

## PDM Investment Services, LLC

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January 1, 2024

FORM ADV PART 2  
FIRM BROCHURE

This brochure provides information about the qualifications and business practices of PDM Investment Services, LLC. If you have any questions about the contents of this brochure, please contact us at (248) 890-4696. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PDM Investment Services, LLC or Philip Michalek is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The searchable IARD/CRD number for PDM Investment Services, LLC is 155217.

Enter advisor name and search for disclosure. Next enter Firm name and search to ADV 1, 2.

PDM Investment Services, LLC is a Registered Investment Advisor and has been registered with the State of Michigan, as an investment advisor, since 2011.

Registration does not imply a certain level of skill or training.

## Summary of Material Changes

Form ADV Part 2A, Item 2

We will provide you with a new brochure annually or as necessary based on changes or new information. At any time, we may provide clients with a brochure and other ongoing information material as necessary.

### Updates on January 24, 2012.

Item 4 - Complete update to match website.

Item 5 - Added new products to fee schedule and added "Clients are sent an invoice 7 days before the fee is processed with their credit card or deducted from their account by the custodian. This gives the client a chance to review the calculation." to the first paragraph.

Item 7 - Updated the client assets under management range and the average client AUM.

Item 8 - Complete update to match website.

Item 12 - Moved clients to Scottrade Advisor Services.

Item 16 - Added Scottrade Trading and Fee Authorization Agreement.

### Updates on February 14, 2013.

Item 4 - Updated advisory business with minor changes.

Item 5 - Updated the fee schedule with minor changes.

Item 7 - Updated client types.

Item 8 - Updated with minor changes.

### Updates on February 25, 2014.

Item 4 - Updated advisory business with minor changes.

Item 5 - Updated the fee schedule with minor changes.

Item 7 - Updated minimum AUM per family, AUM managed and client types.

Item 11 - Added trading error

Item 14 - Removed client referral service discounts.

### Updates on January 1, 2016.

Item 4 - Updated Advisory Business specifying registered with the State of Michigan (Audit 6)

Item 4 - Updated Advisory Business removing market-beating returns wording (Audit 7)

Item 4 - Updated Portfolio Design & Management removing strategy contributions and 70% (Audit 8)

Item 4 - Added Types of Investments and security restrictions to this section (Audit 9)

Item 4 - Updated AUM with percent discretionary clients and non-discretionary clients (Audit 10)

Item 4 - Updated Assets Under Management Table

Item 5 - Changes the fee structure wording and fee table

Item 5 - Added a 2-tier fee structure for Portfolio Designs (Audit 11)

Item 7 - Removed Discretionary List from this section (Audit 12)

Item 8 - Updated Methods of Analysis removing strategy contributions (Audit 8)

Item 8 - Changed Investment Strategies markets are positive 70% of the time (Audit 13)

Item 8 - Added Investment Strategies Risks (Audit 14)

Item 8 - Updated Investment Strategies Low Cost Strategy driving higher performance (Audit 15)

Item 8 - Updated Risk of Loss section (Audit 14)

Item 11 - Updated Tracking Error, Confidentiality and Termination.

Item 13 - Added Scottrade instructions to Review of Accounts

Item 17 - Update Voting Client Securities section (Audit 16)

Item 19 - Updated additional information on Philip Michalek

### Updates on January 1, 2017

- Item 4 – Updated Services
- Item 4 – Assets Under Management
- Item 5 – Fees and Compensation
- Item 8 – Investment Strategies
- Item 11 – Added Marketing and internet presence

### Updates on January 1, 2018

- All – Custodian changed from Scottrade to TD Ameritrade in 2018.
- Item 4 – Assets Under Management
- Item 5 – Fees and Compensation, Wealth Plans \$300 to \$500, AUM Minimum raised from \$100,000 to \$200,000
- Item 7 – Types of Clients
- Item 8 – Information Sources
- Item 11 – Cyber Security
- Item 12 – Brokerage Practices, Scottrade to TD Ameritrade transfer
- Item 13 – Remove Scottrade Delivery Settings
- Item 17 – Remove Scottrade Delivery Settings

### Updates on January 1, 2019

- Item 4 – Assets Under Management
- Item 5 – Fees and Compensation. AUM Minimum raised to \$300,000.  
New 401(k) design and management fee structure.  
New Wealth Building Plan and Money Guide Pro Plan cost structure.

### Updates on January 1, 2020

- Item 4 – Types of Services updated, removed product detail pages  
Assets Under Management updated
- Item 5 – Fees and Compensation. Minimum raised to \$500,000.
- Item 7 – Types of Clients, Minimum raised to \$500,000.

### Updates on January 1, 2021

- Item 4 – Types of Services updated, Assets Under Management updates
- Item 5 – Fees and Compensation. Minimum raised to \$500,000. Changed Newsletter Pricing.  
Portfolio designs and financial plans for non-portfolio management clients will end in 2021.  
401k portfolio management will end in 2021.
- Item 8 – Updated Investment Strategy

### Updates on January 1, 2022

- Item 4 – Types of Services updated, Assets Under Management updates
- Item 5 – New fee structure. Not accepting new clients.
- Item 12 – Transition from TD Ameritrade to Schwab in 2023.

### Updates on January 1, 2023

- Item 4 – Types of Services updated, rollovers of company plan into managed IRAs, Assets Under Management, Item 11 – Cyber Security Policy

### Updates on January 1, 2024

- TD Ameritrade to Schwab custodian transfer is complete.
- Item 4 – Updated Assets under Management.
- Item 8 – Change to Long Term Indicator usage in managed portfolios.

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# Advisory Business

Form ADV Part 2A, Item 4

PDM Investment Services, LLC is a Registered Investment Advisor and has been registered with the State of Michigan, as an investment advisor, since 2011.

Philip Michalek is the president and owner of PDM Investment Services. Mr. Michalek has a past career in engineering and engineering management with strong analytical skills. Mr. Michalek has acquired knowledge from studies in behavioral finance to help control emotions during market tops and bottoms. Mr. Michalek is dedicated to bringing analysis of the stock market to the average investor. Philip Michalek puts his personal money into his investment strategies. His motivation comes from his passion toward investing and helping others.

Our primary focus is portfolio analysis, design, and management, not a broad range of financial products. What makes us different is that we offer a customized solution based on your needs. Most advisors want to sell you their complete portfolio management product and other products you may not need. The products we sell are the products that we use with our personal portfolios and have worked well for us.

## Types of Services

- Financial Advice  
Advice on financial planning, goals, risk level, investments, investment strategies, account types, tax guidance, estate advice and 401k designs. Behavioral coach to guide you through market corrections and bubbles. Retirement income planning and RMD analysis. Social security planning. Portfolio performance analysis.
- Services  
Fill out and process all the paperwork. Open new accounts, transfer accounts, setup account links, process money moves and RMDs, check requests and process rollovers.
- Financial Planning  
A financial plan is a written long-term plan to guide you to meet your retirement goals and maintain income in retirement. A plan provides peace of mind to your family, defines goals, monitors progress and drives adjustments. Plans make you less likely to overreact to market volatility and increase one's confidence and effectiveness in managing income, spending, saving, debt and investing.
- Portfolio Design and Management  
We define your investment strategy and risk level, design portfolios, select investments, implement investments, upgrade investments, rebalance portfolios and perform tax-loss harvesting. Design and manage portfolios with advanced strategies with tactical equity allocation, strategic adaptive asset allocation, top rated active managed mutual funds and individual stocks.  
Our strategy is based on our Focused Growth Investor Newsletter.
- Focused Growth Investor Newsletter  
Our newsletter is published monthly. Market Outlook, Tactical Equity Allocation, Strategic Adaptive Asset Class & Sector Allocation, Mutual Fund Selection and Individual Stock Selection.

Rollover of company plan into IRA managed by advisor: Rollover agreement with the pros and cons signed off by clients. Company Plan Rollover and IRA Transfer Agreement.

PDM Investment Services is an RIA held to the fiduciary standard, client's interest first, reasonable fees. We perform annual compliance reviews.

## Types of Investments

Our portfolios are designed with no-load mutual funds, ETFs and stocks. A client may impose restrictions on investing in certain types of securities, individual securities or mutual funds upon request.

## Assets Under Management

We manage 100% of our client assets on a discretionary basis and 0% on a non-discretionary basis.

Clients advised by PDM Investment Services are individuals. See the table below for a profile of our clients. As of 12/31/2023.

• Assets Under Management (AUM)	\$30,000,000 (Includes family AUM)
• Households	21
• Clients	35
• Portfolios Managed	55

# Fees and Compensation

Form ADV Part 2A, Item 5

## Portfolio Management

PDM Investment Services will receive an asset-based fee on a quarterly basis for investment supervision and management of the Portfolio. Advisory fees for Portfolio Management are based on the market value of assets under management at the beginning of each quarter. Fees are payable on a quarterly basis after each quarter.

The fee percent is reviewed quarterly and adjusted to schedule based on the assets under management at the beginning of the quarter. The fee percent is not prorated/changed for money movements during the quarter unless the criteria below is met.

**Money added** to a portfolio or new portfolio during the quarter will not be prorated into the quarter and fees will be adjusted in the beginning of next quarter.

**Money removed** from a portfolio during the quarter, will not be adjusted out of that quarter's fees unless the amount is significant. (Significant is if the adjustment of the withdrawal results in \$100 or more reduction in fee)

### Money Segregated

If a significant >15% position of one stock (like company stock) is held in a portfolio unmanaged, fees will not be charged until the stock is sold to be mixed into the portfolio.

### Assets under management drop into a higher fee bracket

If assets from significant withdrawals are expected to stay lower in a higher fee bracket for at least 12 months, the client fee will be adjusted for the next quarter. If client assets fall and put you in a higher fee level from a correction or bear market the fee will not be adjusted for at least 6 months depending on market conditions.

**Portfolio removed or terminated relationship** fees will be prorated for the quarter.

The client is responsible for brokerage transaction fees and any other charges incurred by the custodian on the client's behalf. Clients are billed quarterly and can pay by check or custodian deduction. Clients are sent an invoice 7-days before the fee is processed with their credit card or deducted from their account by the custodian. This gives the client a chance to review the calculation. The quarterly fee is 25% of the annual fee listed below. Fees may vary from schedule for prior clients. The fee schedule below is for combined family assets under management. Portfolio management fees for my immediate family may be lower.

Either the client or advisor may terminate this agreement at any time confirming in writing. In the event this agreement is cancelled, the fee payable by client shall be prorated for the current quarter. Upon advisor receipt of written notice of termination from client, advisor shall terminate portfolio management on an agreed upon date by the client and collect the prorated final fee.

### Fee Table

Assets Under Management (Fees are paid quarterly) AUM Based on sum of portfolios managed	Annual Fee
\$300,000 to \$500,000	0.9%
\$500,000 to \$1,000,000	0.8%
\$1,000,000 to \$1,300,000	0.7%
\$1,300,000 to \$2,000,000	0.6%
\$2,000,000 and higher	0.5%

There was a 0.1% increase cap when applying the new fee structure on January 1, 2022.

### My retirement transition plan

See our Disclosure, Privacy Policy & Fee Schedule document on our website for details on my retirement plan and client transition to other advisors or self-managed.

### Financial Planning

Free to portfolio management customers. Financial Plan with Financial Summary Sheet.

Advanced Money Guide Pro Plan (Account Aggregation, Client Portal) (Option for clients nearing or in retirement with \$1 million AUM)

**Focused Growth Investor Newsletter**

\$300 for a 2-year subscription. (Only option)

Free to portfolio management customers and their children under 30 years old.

Transitioned clients will receive the Focused Growth Investor Newsletter Free until the publication ends.

Cancelation policy: A prorated refund will be distributed for the unsent issues of the term.

The advisor does not receive any compensation from the securities selected or the recommended broker-dealer.



## Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

We do not accept performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. The Advisor is not compensated on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of the client. The Advisor only manages portfolios to the fee schedule in item 5.

## Types of Clients

Form ADV Part 2A, Item 7

We offer investment advisory services to individuals only.

Some of our clients are considered high net-worth individuals with liquid financial assets over \$1,000,000.

We are no longer accepting new clients.

# Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

## Methods of Analysis and Investment Strategies

See our Focused Growth Investor Newsletter for details of our strategy.

PDM Investment Services has a pro-investor structure. We are independent and have an open architecture. We are not pressured into pushing high-cost investment products like loaded mutual funds and annuities. We do not have limitations on which stocks and mutual funds we can purchase. Your investments are held in your custodian account for transparency.

We do not use risky strategies like derivatives, margin, options, shorting stocks, leverage and penny stocks. We only use strategies and invest in securities we would personally invest in for ourselves. PDM Investment Services practice a pro-investor structure offering independent advice, open architecture, transparency, liquidity and low-cost solutions. Client portfolio transactions and holdings are accessible to them thru their custodial account. Our strategies are employed using low-cost custodians to keep transaction costs low and no-load mutual funds.

Our portfolio design and management employ the following strategies:

- Tactical Equity Allocation (Active Risk Management) (Fundamental, Valuation, Technical, Market Sentiment and Cycle & Seasonality Analysis)
- Strategic Adaptive Asset Allocation (Active Asset Class & Sector Allocation)
- Diversified Mutual Fund & Sector Portfolios (Active & Passive Mutual Fund and Individual Stocks)

We use 3 Model Portfolios:

- Model 1 - Large Highly Diversified Mutual Fund and Stock Sector Portfolio (\$300,000)
- Model 2 - Medium Diversified Mutual Fund and Fund Sector Portfolio. (\$100,000 to \$300,000)
- Model 3 - Small Asset Allocation Fund Portfolio. (< \$100,000)
- T. R. Price Retirement and American Funds Target Date Fund. Simple, easy to use and gets you to your goal.

We define your investment strategy and risk level, design portfolios, select investments, implement investments, upgrade investments, rebalance portfolios and perform tax-loss harvesting. Design and manage portfolios with advanced strategies with tactical equity allocation, strategic adaptive asset allocation, top rated active managed mutual funds and individual stocks.

- Our Long-Term Market Indicator provides insight about the current market conditions and economy and what could happen next, helps with timing large cash in and out of a portfolio, helps you rotate out of overvalued sectors and bubbles into undervalued sectors. (2000 Tech bubble, 2007 Housing Bubble) The Recession Buy Indicator that comes around every 10 to 15 years is typically a good time to increase stock exposure since all recession bear markets eventually end.
- Our Adaptive Strategic Asset Class & Sector Allocation Model sets up the allocation to each asset class and sector in a portfolio. The model is based on fundamental, valuation, technical, relative strength, and past performance.
- Our Mutual Fund Selection Model rates each active managed mutual fund and passive managed exchange traded fund. The model is based on fundamental, valuation, technical, relative strength, and past performance. Mutual fund analysis includes Morningstar ratings, manager, strategy, expense ratio, risk, valuation, and risk adjusted return. We overweight high relative strength leaders in each asset class in our mutual fund portfolio.

**Our Stock Selection Model** looks for quality stocks in good industries and buys at a reasonable price. Growth Industry, Stable and rising revenue and earnings growth, Positive earnings surprises & rising estimates, rising analyst target stock price, Expanding or steady pretax profit margin, Expanding or steady return-on-equity, Strong free cash flow, Low or falling debt-to-equity ratio, Positive long-term relative strength

## Risk of Loss

PDM Investment Services does not in any way guarantee the portfolio from loss, nor guarantee any minimum investment performance for client portfolios. Investing in securities involves risk of loss that clients should be prepared to bear. PDM Investment Services shall be responsible only for the satisfactory performance of all duties expressly assumed. Past performance is no assurance of future results. All investments involve individual security risk and market risk. Recommendations and advice are given with the understanding that the client assumes all risks involved. Always consider investment objectives and risk before investing. Investing in individual stocks generally carries more risk than diversified mutual funds. It is not recommended to invest more than 3% of a portfolio into any one stock.

**Systematic Risk (Market Risk)** – the possibility that the entire market and economy will show losses negatively affecting nearly every investment.

**Unsystematic Risk** – the possibility that a strategy, asset class or investment will decline in value without having a major impact upon the entire market.

- **Business Risk** - These are the risks associated with each industry and company.
- **Credit Risk** - Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.
- **Interest-rate Risk** - Fluctuations in interest rates may cause investment prices to fluctuate. When interest rates rise, yields on existing bonds and high-dividend stocks become less attractive, causing their market values to decline.
- **Inflation Risk** - When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk and Foreign Securities** - Investments in international and emerging-market securities include exposure to risks including currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.
- **Liquidity Risk** - Liquidity is the ability to readily convert an investment into cash. Treasury Bills are highly liquid, while real estate properties are not. Under periods of extreme market duress, liquidity of most investments may be significantly reduced.
- **Capitalization Risk** — Small cap and mid cap companies may be hindered as a result of limited resources or less diverse products or services and have historically been more volatile than the stocks of larger, more established companies.

## Errors and Omission

The opinions and analysis are based on sources believed to be reliable and written in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our information providers shall be liable for any errors or inaccuracies.

## Trading Frequency

Our portfolio that invests in individual stocks has a higher frequency of trades. Higher trading frequency involves higher transaction costs and tax consequences. Most of our mutual fund purchases are long-term purchases of over one year.

## Information Sources & Forward Looking Statements

PDM Investment Services uses research material prepared by others including newspapers, newsletters, on-line services, timing services and company press releases. All market, mutual fund and index performance data presented in the newsletter is available at [www.morningstar.com](http://www.morningstar.com). Other information sources are disclosed in the content of the article. Research and data used in our ratings, analysis, newsletter, plans, performance analysis and education include: Morningstar, Barron's, Schwab, Cypress Capital, Dow Theory Forecasts, Bigcharts.com, Ycharts.com, Stockcharts.com, Manifest Investing, Investment Advisory Service, Fidelity Monitor, AAll and Timer Digest. Company news sources are businesswire.com, zacks.com, marketwatch.com, dowjones.com thru Morningstar.com and company websites.

## Disciplinary Information

Form ADV Part 2A, Item 9

PDM Investment Services, LLC and Philip Michalek have no material information responsive to Item 9, disciplinary information.

## Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

PDM Investment Services and Philip Michalek are not actively engaged in business other than giving investment advice. There is not a general partner or any partnership in which clients are solicited to invest.

PDM Investment Services and Philip Michalek currently do not have any arrangements or are not affiliated with any organization such as a broker-dealer, investment company, bank, law firm, insurance company or another investment advisor.

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

Form ADV Part 2A, Item 11

## Code of Ethics

PDM Investment Services acts as an independent investment advisor with strong fiduciary responsibilities. PDM Investment Services is a Registered Investment Advisor acting as a fiduciary under ERISA code, putting client's interest first. We strive to comply with applicable laws and regulations governing our practices. We put the client's interests first and act in good faith. We do not receive any compensation that is contingent on any client's purchase or sale of a financial product.

PDM Investment Services, LLC is a Registered Investment Advisor with the Exchange Commission of the State of Michigan. All clients will receive a copy of the Firm Brochure Form ADV 2 from PDM Investment Services annually. Additional information about PDM Investment Services, LLC or Philip Michalek is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for PDM Investment Services, LLC is 155217.

## Strategy

We do not use risky strategies like derivatives, margin, options, shorting stocks, leverage and penny stocks. We only use strategies and invest in securities we personally invest in ourselves. PDM Investment Services practice a pro-investor structure offering independent advice, open architecture, transparency, liquidity, and low-cost solutions. All of the client's portfolio transactions and holdings are accessible to them thru their custodial account.

## Service to Other Clients

PDM Investment Services purchase recommended securities for themselves and other client portfolios. PDM Investment Services does have discretionary managed accounts that may buy or sell the same securities listed in our newsletter before or after they are recommended. Managed accounts own many but not necessary all recommended securities depending on the size of their account, goals and objectives and risk level.

## Trading Error

Trading error is when the unintended security or amount is executed during a trade. In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. The price change and transaction fees will be used to calculate the amount. The difference will be deducted from the next portfolio management quarterly fee. If a trade error results in a profit, you will keep the profit.

## Trading Frequency

Our portfolio that invests in individual stocks has a higher frequency of trades. Higher trading frequency involves higher transaction costs and tax consequences. Most of our mutual fund purchases are long-term purchases of over one year.

## Errors and Omission

The opinions and analysis are based on sources believed to be reliable and written in good faith, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our information providers shall be liable for any errors or inaccuracies.



## Information Sources & Forward Looking Statements

PDM Investment Services uses research material prepared by others including newspapers, newsletters, on-line services, timing services and company press releases. All market, mutual fund and index performance data presented in the newsletter is available at [www.morningstar.com](http://www.morningstar.com). Other information sources are disclosed in the content of the article. Research and data used in our ratings, analysis, newsletter, plans, performance analysis and education include: Morningstar, Barron's, Schwab, Cypress Capital, Dow Theory Forecasts, Bigcharts.com, Stockcharts.com, Manifest Investing, Investment Advisory Service, Fidelity Monitor, AAll and Timer Digest. Company news sources are businesswire.com, zacks.com, marketwatch.com, dowjones.com thru Morningstar.com and company websites.

## Investment Performance, Risk of Loss & Responsibilities

PDM Investment Services does not in any way guarantee the portfolio from loss, nor guarantee any minimum investment performance for client portfolios. Investing in securities involves risk of loss that clients should be prepared to bear. PDM Investment Services shall be responsible only for the satisfactory performance of all duties expressly assumed. Past performance is no assurance of future results. All investments involve individual security risk and market risk. Recommendations and advice are given with the understanding that the client assumes all risks involved. Always consider investment objectives and risk before investing. Investing in individual stocks generally carries more risk than diversified mutual funds. It is not recommended to invest more than 3% of a portfolio into any individual stock.

## Confidentiality

All client information is considered strictly confidential and will not be divulged without specific authorization of the client or if allowable by law. PDM Investment Services and its employees have an obligation to keep all information about clients (including former clients) in strict confidence, including a client's identity (unless the client consents in writing), a client's financial circumstances, a client's securities holdings, and advice furnished to a client by the firm. We restrict access to non-public personal information and maintain physical and electronic safeguards to guard your personal information.

E-mail messages are sent primarily to provide information related to our services. This includes notifications when a new newsletter or alert is sent or posted on our website. E-mails will also be sent informing subscribers of any material changes or relevant facts relating to the use of our service. We neither rent nor sell your e-mail address to anyone. We may also send e-mails to current and former subscribers announcing new services, promotions or special offers. If you do not wish to receive these e-mails, please contact us and you will be removed from our mailing list.

Our [fginvestor.com](http://fginvestor.com) website is a secure site that uses Secure Sockets Layer (SSL) software that encrypts the information, such as credit card numbers that you input. By using this site, you agree to our use of your user information as described in this privacy policy. As we add new technology and new services, we will update our privacy policy. We encourage you to look to this policy on a regular basis for our most current privacy policy practices.

## Marketing and Internet Presence

Our website, [www.fginvestor.com](http://www.fginvestor.com) is not intended to offer investment advice and would only offer advice if registered in that state. The website is designed for product information and posting of the Focused Growth Investor newsletter, alerts, and investor education to clients. The advisor also has a presence on LinkedIn. We have limited marketing campaigns and most of our new clients come from referrals.

## Cyber Security

Philip Michalek is the only employee and user at PDM Investment Services.  
 Client personal information is not stored electronically on equipment listed below. (SS#, Account Numbers)  
 Schwab is the only custodian for client accounts and client critical information (SS#, Account Numbers)  
 Schwab security policy available upon request.

### Equipment

- Apple MAC Book Pro 2021 and 2014 backup (Big Sir OS with antivirus software, auto updates) encrypted drive  
 MAC Book is backed up with Time Machine quarterly to a secured hard drive.
- Apple iPhone 13 Pro Max 2022 (Latest OS, auto updates), image on iCloud
- Apple iCloud, images for restoring hardware, working files in Word, Excel, PDFs, mail, calendar, and contacts, encrypted
- Xfinity Internet Provider, Xfinity Gateway XFi WiFi (Xfinity Security protection) Xfinity email server, encrypted

### Software

- Microsoft Office 365
- Microsoft Outlook, Email, Xfinity Email Server (MacBook and iPhone)
- Schwab Veo Advisor Platform  
 Money Guide Pro (access thru TD Veo login)  
 Yodlee Aggregation Software (access thru MGP login)
- Teams and Zoom, no file sharing of documents that contain sensitive client information

### Equipment, Email, Text and Phone Call Guidelines

Email is the easiest way to breach into a system. Breaches come from user error.

- Latest virus protection software running with auto updates.
- No public Wi-Fi usage.
- Do not open attachments or click on links of suspicious emails. Ignore personal information requests by phone, email, or text.  
 Pay close attention to the verbiage style in the email, the exact email address (hover over email address and links).
- Call your contact at your institution before you give information or go to the official company website and call their support number. Only enter your personal information on secure websites that start with https and not http.
- Block suspicious emails and move to trash. Do not reply or unsubscribe.
- Never send an email with personal information in the title or body content.
- Once a virus infests your computer it can send emails that look like you with fake requests, infected links and attachments.

### Password Protection Guidelines

Apple MAC Book password, Apple phone code during setup, fingerprint

Apple iPhone password, Apple phone code during setup, login, facial recognition

Schwab account access requires a login, unique long sentence password and text code.

- Unique passwords and multi-factor authentication are used on critical equipment and services. (Login, password, text code)
- Bank, brokerage, credit card, retail, computer, gateway, and phone should be secured with a strong unique password using capital and small letters, numbers, and symbols.
- Change passwords often or use password manager software  
 LastPass - best overall, Dashlane - extra security, 1 Password – for families, LogMeOne – multi device
- Never use your personal names or numbers as a password.

### Services

Schwab is custodian (Philip Michalek is the only user)

Business Bank of America (Not mission critical and is not connected to clients)

Business Bank of America Mastercard Credit Card (Not connected to clients)

Accountant Personal/LLC tax services, secured portal (My tax returns only)

**Data Protection**

Client personal information is not stored electronically on equipment or the iCloud. (SS#, Account Numbers)

Schwab is the only custodian for client accounts and client critical information (SS#, Account Numbers)

All documents are sent to Schwab thru a secure portal.

Schwab will always notify you of check requests, distributions, transfers, and personal information changes by email.

- Clean and delete client documents (TD forms) real time of receipt or once sent to TD.
- Paper files containing client personal information such as social security number and account numbers are filed securely.
- Images for restoring hardware, working files in Word, Excel, PDFs, mail, calendar, and contacts are stored on the Apple iCloud.
- All trades are made on our secured Wi-Fi, company 5G hotspot or Apple iPhone call to TD.

**Detection**

System notifications, quarterly reviews, and annual audits (review cyber security plan). One person business so no 3<sup>rd</sup> party testing.

**Response**

Philip Michalek is the only employee. He will resolve breach and notify clients if effected.

Log in cyber security breach log.

**Recover from Breach or Disaster**

A cyberattack or office disaster would not have any significant impact on portfolio management services due to the custodian arrangement and the file backup process. A duplicate MAC Book is available or a New MAC Book could be restored in 24 hours.

**Training and Awareness**

Continuous Education on Cyber Security, Schwab bullions and webinars.

**Statements**

Bank, credit card and brokerage accounts are available online and reviewed monthly.

## Investment Duties

PDM Investment Services shall promptly analyze the portfolio and provide continuous review thereof, together with all additions, substitutions, and alterations thereto, as is appropriate for the purpose of investment of the Portfolio. PDM Investment Services shall evaluate such information relating to the economy, industries, businesses, securities markets, and securities and consult a sub advisor as it may deem necessary or useful in the rendering of its services hereunder. While PDM Investment Services believe such information is accurate, it does not guarantee the accuracy thereof.

## Reports

The Advisor shall provide the client with periodic reports of investment holdings and performance of the portfolio to clients at year end and after the first half of the year. The frequency, format and content of such reports shall be mutually agreed upon by the client and advisor. Statements from the custodian are available on the custodian website or client can elect to receive statements by mail.

## Termination and Assignment

No assignment on the advisory agreement shall be made by PDM Investment Services without the consent of client. Either the client or advisor may terminate the agreement at any time by telephone and confirmed in writing. In the event the agreement is cancelled, the fee payable by the client shall be prorated for the current quarter. Upon advisor receipt of written notice of termination from client, advisor shall complete portfolio management on an agreed upon date by the client and collect the final prorated fee.

## Representation and Disclosure

The advisor purchases many of the securities purchased for the client in his own personal accounts before or after client purchases.

## Brokerage Practices

Form ADV Part 2A, Item 12

PDM Investment Services is currently not affiliated with any broker but suggests low cost on-line brokerage services to clients.

The factors considered when selecting a broker are on-line stock and mutual fund trading, trading costs, number of mutual funds offered, reliability, execution speed, overall satisfaction, access to local branches and research available. PDM Investment Services do not use research offered by brokerage firms in their client's accounts. We use free research offered by the custodians of our own personal accounts.

All trading costs are the same for all clients with the same broker. Trading costs do vary between brokers.

We do not receive any compensation from the securities selected or the recommended broker-dealer. We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

In 2011, PDM Investment Services moved to the Schwab Advisor Service Platform to improve efficiencies of the business and customer service. Scottrade was chosen because of its low transaction costs for stocks and mutual funds and local branches for clients to visit.

In 2018, PDM Investment Services moved to Schwab Advisor Platform due to the merger. All our clients are planning to transfer to the Schwab Platform. Fees on the new platform will not change much and offerings will increase.

In 2023, PDM Investment Services moved to Charles Schwab due to the merger. All our clients are planning to transfer to the Schwab Institutional Platform. Fees on the new platform will not change much and offerings will likely increase.

## Review of Accounts

Form ADV Part 2A, Item 13

President and Investment Advisor Representative, Philip Michalek is the only employee performing account reviews and managing accounts.

Mutual funds, stocks and portfolio allocation are reviewed as often as weekly, but quarterly at a minimum.

Additional reviews may be conducted based on various circumstances, including, but not limited to: market moving events, changes in goals and objectives or financial situation, large additions or subtractions of cash or based upon your personal request.

Statements from the custodian are available on the custodian website or client can elect to receive statements by mail.

## Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

PDM Investment Services does not receive any other form of compensation or economic benefit from referrals from other sources other than clients.

## Custody

Form ADV Part 2A, Item 15

PDM Investment Services shall not at any time have physical possession of client's investment account assets, whether they are cash, securities, or other assets.

Client understands their choice of custodian/broker-dealer may preclude the ability to obtain volume discounts, limit the ability to negotiate commissions and result in a disparity in commission charges among clients.

Account statements are available from your custodian on a monthly or quarterly basis. Notification of new statements will be sent e-mail or displayed when client logs into their account. If you would like to receive statements ground-mail, select the service on-line or notify us. Clients should review broker statements and compare them to advisor statements at least on a quarterly basis.



## Investment Discretion

Form ADV Part 2A, Item 16

Clients sign and submit a Trading and Fee Authorization agreement when they open new accounts. This allows us to trade securities and deduct fees from client's accounts.

Your assigned Investment Advisor Representative Philip Michalek, will remain in effect unless PDM Investment Services receives written approval from the client for a change.

It is agreed and understood that PDM Investment Services shall invest the assets of the portfolio pursuant to the guidelines and policies established by client, from time to time and communicated in writing to PDM Investment Services. The Investment proposal and/or reports contain client goals and objectives and portfolio style.

Client also authorizes PDM Investment Services, in its sole discretion and as it sees fit to direct the custodian and such brokers as it may select from time to time, to purchase, sell, invest, reinvest, retain, exchange or otherwise trade any or all of the assets of the client's investment account.

## Voting Client Securities

Form ADV Part 2A, Item 17

Mutual fund and individual companies send shareholders emails or mailings for proxy voting each year.

You are asked to vote for officers, wages and policy changes.

In most cases, you will receive proxy materials directly from the account custodian or transfer agent. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail.

You may also receive mailings or emails from Proxy Solicitation and Shareholder Communications Companies like AST Fund Solutions. Be cautious if you decide to respond to one of these companies.

PDM Investment Services does not vote proxies on behalf of advisory accounts. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

## Financial Information

Form ADV Part 2A, Item 18

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual and fiduciary commitments to you.

We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$500 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure. We have not been subject of a bankruptcy proceeding.

## Requirements for State-Registered Advisors

Form ADV Part 2A, Item 19

Philip Michalek is the president and owner of PDM Investment Services. Mr. Michalek has a past career in engineering and engineering management. Mr. Michalek has acquired knowledge from studies in behavioral finance to help control emotions during market tops and bottoms. Mr. Michalek is dedicated to bringing analysis of the stock market to the average investor. Philip Michalek puts his personal money into his investment strategies. His motivation comes from his passion toward investing and helping others.

Mr. Michalek has been developing investment strategies and designing and managing personal and family portfolios since 2000. Mr. Michalek has been editor of the Focused Growth Investor Newsletter since 2004.

Philip Michalek is a self-taught investor reading over 50 investment books written by the designers of successful investment strategies, subscribing to top rated investment newsletters and reading Barron's since 1994. Some of the most successful strategies over the past 100 years were developed by Benjamin Graham, Warren Buffett, Philip Fisher, Kenneth Fisher, Martin Zweig, Ned Davis, Peter Lynch, James Stack, William O'Neil and Donald Hays.

Philip Michalek is the Advisor, Analyst, Portfolio Manager, Trader, Newsletter Editor, Compliance Manager and Business Manager. Philip Michalek is engaged in PDM Investment Services full-time and is not involved in any other business activity. Neither the firm, nor Philip Michalek has a material relationship or arrangement with any issuer of securities.

**PDM Investment Services, LLC** was formed in 2005. PDM Investment Services, LLC is a Registered Investment Advisor and has been registered with the State of Michigan since 2011. A Registered Investment Advisor is required to apply for registration with the Investment Adviser Registration Depository (IARD) and submit an ADV 1 and ADV 2 form.

**Philip Michalek** is an Investment Advisor Representative and has been registered with the State of Michigan since 2011. An Investment Advisor Representative is required to apply for registration through the Central Registration Depository (CRD) with a U4 Form and pass the Uniform Investment Advisor Law Exam (Series 65 Exam), or Series 66 Exam. The Series 65 Exam is regulated through the Financial Industry Regulatory Authority (FINRA).

Firms with less than \$100 million of assets under management (AUM) are regulated and audited by the state. PDM is registered with the State of Michigan with an audit schedule of every 3 to 5 years. Our last audit was in 2015. Firms with more than \$100 million of AUM are regulated and audited by the SEC. According to an SEC study in 2015, SEC regulated firms were audited on average every 11 years.

*Formal Education:*

Bachelor of Science in Electrical Engineering, University of Michigan Dearborn, 1981  
Management II, Manager of Managers, University of Michigan, 1995, 1998  
Finance for the Non-Financial Manager, University of Michigan, 2001

*Business Background:*

Jabil Circuit, Engineering Manager, 1988 to 2010