



**Disclosure Brochure  
(Including FORM ADV PART 2A)**

**Item 1 – Cover Page**

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This Brochure provides information about the business practices and qualifications of Princeton Capital Management LLC ("**Princeton Capital**"), formerly Hudson Canyon Investment Counselors LLC ("**Hudson Canyon**"). If you have any questions about the contents of this Brochure, please contact us at the address listed above or at (201) 332 - 9800 or at [compliance@princap.com](mailto:compliance@princap.com). 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.

**Princeton Capital** is a registered investment adviser with the SEC. Registration of an Investment Adviser is based on the amount of assets under management and does not imply any level of skill or training. Additional information about **Princeton Capital** also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about **Princeton Capital** Officers and Portfolio Managers, each of whom is registered as an investment advisor representative.

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**As used in this brochure, the words “we”, “our” and “us” refer to Princeton Capital and the words “you”, “your” and “client” refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.**

### **Item 2 – Material Changes**

There have been no material changes since this document was last updated.

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### **Item 4 – Advisory Business**

Hudson Canyon, organized under the laws of Delaware, was founded in June 2001. On September 16, 2017, Hudson Canyon acquired the assets of Princeton Capital Management Inc. (founded in 1988) and changed its name from Hudson Canyon Investment Counselors LLC to Princeton Capital Management LLC (hereafter referred to as "Princeton Capital"). Joseph Cajigal is the Chief Executive Officer and an owner of Princeton Capital. Alfred Berkeley is the Chairman of Princeton Capital and R. Hugh Fitzpatrick is President of Princeton Capital, each of whom are owners of Princeton Capital through their ownership interests in Princeton Capital Management Inc.

Princeton Capital provides (i) investment management services to foundations, endowments, corporations, and private clients through separately managed accounts; (ii) investment management services to an affiliated investment limited partnership, Hudson Farol Capital Partners L.P. ("Hudson Farol"), a long-short equity fund; (iii) investment supervisory services for individuals, family offices and institutions; (iv) investment advice through consultation for those who wish to retain control of their investment decisions but who wish to seek our professional advice and opinions on their portfolios or on matters related to the economy and the investment environment; and (v) sub-advisory services by providing model portfolios to broker-dealers and other registered investment advisors.

Princeton Capital has definite standards of education and business experience required of all persons that manage portfolios, provide performance analysis or provide investment advice to clients. Such background includes appropriate college degrees, meaningful financial experience, and/or advanced degrees in finance or related fields. Our current requirements are a college degree and an advanced degree or a minimum of 5 years' experience in the financial industry.

*See the accompanying Brochure Supplement ADV Part 2B for biographical information.*

Joseph Cajigal, Chief Executive Officer of Princeton Capital, is a managing member of Farol Management LLC ("Farol"). Farol serves as a General Partner to and employs Princeton Capital as investment advisor to Hudson Farol. Princeton Capital acts solely as investment advisor and has no financial interest in the partnership.

Our approach to investing is geared to a single goal: to deliver performance returns for our clients while managing the risks associated to the process. We invest with a long-term investment focus, incorporating, based on the strategy, both fundamental and/or technical analysis and utilizing individual securities, options and third-party fund products.

Princeton Capital's management of client portfolios is generally on a fully discretionary basis. As of December 31, 2019 the total assets under management were approximately \$246.9 million consisting of \$242.5 million in discretionary assets under management and \$4.4 million of assets under management on a non-discretionary basis. Princeton Capital also manages \$124 million assets under advisement.

Princeton Capital typically solicits private clients with minimum liquid net assets of \$1 million and institutions with minimum liquid net assets of \$10 million. We will, however, accept clients with assets which fall below the above mentioned levels, on a case-by-case basis.

### **Wrap-Fee Programs**

We also offer separately managed account programs (also known as "SMA" programs) to individual investors through platforms sponsored by intermediaries. There are several different forms of SMA programs and several differences between how Princeton Capital manages SMA accounts compared to other discretionary accounts. Unlike most of our client relationships, SMA clients do not pay a fee directly to Princeton Capital but rather we receive a portion of the wrap fee for our investment management services. Clients also have limited direct contact with Princeton Capital investment professionals. SMA clients generally maintain asset levels below the minimum account sizes for our Private Client and Institutional services.

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### Model Platform Services

Princeton Capital participates in a number of "Model Platforms" where we provide our client that is a financial services provider (a Model Platform Sponsor) with information about the investment program of one or more of our proprietary strategies. The Model Platform Sponsor makes our proprietary strategies available to its clients as investment options. Other than providing our investment program for our proprietary strategy and updates thereon, we provide no other services, and have no other responsibilities or obligations with regards to the Model Platform Sponsor or its clients. In consideration for our investment management services provided under these programs, we receive a portion of the total fee charged to the client of the Model Platform Sponsor.

### Investment Strategies offered by Princeton Capital

The current investment strategies offered are:

- All Cap GARP Equity Management
- All Cap Concentrated GARP Equity Management
- All Cap GARP Balanced Management
- All Cap Growth Equity Management
- All Cap Concentrated ("Sector Select") Growth Equity Management
- Large Cap Core Growth Equity Management
- Large Cap GARP Core Management
- Large Cap GARP Balanced Management
- Small Cap - Young Enterprise Shares (YES)
- Global Tactical Asset Management
- Large Cap "Dividend Plus" Equity

The portfolio manager is responsible for understanding each client's goals, financial profile and risk tolerance, as well as any restrictions applicable to the client's accounts. We recognize that each client possesses a unique profile and we adjust portfolio strategy and positions accordingly. Our process is designed to package our capital markets expertise into a highly personalized product.

Princeton Capital does not consider the above services "financial planning" or any similar term.

### Item 5 – Fees and Compensation

Princeton Capital charges a fixed-percentage fee per annum for investment advice based on assets under management. Fees are generally payable quarterly in advance. Clients may decide to have fees deducted from assets, or to be billed for fees incurred.

Accounts may be terminated by giving written notice to Princeton Capital and clients will generally receive a prorated refund of any unearned prepaid fees upon such termination. Terminated accounts will be charged advisory fees and additional expenses incurred by Princeton Capital in the transfer or final disposition of the account.

Clients will incur brokerage, custodial, and other transactions costs in addition to fees. Clients have the option to purchase the investment products recommended by Princeton Capital through other brokers or agents that are not affiliated with Princeton Capital.

*Please refer to Item 12 - Brokerage Practices, for additional details.*

### **Fee Schedules:**

As stated above, Princeton Capital's fees are computed as a percentage of assets under management. The fee structure is generally determined by product, size of the account assets managed and level of services required. However, fees may be negotiable where special circumstances prevail, and arrangements with any particular client may vary from the foregoing. In some cases, fees charged by Princeton Capital may be greater than fees charged by other investment advisors for similar services; in other cases our fees may be lower.

The following describes Princeton Capital's basic fee schedule for separately managed client accounts:

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For Equity and Balanced assignments (except Growth, Concentrated Growth, Core Growth and Young Enterprise Shares (YES) strategies):

Value of Assets at beginning of quarter	Annual Percentage
First \$3 million	1.0%
Next \$2 million	0.85%
On balance of account	0.75%

For Growth, Concentrated Growth and Core Growth:

Value of Assets at beginning of quarter	Annual Percentage
First \$1 million	1.25%
Next \$4 million	1.00%
On balance of account	negotiable

For Young Enterprise Shares ("YES"), a strategy that invests in small-cap companies providing products or services drawn primarily from applied sciences and emerging technology:

Value of Assets at beginning of quarter	Annual Percentage
First \$5 million	1.50%
On balance of account	negotiable

For Tactical Asset Management assignments:

Value of Assets at beginning of quarter	Annual Percentage
US Sector Tactical Asset Allocation	0.50%
Global Tactical Asset Allocation	0.50%

For LARGE Cap "Dividend Plus" Equity assignments:

Value of Assets at beginning of quarter	Annual Percentage
First \$5 million	0.50%
On balance of account	negotiable

For Long/Short Equity assignments:

Value of Net Assets at month-end	Annual Percentage
Actual Value	1.50%

For Wrap Program and Sub-Advisory assignments:

Fee arrangements for wrap fee programs and sub-advisory services are defined on a case-by-case basis with each broker/dealer. For wrap fee programs, information about fees, services and conflicts is included in the Wrap Fee Disclosure Brochure (Form ADV Appendix #1) that is provided by the Wrap Fee sponsor.

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### For all assignments

Fees are generally calculated on the value of the assets as of the last day of the preceding quarter and payable in advance. If a client has prepaid its fee and elects to terminate its account with Princeton Capital, any overpayment of fees not due to Princeton Capital will be promptly refunded. The above breakpoints are generally applied to each separate account but may on occasions be based on the aggregate value of related accounts. Certain minimum fees may apply causing a higher percentage fee than shown above. Client relationships prior to May 1<sup>st</sup> 2016 may have fee schedules instituted previously which are lower than our current fee schedule. We may negotiate lower advisory fees based on certain criteria, such as the total amount of a client's assets under our management or the amount of attention required to manage a specific account. Advisory fees are sometimes either reduced or waived for certain accounts which are maintained as a courtesy to existing clients and/or require minimal oversight. Fees may be waived on certain portfolio assets. Fees may also be either reduced or waived for certain non-profit organizations, as well as for Princeton Capital's officers and employees, their family members, and related entities.

Princeton Capital looks at each client relationship on an individual basis and may modify the fee schedule to reflect unique aspects of an account. Fees remain negotiable in certain cases, such as where the value of the assets is likely to exceed \$10 million, where the account under supervision includes unusual assets or an unusual mix of assets, or where all or a portion of the account requires minimal portfolio manager oversight. Similarly, we may agree to reduce fees or waive fees on certain legacy holdings that we will not be actively managing. Certain client relationships with minimal oversight are charged a flat percentage rate or a flat fee rather than a scaled fee in order to simplify billing. Upon the formation of Princeton Capital and the employment of George Graf, certain clients were designated as legacy clients and are charged the fee schedule which was in effect at their prior investment manager.

As an investment adviser to SMA programs, we receive as compensation a portion of the total managed account program fee paid to the sponsor by the client. Our fee typically ranges from 0.25% to 0.50% annually, depending upon the program

sponsor, type of account (e.g., equity, balanced or fixed income), the level of support services provided by Princeton Capital or sponsor and the size of the client's assets in the specific program.

In order to gain exposure to certain asset classes, private accounts may be invested in mutual funds, exchange-traded funds, private partnerships, and similar investment vehicles. Mutual funds and exchange-traded funds may also be utilized to diversify small accounts and/or provide a cash alternative when traditional cash equivalents provide little or no yield. Daily cash balances are typically swept into money market mutual funds. The above-listed fee schedules do not include embedded management fees and other operating expenses that are charged by the investment advisers and service providers of these other products. Third-party investment products are selected by Princeton Capital based on their performance record, fee profile, investment discipline and ability to provide diversification within an asset class or, for small accounts, across asset classes. Princeton Capital has no affiliation with these third-party investment products, other than Hudson Farol, or their advisers or service providers and receives no fees from them.

*For further discussion, see Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.*

A client can invest in mutual funds, exchange-traded funds and similar investment vehicles without the services of Princeton Capital. In that case, the client would not have our assistance in evaluating which funds are most appropriate for his or her objectives, financial situation and overall investment portfolio.

Clients are also responsible for payment of transaction or account fees charged by their custodian or broker, and any commissions payable to brokers who effect transactions on behalf of their account(s).

*Further information about commissions to brokers can be found under Item 12 - Brokerage Practices.*

### Performance Fees

Princeton Capital does not currently charge performance fees but reserves the right to do so.

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Should Princeton Capital enter into an arrangement to charge performance-based fees, please note that such fees are generally negotiated and driven by specifically tailored assignments. The performance fees are calculated and payable annually in arrears. In regards to performance based compensation, the SEC requires the following disclosure: (1) the fee arrangement may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of performance based fees; (2) we may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account; and (3) one year periods will be used to measure investment performance throughout the term of the agreement, as we feel that a one year period provides more realistic performance than do quarterly calculations. Performance based compensation applies only to persons or companies who have at least \$750,000 under management with Princeton Capital, or whose net worth at the time of entering into the agreement exceeds \$1,500,000. Should Princeton Capital enter into such an arrangement, we will remain compliant with Rule 205-3 of the Investment Advisors act of 1940.

### Calculation of Fees

In calculating client net asset values, and thereby client advisory fees, we typically rely on security prices provided by third-party broker/custodians. However, in certain circumstances security prices may not be available or may be deemed by Princeton Capital to be incorrect. In these situations, we make a good faith determination as to the appropriate valuation of the security. Valuation is not an exact science and such situations pose a potential conflict of interest as higher security valuations result in higher advisory fees and better performance for Princeton Capital. We have adopted Valuation Policies and Procedures reasonably designed to ensure that client portfolios are appropriately valued and that advisory fees are correctly calculated. The Valuation Policies and Procedures require multiple parties to review and approve any price that is established by Princeton Capital independent of a third-party broker or custodian.

Account clients generally receive a copy of the quarterly fee calculation from Princeton Capital and are encouraged to contact us with any questions. Clients for whom advisory fees are directly debited

from their accounts should note that their custodian/broker makes payment to us based on our invoice and does not independently calculate the amount of the fee to be deducted.

### Payment of Fees

Payment of fees may be paid either directly by the client or by the custodian holding the client's funds and securities. Clients generally are sent written notice of the bill detailing the fee calculation prior to their charge date and are encouraged to contact us with any questions. For those accounts which have pre-authorized their custodians to pay our bill directly, the client should note that their custodian/broker makes payment to us based on our invoice and does not independently calculate the amount of the fee to be deducted.

### Limited Partnership Fees

Princeton Capital serves as the investment manager of an investment-related limited partnership Hudson Farol organized by Farol Management, the general partner. Princeton Capital's fees for investment management are assessed monthly, in arrears, and the partnership is debited quarterly.

Farol receives an incentive fee on the profits derived from the fund. Farol is also reimbursed for accounting, legal and other expenses paid by Farol and attributable to Hudson Farol. Limited partners in Hudson Farol are assessed fees of 1.0% per year based on the value of assets held in Hudson Farol on each month end. Investors in Hudson Farol are referred to the Limited Partnership offering documents for complete information on the services provided and the fees charged. Excess cash held in Hudson Farol is invested in third-party mutual funds or, on occasion, exchange-traded funds. The above-stated fee does not include embedded management fees and other operating expenses charged by the investment advisers and service providers of these third-party funds.

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

Princeton Capital does not currently receive performance-based fees.

As an investment adviser and fiduciary to its clients, Princeton Capital seeks to treat all clients fairly, to always put clients' interests first and to provide high quality investment services to all



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clients based on each client's objectives, guidelines, and risk tolerance. Portfolio managers generally manage multiple portfolios for various client types. The various client types may include, but are not limited to: corporations, institutions, individuals and investment related limited partnerships.

When a portfolio manager manages more than one account, a potential for conflict exists for the portfolio manager to intentionally or unintentionally treat one account more favorably than another. This potential conflict can be most apparent when one portfolio has a higher fee than another portfolio, including a performance-based fee that is common to limited partnerships. Princeton Capital seeks to manage this potential conflict through additional investment restrictions on portfolio managers who manage limited partnerships and other accounts, internal review processes, and supervisory oversight.

Portfolio managers generally manage portfolios in an independent manner. Fair treatment does not necessarily mean identical treatment. Differences in a client's objectives, guidelines and risk tolerance and the particular management needs of that portfolio (e.g., cash flows) may result in significantly different performance across portfolios. Princeton Capital affords each portfolio manager the judgment to effectively manage a portfolio. Princeton Capital generally does not expect portfolios to be managed identically; rather it is expected that a portfolio manager will endeavor to: (1) manage portfolios in accordance with the investment mandate of the client, (2) make the best investment decisions for each client according to that client's needs and (3) ensure that no one client is advantaged or disadvantaged at the expense or benefit of another client.

Princeton Capital has no obligation to purchase or sell, or to recommend for purchase or sale, any security or other property with respect to any client which Princeton Capital or its employees or affiliates may purchase or sell for their own account. In addition, Princeton Capital may give advice and take action in the performance of its duties with respect to any of its clients which may differ from advice given, or the timing or nature of action taken, with respect to any of its other clients (i.e., Princeton Capital may purchase stocks for one or more clients at the same time that it is selling such stocks or selling such stocks short for one or more clients).

With the understanding that clients retain Princeton Capital to manage their portfolio according to agreed upon investment mandates and that clients may have different objectives, guidelines, risk tolerances, and changing needs, not every investment decision will be appropriate for every portfolio. Investment decisions for one account may be opposite of investment decisions for another account (e.g. due to differing cash flows, a portfolio manager may buy and sell the same security for different accounts). To address the potential for conflict, portfolio managers who manage both limited partnership and other accounts are subject to the following restrictions:

**Cool Down Period** – In the event that a portfolio manager: (i) purchases a security that is held by a limited partnership under his management for another account under his management, the portfolio manager will generally wait one business day prior to making a subsequent sale of that same security from the limited partnerships or (ii) sells a security that is held by another account under his management, the portfolio manager will generally wait one business day prior to purchasing that same security in limited partnerships (exceptions to this policy will be approved by the Chief Compliance Officer).

**Research Recommendations** – When a portfolio manager for a limited partnership discusses the advantages or disadvantages of an investment in a particular security, the portfolio manager will disclose the limited partnership's interest in that security, if any. Furthermore, subsequent changes to the portfolio manager's view on that security should be disclosed where the portfolio manager's limited partnership client(s) has an interest in that security.

**Investments in Initial Public Offerings** – A portfolio manager will not invest in initial public offerings of companies where the security is held privately by a limited partnership.

**Shorting of Securities** – Although investment decisions for Hudson Farol will be made independently from those for other accounts managed by Princeton Capital, a portfolio manager will generally not initiate a short position in a security for Hudson Farol if any of Princeton Capital's other clients have established long positions in the same security (exceptions to this

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policy will be approved by either the Chief Compliance Officer or his designee).

The above side by side management compliance policies, in conjunction with the existing trade allocation, brokerage allocation, and code of ethics policies, are intended to ensure that Princeton Capital continues to adhere to the highest fiduciary standards in serving all clients.

### **Item 7 – Types of Clients**

Princeton Capital offers investment advice to individuals, investment companies, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, private funds, other pooled investment vehicles, family offices, civic, education and artistic organizations, other investment advisers and other business entities.

As mentioned previously, Princeton Capital typically solicits private clients with minimum liquid net assets of \$1 million dollars and institutions with minimum liquid net assets of \$10 million dollars. We will, however, accept clients with assets which fall below the above mentioned levels, on a case-by-case basis.

*Please refer to Item 5 - Fees and Compensation for more information.*

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

Investing in securities involves risk of loss that clients should be prepared to bear. Investments in securities are subject to various market and business risks and Princeton Capital cannot guarantee the results of any investment decisions or advice provided. Each client should carefully consider the amount of loss or risk that he or she can withstand and discuss this thoroughly with his or her portfolio manager.

#### **Sources of Information**

Princeton Capital's methods of security analysis include fundamental and technical analysis. Sources of information used by Princeton Capital include financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; corporate rating services; timing services; annual reports, prospectuses; databases of information gathering

services (e.g., Factset, Baseline, etc.); filings with the Securities and Exchange Commission; and company press releases and Government data releases.

#### **Methods of Analysis**

##### Equities

In formulating our investment advice and managing client assets, we employ, depending on the strategy, either fundamental analysis, technical analysis or a combination of both.

Our fundamental analysis is based upon consideration of pertinent data. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements.

Our technical analysis utilizes trend, relative strength and price analysis to identify favorable investment opportunities in individual equities, fixed income securities and exchange traded funds. The analysis hopes to identify opportunities that are responsive to market changes.

##### Fixed Income

Our strategy is to determine the overall direction of interest rates and position the portfolio's durations accordingly. We analyze the yield curve to determine the most advantageous portfolio construction. We determine the relative attractiveness of corporate versus government and/or government agency securities. Based on the results of our analysis, we adjust durations or maturities when conditions indicate and shorten portfolio exposure when necessary to preserve capital.

In addition, we are active duration managers. This means that when we believe interest rates are falling, we lengthen duration to take advantage of the increased returns that should be available as rates drop. Likewise, when our proprietary market indicators warn of forces that threaten the markets, our managers will seek to shorten portfolio maturities and durations with the goal of limiting potential declines.

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### Active Interest Rate Management

We seek to maximize total return through Treasury bond appreciation as well as income generation from Treasury bond holdings and/or Treasury-related ETFs. The strategy seeks to obtain its objective by utilizing a proprietary Interest Rate Forecasting Process. The process takes a Sum of Evidence approach in an attempt to forecast interest rates on a monthly basis.

Research indicates that a monthly horizon provides an opportunity to capture the general cyclical trend in interest rates while allowing for the potential to benefit from short term deviations from the trend. The strategy benchmark is typically managed against one of the Barclays Capital U.S. Treasury Indices which serve as the basis for the duration decisions utilized in the management of the portfolios.

The Strategy will maintain an average duration, based on the application of between +/- twice that of the selected Treasury Index based on the outlook for changes in interest rates. The interest rate outlook is derived from the proprietary Interest Rate Scorecard ("Scorecard"). The Scorecard is a highly disciplined, quantitative approach that is statistically based and employed to determine the interest rate outlook. The Scorecard is grounded on the basic economic theory of interest rate behavior and combines measures of economic growth (e.g., employment growth), inflationary expectations (e.g., the behavior of precious metals prices) and the recent trend in interest rates which are viewed as reflecting current investor sentiment regarding the U.S. Treasury market.

Portfolios are constructed using U.S. Treasury securities including Treasury Bills, Treasury Notes and Treasury Bonds and where appropriate Treasury related Exchange Traded Funds ("ETFs"). The process is transparent and value added comes from the duration exposure over time.

### Third-Party Products

In order to gain exposure to certain asset classes, private accounts may be invested in mutual funds, exchange-traded funds, private partnerships, and similar investment vehicles. Princeton Capital screens third-party investment products based on their niche expertise, performance record, fee profile, and ability to provide diversification within

an asset class or, for small accounts, across asset classes.

However, we employ different strategies, at times, to attempt to collect the returns generated by a certain type of investment. Third-party fund products are effective in capturing the return characteristics of "style" categories, such as large-cap growth, large-cap value, small-cap growth and small-cap value. Princeton Capital manages the exposure to these various style boxes based on our view of relative value offered by each. Also, we typically utilize third-party fund products to provide diversified equity or fixed income exposure in international markets.

Detailed discussion of the risks associated with a specific third-party fund can be found in the fund's prospectus or offering documents.

### **Types of Investments**

Princeton Capital offers a variety of equity, balanced and fixed income investment strategies, utilizing securities that include, but are not limited to, common stock, preferred stock, corporate bonds (both higher and lower rated), municipal bonds (both insured and uninsured), options, warrants, and certain cash equivalents (e.g. money market funds).

### **Princeton Capital may utilize the following types of investments in the performance of its strategies:**

- Equity securities  
(Including exchange-listed securities, over-the counter securities and foreign issues)
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual funds
- Option contracts on securities and currencies
- U.S. government and government agency securities
- Interests in limited liability companies
- Exchange Traded Funds holding equities, bonds
- Structured Products  
(e.g., Collateralized Debt Obligations "CDO", Collateralized Loan Obligations "CLO" and Collateralized Mortgage Obligations "CMO")

In limited circumstances, where clients are deemed able and are willing to accept greater risk in pursuit of potential higher total return, Princeton Capital

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also uses some leveraging and hedging techniques, including buying securities on margin, selling securities short and buying certain structured products designed to track or inversely track certain market indices.

### Investment Strategies

Princeton Capital invests and manages clients' portfolios in accordance with an investment strategy selected by a client, which is based on a portfolio of securities that Princeton Capital and the client believes best represents the client's selected strategy, and also in accordance with the client's overall investment objectives and any restrictions.

*The current investment strategies offered by Princeton Capital are described in Item 4 - Advisory Business.*

Clients may impose restrictions on investing in certain securities or types of securities. Some of Princeton Capital's clients have restrictions as to which securities may be purchased. For instance, for some clients, no investments shall be made in securities of corporations whose operations are not consistent with moral teachings or whose behavior raises serious questions concerning social justice, weapons production, abortion, or other ethical and moral issues. Clients have also placed restrictions on the percentage of assets under management that may be held in the securities of any one company.

Using the criteria described in the "Methods of Analysis" heading included in this section, portfolio strategies are constructed in accordance with client goals. In general, client accounts usually fall within one of the following:

- Diversified Equity Strategy – a diversified long-term relative value or growth portfolio which may hold both U.S. centric and/or international equities and U.S. and/or international equity funds or any combination thereof
- Concentrated Equity Strategy – a portfolio concentrated in a limited number of holdings of both U.S. centric and/or international equities and U.S. and/or international equity funds or any combination thereof
- Fixed Income Strategy – a blend of various investment grade issues, with a focus on securities that pay either a

dividend or coupon to provide current cash flow distributions to the client and/or U.S. and international bond funds that provide exposure to certain types of fixed income based on issuers and/or investment characteristics

- Balanced Strategy – a portfolio of assets employing a combination of equity and fixed income strategies previously described with an active asset allocation typically ranging from 20% to 80% in equities and the balance in fixed income, alternatives and cash
- Tactical Asset Allocation Strategy – a portfolio of securities that seeks to rotate capital to the asset classes or markets that offer the strongest potential for price appreciation, while attempting to reduce or control risk by underweighting exposure to those asset classes and markets exhibiting negative price trends
- Active Interest Rate Management Strategy – a portfolio that seeks to maximize total return through Treasury bond appreciation as well as income generation from Treasury bond holdings and/or Treasury-related ETFs in order to capture the general cyclical trend in interest rates while allowing for the potential to benefit from short term deviations from the trend

Investment strategies employed include long and short-term purchases, but may also include trading securities sold within 30 days (resulting in increased brokerage and other transaction costs and taxes), short sales, option writing (including covered options, uncovered options and spread strategies), and the use of other similar derivatives.

Princeton Capital may enter into derivative transactions when the use is consistent with established client investment guidelines and the firm's investment strategy as selected by the client. A derivative is a financial arrangement between two parties whose payments or values are based on — or "derived" from — the performance of some agreed-upon benchmark. Common benchmarks include securities, indices, commodities, interest rates, currency exchange rates, securities spreads and other assets or economic benchmarks with varying degrees and types of associated risks. Derivatives can be used for a variety of reasons. For example, if a portfolio consists of foreign investments that are denominated in the currency of the country

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of the issuer, we may want to reduce the risk of fluctuations in the value of such currencies. Or we may want to modify the risk/return profile of a portfolio without incurring huge transaction costs and without disturbing the portfolio. Derivatives can be used to achieve these and other goals.

There are significant risks associated with derivatives that can result in the loss of principal, or in certain cases, the loss of more than the initial investment. The primary risks associated with derivatives are (i) market risk (the risk that the market value of the investment will decline), (ii) credit risk (the risk that the counterparty to the transaction will default on its obligations), (iii) liquidity risk (the risk that the instrument will not be readily marketable) and (iv) valuation risk (the risk that because the instrument is thinly traded, it may have only one pricing source). In no event will Princeton Capital invest in any derivative instrument unless such investment is consistent with established client investment guidelines.

### **Risks**

The investments selected by the Investment Manager are subject to substantial risks.

Stock Market Risk: The value of the stocks and other securities owned by a client will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The market also may fail to recognize the intrinsic worth of an investment or the Investment Manager may misjudge that worth. Equity securities may be subject to wide and sudden fluctuations in market value with corresponding fluctuations in the portfolio's net asset value.

Short Sales Risk: If a security sold short increases in price, a client may have to cover its short position at a higher price than the short sale price, resulting in a loss. Brokers may require the Fund to "cover" a short position at an inopportune time restricting the use of the client's capital. To borrow the security, a client may be required to pay a premium, which would increase the cost of the security sold short. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Fund may be required to pay in connection with the short sale. In addition, because the client's loss on a short sale arises from

increases in the value of the security sold short, such loss is theoretically unlimited. By contrast, the client's loss on a long position arises from decreases in the value of the security and is limited by the fact that a security's value cannot drop below zero.

Risk of Non-Diversification in a Portfolio: In certain instances, due to the size of an account, the agreed to strategy employed or the lack of approval to utilize certain vehicles, assets may be concentrated in a small number of holdings. This limited number of holdings means that an increase or decrease in the value of a single security will have a greater impact on the client's net asset value and total return than a more diversified fund.

Industry and Sector Risk: Companies that have similar lines of business are grouped together in broad categories called industries. Certain industries are grouped together in broader categories called sectors. To the extent that the Investment Manager invests in companies in the same industries or sectors, the portfolio's performance will be susceptible to the economic, business or other developments that affect those industries or sectors.

Small and Mid-Size Company Risk: The Investment Manager may invest in small or mid-size companies. While small and mid-size companies may offer greater potential for capital appreciation than larger and more established companies, they may also involve greater risk of loss and price fluctuation. The trading markets for securities of smaller-cap issuers may be less liquid and more volatile than securities of larger companies. This means that a client could have greater difficulty buying or selling a security of a smaller-cap issuer at an acceptable price, especially in periods of market volatility.

Risk of Investments in Options: There is no assurance that a liquid secondary market on an exchange will exist for any particular option, or at any particular time, and for some options, such as over-the-counter options, no secondary market on an exchange may exist. The effectiveness of hedging through the purchase of securities index options will depend upon the extent to which price movements in the portion of the securities portfolio being hedged correlate with price movements in the selected securities index. Perfect correlation is



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not possible because the securities held or to be acquired by a client will not exactly match the composition of the securities indexes on which options are written. In the purchase of securities index options the principal risk is that the premium and transaction costs paid by the Fund in purchasing an option will be lost if the changes (increase in the case of a call, decrease in the case of a put) in the level of the index do not exceed the cost of the option.

**Risk of Investing in Investment Companies:** The Investment Manager may purchase securities of other investment companies, including exchange-traded funds ("ETFs"), to gain exposure to a portion of the U.S. or a foreign market. An ETF is a type of index fund that trades like a common stock and represents either a fixed portfolio of securities designed to track a particular market index or an underlying commodity, such as gold. The risks of owning investment company securities generally reflect the risks of owning the underlying securities or other assets it owns or it otherwise is designed to track, although the potential lack of liquidity of ETFs could result in their being more volatile. The value of ETFs that own an underlying commodity, such as gold, will fluctuate based on the factors that affect the price of the commodity, including supply and demand, interest rates, currency exchange rates and global or regional political, economic and financial events. Additionally, investment companies, including ETFs, have management fees which increase the cost of owning securities issued by investment companies. Information with respect to the fees charged by a specific third-party fund can be found in the fund's prospectus or offering documents.

**Risk of Investing in Fixed Income Securities:** Bond prices tend to move inversely with changes in interest rates. An increase in interest rates will generally cause bond prices to fall, which will affect a client's net asset value. Bonds with a longer maturity or effective duration may be more sensitive to changes in interest rates. With respect to mortgage-backed securities, falling interest rates may cause these securities to be pre-paid earlier than expected due to homeowners refinancing their home mortgages, which could alter the Fund's expected cash flows. Some bonds are subject to being prepaid or called by their issuer, which could alter the Fund's expected cash flow. Failure of a company to make timely interest or principal payments or a decline in the credit

quality of an issuer may cause such company's bond price to fall. These risks may be greater for companies whose bonds are rated less than investment grade (i.e., junk bonds) because of their greater risk of default.

**Foreign Securities Investing Risks:** Investing in the securities of foreign issuers involves special risks and considerations, including differences in accounting, auditing and financial reporting standards, generally higher commission rates on foreign portfolio transactions, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, political instability which could affect U.S. investment in foreign countries and potential restrictions on the flow of international capital and currencies. Foreign issuers may also be subject to less government regulation than U.S. companies. Moreover, the dividends and interest payable on foreign securities may be subject to foreign withholding taxes, thus reducing the net amount of income available for distribution to the Fund's shareholders. Further, foreign securities often trade with less frequency and volume than domestic securities and, therefore, may exhibit greater price volatility. Changes in foreign exchange rates will affect, favorably or unfavorably, the value of those securities which are denominated or quoted in currencies other than the U.S. dollar.

Investments in emerging markets may be considered speculative, and therefore may offer higher potential for gains and losses than investments in developed markets of the world. With respect to any emerging country, there may be greater potential for nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Fund's investments in those countries. In addition, it may be difficult to obtain and enforce a judgment in the courts of such countries. Further, the economies of developing countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade.

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Currency Market Risks: Currencies may be exchanged on a spot (i.e., cash) basis, or by entering into forward contracts to purchase or sell foreign currencies at a future date and price. The Fund may enter into currency forward contracts to fix a definite price for the purchase or sale in advance of the trade's settlement date. A client may also enter into forward contracts to purchase or sell a foreign currency in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected by the Investment Manager. In addition, the Fund may use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. Successful use of forward currency contracts will depend on the skill of the Investment Manager in analyzing and predicting currency values. Forward contracts may substantially change a client's investment exposure to changes in currency exchange rates, and could result in losses to the Fund if currencies do not perform as the Investment Manager anticipates. There is no assurance that the use of forward currency contracts by the Investment Manager will be advantageous to a client or that it will hedge at an appropriate time.

Risk of Leverage: Utilization of leverage is a speculative investment technique and involves certain unique risks. These risks include the possibility of higher volatility of the net asset value of an account, greater fluctuations in the total return of an account and the possibility that an account could lose more than its contributed capital.

So long as an account is able to realize a higher net return on the portion of its investment portfolio attributable to leverage than the cost of any leverage together with other related expenses, the effect of the leverage will be to cause an account to realize a higher current net return than if an account were not so levered. On the other hand, to the extent that the then-current cost of any leverage, together with other related expenses, approaches the net return on an account's investment portfolio attributable to leverage, the benefit of leverage will be reduced, and if the then-current cost of any leverage were to exceed the net return on an account's investment portfolio attributable to leverage, an account's leveraged capital structure would result in a lower rate of return than an unleveraged portfolio. If an

account's current investment income on its entire portfolio were not sufficient to meet interest and other expenses connected with leveraging, it could be necessary for an account to liquidate certain of its investments during unfavorable market conditions.

Certain of an account's investments may utilize leverage, such as leveraged ETFs. These investments will be more volatile than comparable non-leveraged investments for the reasons described in the preceding paragraph.

An account may or may not be subject to limits on the amount of leverage that can be employed in effecting its investment strategy. It is possible; therefore, that the Investment Manager may increase an account's leverage when market conditions are favorable but be unable to decrease such leverage if market conditions suddenly change. In this circumstance, an account may have to sell investments that the Investment Manager would prefer to keep, sell at inopportune times or sell at distressed prices.

### **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.

In October 2011, Alfred R. Berkeley, III was named in an SEC Administrative Proceeding (Pipeline Trading Systems LLC, Fred J. Federspiel and Alfred R. Berkeley, III, File No. 3-14600) in conjunction with his association with Pipeline Trading Systems LLC. The SEC Administrative order found that Pipeline Trading Systems LLC violated Section 17(A)(2) of the Securities Act in that the firm failed to adequately disclose to its customers the role played by an affiliated subscriber effecting trades on the firm's alternative trading system (ATS). The order also found that the firm violated rules 301(B)(2) and (10) of Regulation ATS by not making such disclosure to the SEC on Form ATS and by not employing adequate procedures relating to confidential subscriber trading information.

The SEC order found that Mr. Berkeley's conduct caused these violations.

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### **Item 10 – Other Financial Industry Activities and Affiliations**

As stated previously, Joseph Cajigal, Chief Executive Officer of Princeton Capital, is a managing member of Farol which serves as a General Partner to and employs Princeton Capital as investment advisor to Hudson Farol. Princeton Capital acts solely as investment advisor and has no financial interest in the partnership.

Mr. Cajigal is President of UNGSII (America).

These associations represent a conflict of interest to the extent that Mr. Cajigal devotes a portion of his time and effort to them rather than to the business of Princeton Capital Management.

Mr. Berkeley is a Director and/or investor of ABS Ventures, Altivera LLC, Benefitsapp.com, Capital Investors II, LLC, CONK, Inc., Cyberkey Data Security, Inc., Delight Me Inc., Differential Dynamics Corp, Equities.com, FSV II, Gentag, Inc., Gravidi, Intervention Associates, Intervention Point, Mytonomy, Inc., Noxilizer, Patient First Corp, PMSI Consulting, Physmark, QwikIntelligence, Inc., RDAB, LLC, Realpage, Inc., Security First Corp, Stock Smart, Tangram Systems, Inc., The Climate Service and ViiNet, Inc. Mr. Berkeley is an advisor and/or investor to BioMark Diagnostics, Inc., Blue Star, Inc., Media Tenor, Rocket Dollar, Inc., Security Scorecard, Trivalent and VIBE.

Mr. Berkeley is Chairman of the Board of UNGSII (America).

These associations represent a conflict of interest to the extent that Mr. Berkeley devotes a portion of his time and effort to them rather than to the business of Princeton Capital Management.

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

#### **Code of Ethics**

Princeton Capital has adopted a Code of Ethics ("Code") describing its standards of business conduct and fiduciary duty to clients. The Code is reasonably designed to ensure that all clients are treated fairly and equitably. The Code requires that Princeton Capital principals and employees ("Access Persons") adhere to the highest ethical

standards and always place the interests of clients before their own personal interests. The Code establishes rules with respect to:

- Internal reporting of possible violations of the Code, associated policies and procedures, federal securities laws, or client investment guidelines;
- Execution of trades in the personal accounts of Access Persons, and the reporting of trades and holdings in the personal accounts of Access Persons;
- Appropriate trading in client accounts;
- Use of material, non-public information (insider trading);
- Creation and/or circulation of rumors related to securities or public companies;
- Safeguarding of confidential client information;
- Giving or accepting gifts and entertainment;
- Handling client complaints;
- Electronic communications and the use of electronic devices and social networking sites;
- Reporting by Access Persons of any outside business activities in which they are involved; and
- Creation and maintenance of required records.

The Code is supplemented with specific compliance policies and procedures. All Access Persons must certify annually that they have read and understood all provisions of the Code and related policies and procedures, and that they agree to comply with all terms and requirements contained therein.

Princeton Capital receives no fees from issuers of securities in which client assets are invested. However, Princeton Capital's portfolio managers may participate in opportunities offered and paid for by issuers such as educational conferences. When an issuer of a security pays for a portfolio manager's transportation, accommodations, and/or tuition, a potential conflict of interest is created. However, Princeton Capital believes that such situations can provide portfolio managers the opportunity to conduct intensive due diligence of the issuer and/or the issuer's products. Brokers



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and/or issuers of securities also provide occasional entertainment to our personnel, as well as gifts on holidays or special occasions. Princeton Capital's Code requires that the value of any such training opportunity, entertainment or gifts must be reasonable with respect to the nature of the event and the actual or potential business relationship between the parties.

### **Participation or Interest in Client Transactions and Personal Trading**

Princeton Capital has adopted Personal Trading Policy and Procedures ("Personal Trading Policy"), which, along with the Code, establish guidelines for personal trading. The Personal Trading Policy prohibits certain types of personal securities transactions and requires pre-approval of others deemed to create a potential conflict of interest. It also requires Access Persons to provide timely documentation of certain personal trading activity to Princeton Capital's chief compliance officer. The Code requires that Access Persons conduct all personal securities transactions in a manner consistent with the Code and Personal Trading Policy so as to avoid any actual or potential conflicts of interest.

Access Persons and their related parties may have personal accounts which hold or transact in the same securities that are held or transacted within client accounts. Certain Access Persons may serve on boards of directors of profit and not-for-profit entities and/or as Trustees for accounts managed by Princeton Capital. Some Access Persons manage accounts of family members who may or may not be clients of Princeton Capital.

When consistent with Princeton Capital's obligation of best execution, the personal accounts of Access Persons and related parties may be included with client accounts in aggregate or block trades. In such situations, all participating accounts receive the same average trade price, less any commission or fee charged by the broker/custodian. Access Persons, under certain circumstances, may also trade independently of client accounts if the trade size is unlikely to impact the execution quality of client trades; however, this is a subjective assessment and it is possible that client trade prices could be negatively impacted. Therefore, as a general rule, Access Persons shall wait until after client trades are executed to conduct personal trades.

Access Person trading is continually monitored by Princeton Capital's compliance officer. Nevertheless, because the Code and Personal Trading Policy allow Access Persons under certain circumstances to invest in the same securities at the same time as clients, Access Persons may have a conflict between their personal interests and the best interests of clients. The Allocation Policy provides guidance with respect to the allocation of investment opportunities among participating accounts, including Hudson Farol, private accounts, and Access Person accounts. However, there can be no assurance that account performance will not be negatively impacted by the manner in which trades are executed.

On the basis of personal goals or considerations apart from company or industry fundamentals, Access Persons may buy or sell a specific security for their own accounts that they do not deem appropriate to buy or sell for client accounts. Access Persons may also be involved in other business ventures or interests which are not offered or available to Princeton Capital's clients. Accordingly, Access Persons may encounter conflicts of interest between their obligations to Princeton Capital, Princeton Capital's clients, and such other activities.

Joseph Cajigal has substantial personal investments in Hudson Farol and Farol Management. In some cases, Princeton Capital may receive a higher investment advisory fee on assets that are invested in Hudson Farol. Farol receives an incentive fee on the net profits of Hudson Farol. Therefore, Princeton Capital and Joseph Cajigal may have an incentive to recommend that clients invest in Hudson Farol.

Princeton Capital will provide a copy of the Code to any client or prospective client upon request. Clients may request a complete copy of Princeton Capital's Code by contacting the firm's Chief Compliance Officer at (201) 332-9800 or via email at [compliance@princap.com](mailto:compliance@princap.com) or writing to us at 151 Bodman Place, Suite 101, Red Bank, N.J. 07701.

### **Item 12 – Brokerage Practices**

Princeton Capital generally determines the broker through whom securities transactions are to be affected. In selecting brokers for a portfolio transaction, Princeton Capital considers, without limitation, the overall direct net economic results to

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an account, including both price paid or received and any commissions and other costs paid, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possibly difficult transactions in the future, responsiveness to Princeton Capital, and the financial strength and stability of the broker.

It is Princeton Capital's policy to seek the best execution available in light of the overall quality of brokerage and research services provided to it or its clients. Best execution involves reasonably seeking the most favorable terms for a transaction under the circumstances.

The actual allocation of brokerage business may vary from year to year, depending on Princeton Capital's evaluations of all applicable considerations. In no case will Princeton Capital make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if an informal target is not met.

### Research

Princeton Capital may use client brokerage commissions (or markups or markdowns) to obtain research or other products and services. Princeton Capital benefits because it does not have to pay for the research, products or services. Princeton Capital may have an incentive to select a broker-dealer based on its interest in receiving research or other products and services.

Subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), Princeton Capital may pay a broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and research services provided by or through the broker. Princeton Capital believes it is important to its investment decision making process to have access to independent research.

Research furnished by brokers may be used to service any or all of Princeton Capital's clients and may be used in connection with accounts other than those transacting with the broker providing the research, as permitted by Section 28(e). In addition, there may be times when commissions generated by clients with an equity strategy may

result in services that are of benefit only to clients with a fixed income strategy and vice versa.

Brokerage and research services provided by brokers may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement, and custody), and providing information regarding: the economy, industries, sectors of securities, individual companies, statistical information, taxation, political developments, legal developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis and performance analysis. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts. In addition, research services may be provided in the form of access to various computer-generated data, and meetings arranged with corporate and industry spokespersons, economists and representatives of federal and local government agencies.

### Private Account Clients

For ease of administration and containment of client costs, Princeton Capital prefers to concentrate the use of broker/custodians to hold (or custody) assets and execute transactions on behalf of our private account clients.

The broker/custodians may provide web-based operational and technological support, client reporting, access to a large selection of mutual funds and other investments that are generally available only to institutional investors and/or would require a significant minimum initial investment. Concentrating the broker/custodian relationships enables us to more efficiently bunch together or aggregate trades in the same security while controlling the flow of the orders into the market and ensuring that all accounts are treated in a fair and equitable manner. Also, when clients choose a broker/custodian where other clients have concentrated their custody, Princeton Capital may have some influence on brokerage fees or transaction quality.

**Princeton Capital recommends, but does not require, that private account clients establish accounts with any specific broker/custodian. We do not open the account for you, although we may assist you in doing so.**

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Broker/custodians offer a bundled package of services to clients, including trade execution, trade settlement, custody, daily sweeps of excess cash to money market funds, and client reporting. Broker/custodians are compensated for these services through commissions and other transaction-related or asset-based fees on securities trades that are executed through their firm or that settle into their accounts. Broker/custodians may also receive fees as an adviser, distributor or shareholder administrator when clients are invested in certain fund products. Broker/custodians have a variety of pricing tiers for retail and institutional clients, and these price tiers may be modified at any time. It is therefore possible that Princeton Capital clients will pay higher Broker/custodians fees than will certain other Broker/custodians clients.

Broker/custodians provide Princeton Capital electronic access to client trade confirmations and account statements as well as daily prices for securities held in client accounts, and they facilitate payment of our quarterly fees directly from client account(s). We may have access to a team of service representatives who facilitate administration of client accounts as needed.

Broker/custodians also make available services that directly benefit Princeton Capital, including consulting, publications, and conferences on topics such as practice management, information technology, marketing and regulatory compliance. Many broker/custodians typically make these services available, on an unsolicited basis, to all independent investment advisors.

Princeton Capital may effect trades with other brokers when we believe better qualitative execution is available elsewhere. However, in this situation the client pays a trade-away fee. Clients when selecting a broker or custodian should review the information they receive from their selected service provider with respect to trade fees and other account charges.

### **Directed Brokerage**

Princeton Capital does not accept direction from clients regarding the brokers to be used for their account.

### **Trade Aggregation and Allocation**

Princeton Capital seeks, but is not obligated, to bunch orders for the purchase or sale of the same security for client accounts where Princeton

Capital deems this to be appropriate and in the best interests of the accounts, consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account will participate at the average share prices for the bunched order on the same business day, and the transaction costs shall be shared pro-rata based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased will be allocated on a pro-rata basis to each account participating in the bunched order based upon the initial amount requested for the account, subject to certain exceptions (such as de minimis orders) and each participating account will participate at the average share prices for the bunched order on the same business day.

Princeton Capital performs investment advisory services for various clients and may give advice, and take action, with respect to any of those which may differ from the advice given, or the timing or nature of action taken, with respect to any one account, provided that over a period of time Princeton Capital, to the extent practical, allocates investment opportunities to each account on a fair and equitable basis relative to other similarly situated client accounts.

In addition, when trades for SMA programs are directed to the SMA sponsors, a trade rotation process is implemented between SMA programs and institutional accounts and among the different SMA sponsors. This process could result in accounts receiving different prices for the same security. When an SMA sponsor comes up in the rotation, Princeton Capital generally will not trade for institutional accounts or accounts of other SMA sponsors. To minimize the impact, SMA sponsors are given strict time limitations to complete executions for their accounts.

There can be other exceptions to the process described above. For example, when our investment professionals decide to sell a security regardless of tax considerations, both taxable and tax-exempt accounts are eligible for sale simultaneously. In situations where tax gains influence the sale, securities in the tax-exempt accounts may be placed for sale first, as additional time is needed to consider the tax implications for each taxable account. Conversely, when tax losses influence the sale, we may prioritize taxable clients first, as the loss has a specific impact in a given

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year. In any event, the prioritization process is applied consistently and objectively over time.

### **Cross-Transactions and Principal Trading**

Princeton Capital does not engage in any cross transactions or principal trading.

### **Item 13 – Review of Accounts**

A Senior Portfolio Advisor with extensive experience is assigned to each account and is responsible for monitoring and maintaining compliance with client-specific guidelines, the firm's investment policies and compliance with statutory and regulatory requirements.

Quarterly all private client portfolios are reviewed by either the Chief Executive Officer, Chairman, President or any other portfolio manager as may be designated from time to time.

Princeton Capital generally provides quarterly written statements to clients with separately managed accounts. This report summarizes the portfolio's holdings for the quarter, performance returns for the period and details purchases and sales. Other special reporting is available upon the client's request.

Generally, each separately managed portfolio is formally reviewed at least once a year with the client. Additional reviews may take place during the year as requested by the client. The reviews are generally presented by the respective portfolio manager(s) and/or a senior client service representative. The formal review provides the client with the performance of the portfolio in the context of the preceding and anticipated future economic environment.

More-frequent reports may be provided upon request.

Wrap accounts are monitored and values and performance as well as holdings are reported to the client by the platform provider.

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

Princeton Capital does not currently pay for client referrals, but may do so in the future. All such payments will be made out of Princeton Capital's assets and will not impact client accounts. Further, we will provide complete details of the referral

fee agreement to any client for whom a referral fee is paid.

Princeton Capital does not receive any compensation other than the investment advisory fees that our clients pay to us. However, certain broker/custodians and issuers of securities provide products and services that are of benefit to us.

*For a discussion on these products and services and the conflicts of interest that they create, see above Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading, and Item 12 - Brokerage Practices.*

### **Item 15 – Custody**

The client's independent custodian, in some instances, will directly debit the client's account(s) for the payment of our advisory fees based on our calculations and instructions. This ability to deduct our advisory fees from client accounts causes our firm to exercise limited custody over client funds or securities.

**Princeton Capital does not have physical custody of any of client funds and/or securities.**

**Client funds and securities are held by the client, under a contract the client has signed directly with a bank, broker-dealer, or other independent, qualified custodian.**

Clients will receive account statements from the independent, qualified custodian(s) holding client funds and securities at least quarterly. The account statements from client custodian(s) will indicate the amount of our advisory fees deducted from client account(s) each billing period. We urge clients to carefully review both account statements and compare custodial records to the account statements provided by Princeton Capital. Princeton Capital statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

Princeton Capital's clients grant us full discretionary authority over securities purchases and sales, subject to investment objectives and guidelines that are established by agreement between Princeton Capital and the client at the time the account is opened.

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Princeton Capital may select brokers or dealers that provide research or other transaction-related services and may cause a client to pay such broker-dealer commissions for effecting transaction in excess of commissions other broker-dealers may have charged. Princeton Capital will consider the full range and quality of a broker's or dealer's services, including, among other things, the value of research provided, execution capability, commission rate, financial responsibility, market making capabilities, efficiency, confidentiality, responsiveness and other factors it deems appropriate.

There are situations in which clients have input into specific investment decisions made with respect to their accounts. For example, some clients are subject to employer-dictated constraints with respect to the purchase of certain securities. Other clients may choose not to sell certain legacy holdings due to anticipated tax consequences. On an exception basis, clients may request the portfolio manager to buy or sell a given security based on their personal feelings with respect to an investment. However, Princeton Capital typically buys and sells securities for client accounts without any prior notification to or discussion with the client.

### **Class Action Lawsuits**

Princeton Capital is not responsible for exercising clients' rights to participate in the proceeds of class action lawsuits affecting securities they own or have owned. Princeton Capital will generally not notify clients regarding class action lawsuits and will not transmit proof of claim forms to clients except upon client request.

### **Item 17 – Voting Client Securities**

#### **Proxy Voting Policies and Procedures**

Where Princeton Capital is responsible to vote proxies for a client, it has adopted policies and procedures (the "Guidelines") in an effort to ensure that votes are cast in the best interests of its clients and that proper documentation is maintained relating to how proxies were voted. Princeton Capital's basic policies and procedures are as follows:

Under the Guidelines, Princeton Capital may delegate to a non-affiliated third party vendor the responsibility to review proxy proposals and make

voting recommendations on behalf of Princeton Capital. Princeton Capital may also vote a proxy contrary to the Guidelines if we determine that such action is in the best interest of our clients. Conflicts of Interests relating to proxy proposals will be handled in various ways depending on the type and materiality.

Generally, where the Guidelines outline Princeton Capital's voting position as either "for" or "against" a proxy proposal, voting will be in accordance with Princeton Capital's Guidelines. Where the Guidelines outline Princeton Capital's voting position to be determined on a "case by case" basis for such proxy proposal, or such proposal is not listed in the Guidelines, then Princeton Capital will choose either to vote the proxy in accordance with the recommendation of a non-affiliated third party vendor, or vote the proxy pursuant to client direction. The method selected by Princeton Capital will depend on the facts and circumstances of each situation and the requirements of applicable law. The method selected by Princeton Capital may also conflict with the interest of the client in voting their securities.

Princeton Capital may choose not to vote proxies in certain situations or for certain accounts, such as: (1) where a client has informed the firm that it wishes to retain the right to vote the proxy, the firm will instruct the custodian to send the proxy material directly to the client; (2) where the firm deems the cost of voting would exceed any anticipated benefit to the client; (3) where a proxy is received for a client account that has been terminated with the firm; (4) where a proxy is received for a security the firm no longer manages (i.e., the firm had previously sold the entire position), and/or; (5) where the exercise of voting rights could restrict the ability of an account's portfolio manager to freely trade the security in question.

If you are a client of Princeton Capital and you would like to find out how your proxies have been voted or you would like a complete copy of Princeton Capital's current Proxy Voting Policies, Procedures and Guidelines please send a written request to:

Princeton Capital  
Attention: Compliance Department  
151 Bodman Place - Suite 101  
Red Bank, NJ 07701

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Email requests may be sent to:  
[compliance@princap.com](mailto:compliance@princap.com)

### **Item 18 – Financial Information**

We do not require or solicit payment of fees in excess of \$1200 per client more than six 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 and is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Princeton Capital Management has no such financial condition to report.

Princeton Capital Management has not been the subject of a bankruptcy petition or financial proceeding since inception in 2001.

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

Princeton Capital is a SEC registered advisor and therefore Item 19 is "Not applicable".

### **Item 20 – Additional Information Client Privacy Policy**

*ON THE NEXT PAGE, YOU WILL FIND PRINCETON CAPITAL'S PRIVACY POLICY STATEMENT. PLEASE REVIEW CAREFULLY AND CONTACT US WITH ANY QUESTIONS YOU MAY HAVE.*



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### **CLIENT PRIVACY SUMMARY OF POLICIES AND SAFEGUARDS (EFFECTIVE MARCH 28, 2011)**

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Princeton Capital respects your privacy and recognizes its obligation to safeguard your confidential information. This summary of Princeton Capital's privacy policy is provided in order to comply with Federal laws which require us to tell you how we collect, share and protect your personal information. We ask that you please read this notice carefully to understand what we do.

Princeton Capital asks clients for non-public, personal information that we need in order to manage your investments and service your accounts. For example, social security numbers and financial account numbers are necessary to open or update financial accounts, to facilitate client requests for cash transfers or withdrawals, and to produce certain tax documents, among other reasons. We also review your personal information prior to recommending certain investments as well as to comply with Federal anti-money laundering requirements. Even if you decide to end our relationship, we may continue to maintain your information for regulatory, reporting or other purposes. These privacy policies therefore apply to the personal information of all prospective, current and past clients of Princeton Capital.

#### **POLICY**

Princeton Capital does not sell or share your confidential information with any third-party for their use in research, telemarketing or other marketing purposes. We do share your information with other parties as necessary to process a transaction on your behalf, to service your account, to meet our regulatory obligations or when legally required to do so.

To protect your personal and confidential information from unauthorized access and use, all Princeton Capital employees must comply and utilize the physical, electronic, and procedural safeguards in place. Our employees are required to act in accordance with the firm's Code of Ethics, to treat client personal information with the utmost confidentiality, and to adhere to a culture respecting client privacy. Your identifiable personal information is used only in the management and servicing of your investment account(s).

#### **LIMITING THE SHARING OF INFORMATION**

If you prefer you may choose to limit the information we share about you with outside companies. You may exercise this choice by contacting us at 201.332.9800.

#### **PROCEDURES**

Employees with access to non-public personal information are required to keep such information in a secure compartment when not in use. On a longer-term basis, personal client information is stored in a dedicated file that is locked during non-business hours. Personal client information is shredded before it is disposed of.

All electronic or computer files containing such information are password secured and firewall protected from access by unauthorized persons. Emails generated by Princeton Capital that contain personal, non-public information are encrypted; clients are advised not to send personal information to us via email unless similarly protected.

**Your business is important to us and everyone at Princeton Capital is committed to maintaining the confidentiality, security and integrity of your personal information.**