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Item 1 – Cover Page

# Brochure

## Precise Investment Management, Inc.

d/b/a/Precise Management, Inc.

600 Central Ave. Suite 293  
Highland Park, IL 60035  
702-906-0940

September 29, 2022

This Brochure provides information about the qualifications and business practices of Precise Investment Management, Inc., also doing business as Precise Management, Inc. (“Precise”, “Firm”, “us”, “we” “Advisor” or “our”). When we use the words “you”, “your” and “client” we are referring to you as our client and or our prospective client. We use the term “Supervised Person” when referring to our officers, employees, and all individuals providing investment advice on behalf of Precise. If you have any questions about the contents of this Brochure, please contact us at 702-906-0940 or [Myrna@preciseinvest.com](mailto:Myrna@preciseinvest.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.

Precise is a registered investment adviser. The registration of an investment adviser does not imply any level of skill or training. The oral and written communications made to you by Precise, including the information contained in this Brochure, should provide you with information to determine whether to hire or retain Precise as your adviser.

Additional information about Precise also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The IARD/CRD for Precise is 282557. The SEC’s website also provides information about any persons affiliated or registered with, and or required to be registered, as investment adviser representatives of Precise.

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## Item 2 - Material Changes

The following material changes are listed since the firm's last annual update:

1. **The firm's new suite number is 293.**
2. **Precise Worldview Structured Program** - Precise provides clients with access to Portfolio Managers for the discretionary management of Client accounts. Precise has entered into sub-advisory agreements with Portfolio Managers to offer the money management and advisory services of such Portfolio Managers to Clients of Precise.
3. **Precise Worldview Focus Program** -Precise provides clients located in other countries ("Offshore Clients") with access to Portfolio Managers located in foreign countries for the discretionary management of Offshore Client accounts. Precise has entered into sub-advisory agreements with Portfolio Managers to offer the money management and advisory services of such Portfolio Managers to Offshore Clients of Precise. In the future we will provide new clients with a Brochure before or at the time we enter into an advisory agreement and we will deliver to our clients, within 120 days of the end of each fiscal year, a free, updated Brochure that either includes or is accompanied by a summary of material changes. Alternatively, we may deliver a summary of material changes that includes an offer to provide a copy of the updated Brochure and information on how our clients may obtain the Brochure.

In addition to the material changes above, we have made a number of minor edits and updated our assets under management. Currently, our Brochure may be requested by contacting us at 702- 906-0940.

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## Item 4 – Advisory Business

Precise Investment Management, Inc. is an investment adviser registered with the Securities and Exchange Commission (“SEC”). In addition, Precise Investment Management, Inc. operates its advisory activities in the state of Texas under the corporate name of “*Precise Management, Inc.*”. The Firm has been in business since 2016.

### Ownership

Precise Investment Management, Inc. is 100% owned by Intelligenics, Inc., a corporation that is owned 100% by Carlos Legaspy.

### Management

Myrna Chavira is the President, and Chief Compliance Officer of the Firm.

### Branch Office

1600 Ponce de Leon Blvd, Suite 806, Coral Gables, FL 33134

### Services Offered

#### *Single Managed Accounts*

Precise offers the following advisory services:

- Discretionary portfolio management services for individuals and/or small businesses; and
- Discretionary portfolio management for businesses or institutions clients (other than investment companies).

#### *Precise Worldview Structured Program*

Precises provides clients with access to Portfolio Managers for the discretionary management of Client accounts. Precise has entered into sub-advisory agreements with Portfolio Managers to offer the money management and advisory services of such Portfolio Managers to Clients of Precise.

Portfolio Managers are generally selected by manager recommendations from trusted industry professionals or through research performed that is particular to the country the Portfolio Manager is located in. This is followed by meetings and teleconferences to ensure that manager’s strategy meets the client’s objectives. In addition to the initial due diligence performed on the respective Portfolio Managers, Portfolio Managers are subjected to annual due diligence reviews which focus on material changes with respect to their disclosures, disciplinary history and investment styles and objectives.

#### *Precise Worldview Focus Program*

Precise provides clients located in other countries (“Offshore Clients”) with access to Portfolio Managers located in foreign countries for the discretionary management of Offshore Client accounts. Precise has entered into sub-advisory agreements with Portfolio Managers to offer the money management and advisory services of such Portfolio Managers to Offshore Clients of Precise.

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Portfolio Managers are generally selected by manager recommendations from trusted industry professionals or through research performed that is particular to the country the Portfolio Manager is located in. This is followed by meetings and teleconferences to ensure that manager's strategy meets the client's objectives. In addition to the initial due diligence performed on the respective Portfolio Managers, Portfolio Managers are subjected to annual due diligence reviews which focus on material changes with respect to their disclosures, disciplinary history and investment styles and objectives.

### ***Wrap Programs***

Precise does participate in a Wrap Program. Please refer to Precise's Form ADV Part 2A Appendix Wrap Fee Brochure for details.

### **Investment Products**

Precise may offer advice on the following as well as the foreign equivalents of the following investment products:

- Equity securities
- Corporate debt securities
- Certificates of deposits
- Municipal securities
- Investment Company Securities (mutual fund shares)
- Variable life insurance
- Variable annuities, United States government securities
- Option contracts on securities
- Interests in partnerships investing in real estate, oil and gas and others
- Currencies
- Derivatives
- Private placements
- Limited partnership interests.

### **Assets under Management**

As of June 30, 2022, the firm manages \$72,761,427 in discretionary assets under management.

## **Item 5 – Fees and Compensation**

### **Type of Compensation**

#### ***Single Managed Accounts***

Precise is compensated based on a percentage of assets under management for the single managed accounts ("Advisory Fees"). Our advisory fees will generally range from .75% to 2.00%, however, all fees are subject to negotiation based on client relationship, and size. Lower fees for comparable services may be available from other sources. The amounts and specific way fees are charged is negotiated and memorialized in Precise' contract with our clients, and we generally bill our fees on a quarterly basis, in advance. Although many fees are individually negotiated, some

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common fees are included on our fee schedule for your review and described further below. Advisory Fees are negotiable.

The Advisory Fee for the initial quarterly period shall be due in full on the Effective Date of this Agreement and shall be prorated for the initial quarterly period, based on the opening date of the Account and the Net Asset Value of the Assets held in the Account on that date. The term "quarter" as used herein shall mean a calendar quarter. Client may elect to either be invoiced for the Advisory Fee, in which case the Client may pay the Advisory Fee by check or credit card, or the client may pay the Advisory Fee by direct debit from the Client Account. Lower fees for comparable services may be available from other sources.

### ***Program Compensation - Precise Worldview Focus Program and Precise Worldview Structured Program***

Precise and the Portfolio Manager are compensated in connection with their respective roles in the Program, provided that the only advisory fee payable by client under the Program shall be the advisory fee payable to Precise. The fee charged by both Precise and each Portfolio Manager selected by client will be set forth in the Client Services Agreement executed by you and Precise when you engage our advisory services. Notwithstanding that, our advisory fees will generally range from .75% to 1.50%, however, all fees are subject to negotiation based on client relationship, and size. Lower fees for comparable services may be available from other sources. The total advisory fee charged by both Precise and the Portfolio Manager will be included in the advisory fee charged by Precise, however, in no event will it exceed 3% of the portfolio assets under management per year. The advisory fee is payable in advance to us for each calendar quarter and shall be computed based on the market value of the assets of the client account as of the close of business on the last business day of each preceding quarter. The advisory fee will be pro-rated to reflect the actual number of days in the initial quarter that assets are under management, and upon termination, the number of days assets are under management in the final quarter. Each quarter we will notify your custodian of the amount of the fee due and payable to us through our fee schedule and contract.

### **Transaction and Other Costs**

Additionally, that while the advisory fee charged by us reflects all advisory and program services payable to Precise and the Portfolio Manager, our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. See also *Other Financial Industry Activities and Affiliation, Brokerage Practices and Client Referrals* and *Other Compensation* below for a description of additional compensation received by Precise and its affiliates, a description of factors that Precise considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions), and potential conflicts of interests related to certain affiliations. Neither the Adviser nor its supervised persons accept compensation for the sale of securities or other investment

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products.

## **Termination**

Any Party may terminate this Agreement at any time by giving thirty (30) days prior written notice of such termination to the other Party. The advisory fee will be pro-rated upon termination to reflect the actual number of days in the final quarter that assets are under management. Fees will be deposited into the clients account, or a check will be issued.

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

Precise does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), nor does it participate in side-by-side management.

## **Item 7 – Types of Clients**

We offer portfolio management investment advice to the following types of clients, who are non-citizens and non-resident aliens of the United States:

- Individuals
- Families
- High net worth individuals
- High net worth families

At this time, we have no minimum requirement for opening or maintain an account.

## **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.

### **Analysis Methods**

Precise does not provide individualized investment portfolio advice; however, through the Program, we utilize Portfolio Managers who provide discretionary investment portfolio advice. In providing that advice, the Portfolio Managers may utilize the following analysis methods:

#### ***Charting***

Charting analysis seeks to identify resistance and support reference prices for decisions to buy (price hits the support) or sell (price hits the resistance). Through charting, the analysis seeks to identify price patterns and market trends in financial markets. Charting may apply to long-term investing or be used as a market-timing strategy, depending on the timeframe of the price charts.

#### ***Technical***

Technical analysis maintains that all information is already reflected in the stock price. Technical analysis is a discipline for forecasting the direction of prices through the study of past market data, primarily price and volume. Generally, technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving



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averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns.

*Charting and Technical Analysis* - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day change in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

### ***Fundamental***

Fundamental analysis maintains that markets may misprice a security in the short run, but that the "correct" price will eventually be reached by the market. The fundamental analysis of a business involves analyzing a businesses: financial statements and health, management and competitive advantages, and competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management.

*Fundamental Analysis* - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

### ***Cyclical***

Cyclical analysis generally targets cyclical stocks for purchase of equity securities when the ratio of price-to-earnings (P/E Ratio) is low and sell them when the P/E Ratio is high (i.e., when earnings are peaking). The P/E Ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share.

*Cyclical Analysis* - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

## **Sources of Information**

The main sources of information that we use to analyze the Portfolio Managers include:

- Financial newspapers and magazines;
- Inspections of Portfolio Manager facilities;
- Research materials prepared by others;
- Portfolio Manager press releases;
- Disclosure Documentation;
- Performance records and the
- World Wide Web.

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## **Investment Strategies**

Precise relies on the Portfolio Managers to implement investment advice given to clients, which could include the following:

- Long term Purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including covered options, uncovered options or spreading strategies
- Utilization of Alternative Investments (partnerships, hedge funds, commodity pools, etc.)

## **Investment Strategy Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

### ***General Risks***

#### **Lack of Diversification**

Portfolio investments may be concentrated, and diversification may be limited. There are no limits with respect to position sizes. Any assets or combination of assets that can be held in a securities account can be purchased or sold.

#### **Cash and Cash Equivalents**

Accounts may maintain significant cash positions from time to time and the client will pay the advisory fee based on the net asset value of the portfolio account, including cash and cash equivalents. Furthermore, the account may forego investment opportunities to hold cash positions if the Portfolio Manager considers it in the best interests of the accounts.

#### **Interest Rate Fluctuation**

The prices of securities in which the Portfolio Manager may invest are sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions which were not initially anticipated. In addition, interest rate increases generally will increase the interest carrying costs of borrowed securities and leveraged investments.

### ***Trading Risks***

#### **Long term Purchases (securities held at least a year)**

***Liquidity:*** The portfolio may be invested in liquid and illiquid securities. You should be aware that liquid securities may become less liquid during the holding period.

#### **Short term purchases (securities sold within a year)**

***Market Risks:*** Investment success will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline, including due to

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other market participants developing similar programs or techniques.

**Trading (securities sold within 30 days)**

**Market Risks:** The success of a significant portion of a trading program will depend, to a great extent, upon correctly assessing the future course of the price movements of the securities traded. There can be no assurance that the trading program of a Portfolio Manager will be able to predict accurately these price movements. Additionally, over time, the effectiveness of the trading program may decline for many reasons, including other market participants developing similar programs or techniques.

**Trading is Speculative:** There are risks involved in trading securities. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

**Turnover:** Portfolio Manager trading activities may be made on the basis of short-term market considerations. The portfolio turnover rate could be significant, potentially involving substantial brokerage commissions, and related transactional fees and expenses.

***Margin Risk***

**Leverage**

Portfolio Managers may use leverage in investing. Such leverage may be obtained through various means. The use of short-term margin borrowings may result in certain additional risks to accounts. For example, should the securities pledged to a broker to secure a margin account decline in value, a “margin call” may be issued pursuant to which additional funds would be required to be deposited with the broker or the broker would effect a mandatory liquidation of the pledged securities to compensate for the decline in value. Portfolio Managers might not be able to liquidate assets quickly enough to pay off the margin debt and the accounts may therefore also suffer additional significant losses as a result of such default. Although borrowing money increases returns if returns on the incremental investments purchased with the borrowed accounts exceed the borrowing costs for such accounts, the use of leverage decreases returns if returns earned on such incremental investments are less than the costs of such borrowings.

***Option Writing Risks***

**Options and Other Derivatives**

Portfolio Managers may purchase or sell options, warrants, equity related swaps or other derivatives that trade on an exchange. Both the purchasing and selling of call and put options entail risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying securities. The effectiveness of purchasing or selling stock index options as a hedging technique depends upon the extent to which price movements in the portion of the accounts’ hedged correlate with price movements of the stock index selected. Because the value

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of an index option depends upon movements in the level of the index rather than the price of a particular security, whether an account realizes a gain or loss will depend upon movements in the level of security prices in securities markets generally rather than movements in the price of a particular security.

### **Uncovered Risks**

Portfolio Managers may employ various “risk-reduction” techniques designed to minimize the risk of loss in accounts. Nonetheless, substantial risk remains that such techniques will not always be possible to implement and when possible, will not always be effective in limiting losses. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the value of such position’s declines, but utilize other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it may not be possible for us to hedge against a fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at a price sufficient to protect from the decline in value of the portfolio position anticipated as a result of such a fluctuation. The success of the hedging transactions will be subject to the ability to correctly predict market fluctuations and movements. Therefore, while Portfolio Managers may enter into such transactions to seek to reduce risks, unanticipated market movements and fluctuations may result in a poorer overall performance for the accounts portfolio than if we had not engaged in any such hedging transactions. Finally, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary.

### **Utilization of Alternative Investments**

Alternative investment products, including hedge funds, commodity hedged accounts and managed futures, involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager.

## **Item 9 – Disciplinary Information**

Carlos J. Legaspy was the subject of written consumer complaints that were finalized in 2020 and 2021. In March and October of 2018, a LOA was submitted to transfer assets to another bank. Clients were managed by third party advisors. Client alleges that the transfer documents were fraudulent, and that Insight Securities, Mr. Legaspy, Pershing LLC, and Deutsche Bank were negligent in missing the red flags of this transfer. Mr. Legaspy has never met the claimants, and it appears that he was named personally because he owns Insight, which acted as the custodian for the unaffiliated third-party advisor who represented claimants. The unaffiliated third-party advisor, who provided Insight with signed letters of authorization ("LOAs"). to transfer the customer assets

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to a Cayman based broker-dealer Madison Assets LLC ("Madison"). Madison is now in bankruptcy, and claimants are alleging Insight is liable based on allegations that the LOAs were fraudulent. One of the Clients had internet access to the account and received electronic notices of the transfers, yet the client took no action for two months until Madison filed for bankruptcy. There is no allegation that Insight played any role other than a custodian for the claimants and agent to execute their third-party advisor's orders. Insight followed the proper procedure for transfers of a customer's assets to an account with the same name as that as the sending account. The signatures appear genuine and match the signatures on file with Insight. Additional information is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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

### **Affiliated Broker-Dealer/Investment Adviser**

Precise is affiliated with InSight Securities, Inc. ("InSight") through common ownership. InSight is a registered as an investment adviser and a broker-dealer with the SEC and various state jurisdictions and is a member firm of the Financial Industry Regulatory Authority ("FINRA"). Additionally, advisory representatives of Precise are also registered with Insight. For a discussion of these relationships, see *Item 12- Brokerage Practices and Client Referrals* and *Item 14 - Other Compensation*.

Myrna Chavira is also the President and Chief Compliance Officer of Interamericas Advisor Solutions, Inc., an investment adviser registered with the states of Texas and Florida.

Myrna Chavira and Carlos Legaspy are licensed insurance agents. To the extent insurance products are purchased thorough Myrna Chavira and Carlos Legaspy by advisory clients, Myrna Chavira and Carlos Legaspy will be paid a commission by the insurance company who issues the policy.

This creates a conflict of interest as there is an incentive for Precise representatives to recommend insurance products based on the compensation received, rather than on your needs. Notwithstanding such conflict of interest, we manage this conflict of interest by monitoring the suitability of such insurance products as a portion of your investment needs, by utilizing insurance products only where it is your best interest, and after consultation with you regarding the insurance products, which consultation includes the disclosure of such potential conflicts in accordance with our fiduciary duty as your adviser. Neither Precise nor its associated persons are registered or have an application pending to register futures commission merchant, commodity pool operator, a commodity trading advisor.

## **Item 11 – Code of Ethics, Interest in Client Transactions & Personal Trading**

### **General**

Precise has adopted a Code of Ethics for all Supervised Persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting

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of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All Supervised Persons at Precise must acknowledge the terms of the Code of Ethics annually, or as amended.

## **Personal Trading**

To mitigate conflicts of interest, all employees must comply with our Code of Ethics and procedures, which collectively impose restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Additionally:

- No security may be bought or sold by a principal or employee of Precise before the Firm's clients' accounts have had the opportunity to make such transactions as appropriate.
- All Precise trades and employee trades will be reviewed by the Chief Compliance Officer, and
- Principals and employees will not receive a more favorable execution price on a particular day than those received by our investment advisory clients.

Notwithstanding the above, Precise, and/or its officers, directors or employees may purchase for themselves similar or different securities as purchased or recommended for investment advisory clients of Precise, and different securities or transactions may be recommended for different investment advisory clients of Precise. Neither Precise nor any related person will recommend to clients, buy or sell for clients' accounts investments in which Precise adviser or related person has a material financial interest. Precise will also maintain quarterly reports on all personal securities transactions, except transactions in investment company securities and/or other exempt transactions. Our clients or prospective clients may request a copy of our Code of Ethics by contacting the CCO.

## **Insider Information**

Further, the Code of Ethics and Supervisory Procedures impose certain policies and procedures concerning the misuse of material non-public information that are designed to prevent insider trading by any officer, partner, or associated person of Precise.

## **Item 12 – Brokerage Practices**

### **General**

Precise will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. Precise, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may place orders for the execution of such securities transactions with Precise or other third-party broker/dealers. Precise will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

We may place all or a portion of the transactions with a broker with whom the client has a special advisory or consulting relationship. Such transactions are placed with a broker who may have provided manager selection services, performance measurement services, asset allocation

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services, or a variety of other consulting or monitoring assistance, all with the specific knowledge and full approval of the client.

We do not maintain agreements with referring brokers regarding our internal allocation of brokerage transactions. However, all or a sizable portion of a particular clients' brokerage transaction business may be directed to a particular broker if the client has directed, agreed or stipulated us to do so. Commissions are not intended to compensate brokers for client referrals.

With regard to client directed brokerage, we are required to disclose that we may be unable to negotiate commissions, block or batch client orders or otherwise achieve the benefits described above, including best execution, if you limit our brokerage discretion. Directed brokerage commission rates may be higher than the rates we might pay for transactions in non-directed accounts. Also, clients that restrict our brokerage discretion may be disadvantaged in obtaining allocations of new issues of securities that we purchase or recommend for purchase in other clients' accounts. It is our policy that such accounts do not participate in allocations of new issues of securities obtained through brokers and dealers other than those designated by the client. As a general rule, we encourage each client to compare the possible costs or disadvantages of directed brokerage against the value of the custodial or other services provided by the broker to the client in exchange for the directed broker designation.

### **Soft Dollar Arrangements**

Soft dollar arrangements are a common practice in the investment advisory industry. The U.S. Congress created a "safe harbor" under Section 28(e) of the Securities and Exchange Act of 1934, which establishes strict standards by which soft dollar arrangements are allowed. Under this safe harbor, an advisor can consider the provision of research, as well as execution services, in evaluating the cost of brokerage services without violating its fiduciary responsibilities. Precise follows the safe harbor available under Section 28(e) in arranging and executing its soft dollar arrangements.

Custodian and Insight makes available to Precise products and services that benefit Precise but may not directly benefit its client's accounts. Some of these products and services assist Precise in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Precises' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting.

While as a fiduciary, Precise endeavors to act in its clients' best interests, while we recommend that clients maintain their assets in accounts at the Custodian, that recommendation is based in part on the benefit to Precise of the availability of some of the foregoing products and services, and not solely on the nature, cost or quality of custody and brokerage services provided by Insight and Custodian, which creates a potential conflict of interest. Precise mitigates that conflict of interest through disclosures made in this Brochure, client agreements, and in reports and conversations with clients.

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## **Item 13 – Review of Accounts**

### **Account Review**

Precise and the Portfolio Managers will review all accounts on a quarterly basis and compare each investment on a transaction basis to insure that each transaction is: (i) suitable to the respective client's investment objectives; (ii) meets that client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement. Notwithstanding that, Myrna Chavira will oversee the review of overall performance of the respective investment portfolios on annual basis, unless the client requests a more frequent review.

### **Reports**

Unless otherwise provided or directed in writing by Precise, informational reports on the portfolio investment accounts shall be prepared at the direction of Precise by Portfolio Manager and forwarded to Client. Portfolio Manager shall furnish such information concerning the portfolio investment accounts and the services provided hereunder as you may reasonably request. Communications with you regarding the overall management of your account shall generally be provided through the Portfolio Manager.

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

### **Client Referrals**

Precise does not utilize or pay third party solicitors for the referral of advisory clients to us. Precise does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

### **Brokerage Compensation**

#### ***Mutual Funds Charges***

When recommending investments in mutual funds, it is our policy to review and consider available share classes. The Firm's policy is to select the most appropriate share classes based on various factors including but not limited to; minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors we attempt to select a share class that is the 'lowest cost' share class in order to address our duty to obtain best execution. However, in order to select the most appropriate share class, Precise may select retail, institutional or other structured share classes when appropriate that have a higher cost. Institutional share class mutual funds typically have lower cost than other share classes and generally do not have an associated 12b-1 fee, leading to a lower overall expense ratio than share class A, B, or C shares of the same mutual fund. To the extent mutual funds are utilized as third-party managers, fees from the issuers of such mutual funds will be in addition to the consulting fee paid herein. The client is advised that, in addition to the annual advisory fee, each mutual fund in which assets are invested will incur separate investment advisory fees and other expenses for which client will bear a proportionate share.

#### ***Cash and Money Market Funds***

If an investment advisory client utilizes Insight as the broker-dealer, Precises' selection of



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money market mutual funds, or comparable investments in which to hold cash reserves in the client's account is limited to certain investments. The selection includes money-market, municipal money-market and government money-market funds, and the issuers of funds pay Insight a distribution fee in its capacity as a broker-dealer. This compensation is in addition to other fees, etc. received from client accounts. Additionally, cash balances arising from the sales of securities, redemption of debt securities, dividend and interest payments and funds received from clients are so invested automatically on a daily basis. When securities are sold, funds are deposited on the first business day after settlement date. Funds placed in a client's account by personal check usually will not be invested until the second business day following the day that the deposit is credited to the client's account. Due to the foregoing practices, Insight may obtain federal funds prior to the date that deposits are credited to client accounts and thus may realize some economic benefit because of the delay in investing these funds. Where an unaffiliated broker-dealer or other entity acts as custodian of the client's account assets, Precise has no control over the manner in which the cash reserves will be handled. The client and/or custodian will make that determination. This compensation is historically minimal in relation to all other compensation earned by Insight.

### ***Program Compensation***

Portfolio Managers will not execute portfolio transactions for investment advisory clients through our affiliated broker-dealer, InSight. As such, InSight and or its associated persons will not earn any compensation and or commissions for brokerage services from advisory Clients.

## **Item 15 – Custody**

Precise does not have custody of client assets, however, since Precise has the ability to debit advisory fees from Clients' accounts, Precise is considered to have custody in a limited capacity. Again, this custody is due solely to the direct withdrawal of fees and does not entail all of the same legal and regulatory requirements as an investment adviser with physical custody of Clients' assets, monies, or securities. Each client must select a custodian and may be required to pay custodian fees. Also, clients will incur brokerage and other transaction costs in the course of our management of their accounts. Precise has written authorization from the client to deduct advisory fees from the account held with the qualified custodian.

### **Selection of Program Custodian**

Upon the engagement of Sponsor, we will provide you with options with respect to your selection of a custodian. All custodians are located in non-United States jurisdictions and Precise, and its affiliates, have no affiliations with such custodians. Custodians recommended by Precise were selected based upon, among other things, their financial solvency and credibility, their level of customer service, their trade execution capability, reputation and their relationship with the respective Portfolio Managers.

### **Statements**

You should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we or your money manager may provide to you, if any. Our statements vary from custodial statements based

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on accounting procedures and reporting formats.

## **Item 16 – Investment Discretion**

### **Discretionary Authority**

We usually receive discretionary authority from you at the outset of an advisory relationship. That discretionary authority allows us to make determinations regarding the securities that are to be bought and sold, as well as the quantities of such securities.

### **Documentation of Discretion**

Discretionary authority is provided in our contract with each client. Additionally, we maintain a Limited Power of Attorney for all our discretionary accounts for the purpose of directing and or effecting investments, for the direct payment of fees and or the payment of commissions, custodial fees and or other charges incurred by the managed account.

### **Discretionary Management**

In all cases, however, such our discretion is to be exercised in a manner consistent with the stated investment objectives for the particular account. Thus, when selecting securities and determining amounts, we observe the investment policies, limitations and restrictions of the clients for which it advises. Additionally, in many cases, the discretion is subject to mutually agreed upon investment guidelines relative to the client's portfolio. Investment guidelines and restrictions must be provided to Precise in writing.

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

As a matter of Firm policy and practice, neither Precise nor the Portfolio Managers have any authority to and do not vote proxies on behalf of advisory clients in the Program. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios.

## **Item 18 – Financial Information**

We are required to provide you with certain financial information or disclosures about financial condition which would impede our ability to provide the advisory services described herein. Precise has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1200 in fees per client and six months or more in advance, therefore have no material additional financial disclosures to make.

## **Item 19 – Other Information**

### **Privacy Notice to Customers**

We do not disclose nonpublic personal information about our individual clients or former clients except as permitted by law. We restrict access to nonpublic personal information about you (that

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we may obtain from your account and your transactions) to those employees who need to know that information to provide products or services to you or to alert you to new, enhanced or improved products or services we provide. We maintain physical, electronic and procedural safeguards that comply with federal standards to safeguard your nonpublic personal information.

## **Business Continuity Plan**

Precise has developed a Business Continuity Plan to address how we will respond to events that may disrupt its business. Since timing and impact of disasters is unpredictable, we will have to be flexible in responding to the events as they occur. This plan is designed to permit us to resume operations as quickly as possible, given the scope and severity of the significant business disruption. The Business Continuity Plan covers data backup and recovery, mission critical systems financial and operational assessments, alternative communications, alternate business locations, bank and counter-party impact, regulatory reporting and the assurance of prompt access to funds and securities for our customers.

*Varying Disruptions* – Significant business disruptions can vary in their scope, such as emergencies affecting only a single building housing Precise, the business district where we are located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only us or a building housing us, we will transfer our operations to an emergency-ready local site, moving a select group of trained employees and expecting to recover and resume business within four hours. In a disruption affecting our business district, city, or region, we will move appropriate staff to a site outside of the affected area to be able to communicate with Pershing, LLC on behalf of our clients. In either situation, we plan to continue in business, transferring operations to our clearing firm, if necessary.

If you have questions about our Business Continuity Plan, please feel free to contact us.