- Promptness and accuracy of confirmation statements;
- Ability to access various market centers;
- The broker-dealer's facilities, including any software or hardware provided to the adviser;
- Commissions charged by the broker-dealer;
- Reliability of the broker-dealer;
- Reputation of the broker-dealer;
- Execution and operational capabilities of the broker-dealer and its clearing firm; and
- Financial condition of the broker-dealer.

### **XII.(A).(1). Research and Soft Dollar Benefits**

Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that we may receive from a broker-dealer or other party in connection with the client securities transactions we direct to that/a broker-dealer(s). We do not participate in any soft dollar arrangements.

### **XII.(A).(2). Brokerage for Client Referrals**

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

### **XII.(A).(3). Directed Brokerage**

This item is intended to address situations where we may recommend, request, or require you to provide us instructions as to how to direct brokerage activity on your behalf.

#### ***XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. We do not routinely recommend, request, or require that you direct us as to how to execute brokerage transactions on your behalf (i.e. using a particular broker-dealer for execution purposes).

#### ***XII.(A).(3)(b). Directed Brokerage – Permitted***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer, however, you may direct us to use a particular broker-dealer (subject to our right to decline such a request) to execute some or all transactions for your account or otherwise on your behalf. In such an event, we will not

negotiate terms and arrangements for the account with the other broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to “batch” the transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

## **XII.(B). Order Batching**

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Transactions for the client’s account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or “batch” such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn’t guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XIII. Review of Accounts**

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### **XIII.(A). Review of Accounts**

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#### **Review of client accounts.**

All accounts are under continuous review on a daily basis. Formal performance reviews are conducted on a quarterly basis with regard to the objectives of the account and the client's needs. These reviews cover performance, purchases and sales, reasons for investment decisions and investment strategies. The reviews are conducted by the investment professional primarily responsible for the account. There are presently two reviewers, the principal officers and Managing Members of Primoris, Raymond L. Eaton and John A. Catalfamo. Each has approximately 140 accounts assigned to perform review functions. Reviews are based on criteria set for each client based upon their risk tolerance, investment objectives, and suitability.

### **XIII.(B). Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client’s previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client’s previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

### **XIII.(C). Reports to Clients**

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Account statements will be provided no less frequently than quarterly by the custodian, not by us.

Account statements will identify account positions, balances, and transaction details. Upon your request, a quarterly account appraisal (written or electronic) may be created for you as well as an annual year-end statement.

In the event we also send account statements to you in addition to those provided by the qualified custodian, you are urged to compare any account statements provided by us to those provided by the custodian.

### **XIV. Client Referrals and Other Compensation**

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#### **XIV.(A). Compensation we Receive**

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Other than the compensation arrangements described above in Item IV.(B), neither Primoris nor any of its supervised persons receive any other compensation in connection with the investment advisory services provided to Primoris' clients.

#### **XIV.(B). Compensation we Pay**

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Under certain circumstances, firms like ours may compensate other parties for having referred clients or potential investment advisory clients them. These sorts of arrangements are generally referred to as "solicitor" arrangements. We do not participate in any solicitor arrangements.

### **XV. Custody**

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We engage in certain activities that result in us being deemed to have custody of certain of our client's funds and/or securities.

- ☒ Automatic fee deduction from your brokerage or other trading accounts
- ☐ Physical possession or control (even temporary) of client funds or securities
- ☐ The ability to gain access to any client funds and/or securities
- ☐ One of our related persons has custody of funds and/or securities subject to our investment advisory services
- ☐ We or one of our related persons serves as the general partner, managing member, or other similar type of control person to an investment fund to which we provide investment advisory services.

As stated previously in Item XIII.(C), your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review that information to the information contained on the account statements or other statements received from the qualified custodian.

### **XVI. Investment Discretion**

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As part of our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our Agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on the client's behalf;
- 2) The amount of securities to be bought or sold on the client's behalf;
- 3) Timing as to when such securities are to be bought or sold;
- 4) The particular broker or dealer to be used for arranging client securities transactions; and
- 5) Commission rates to be paid in relation to securities products effected on the client's behalf.

We will have authority to exercise complete discretion with regard to the above named factors without restriction. If done so on a non-discretionary basis, we will make certain recommendations that must be authorized by you prior to our facilitation of any such transactions. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

### **XVII.(A). Proxy Voting**

#### **Proxy Voting Policies and Procedures and Client Instruction**

We do not vote proxies on behalf of any securities you own.

### **XVII.(B). Proxy Voting**

Since you have not authorized us to vote proxies on your behalf, we will not do so. Proxies related to the securities you own will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork you completed for the custodian holding your account/assets. If you have questions related to a particular proxy notice, please call us at 888-850-7746.

## **XVIII. Financial Information**

### **XVIII.(A). Balance Sheet**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **XVIII.(B). Adverse Financial condition**

In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients. No such conditions exist.

### **XVIII.(C). Bankruptcy-Related Matters**

During the past ten years, Primoris has not been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

As a federally-registered investment adviser, this section of our Brochure is not applicable to us.