

Brochure Date: March 8, 2011

Firm Name:

Pacific Asset Management, LLC
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Port Orchard, WA 98366

Contact Information:

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This brochure provides information about the qualifications and business practices of Pacific Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 360-876-1938; or glucy@pacificasset.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Pacific Asset Management, LLC is available on the SEC's website at www.advisorinfo.sec.gov.

Pacific Asset Management, LLC (PAM) is a Federally Registered Investment Advisory Firm and is registered with the Securities and Exchange Commission (SEC) located at 100 F Street, NE Washington DC.

Item 2 Material Changes

There is one material change since the last annual update on 1/21/2010, that change is detailed below:

1. The principals of Pacific Asset Management, LLC, Gary L. Lucy and Donald F. Cox, were also the principals and managing members of the CPA firm Cox & Lucy CPAs. Cox & Lucy CPAs and Pacific Asset Management, LLC occupy different parts of the same office building. Additionally, many Pacific Asset Management, LLC clients also receive their tax and accounting services through Cox & Lucy CPAs. There is no material arrangement between the two companies for referrals or shared clients.

On October 1, 2010, Gary L. Lucy and Donald F. Cox entered into an agreement with David C. Rhine to purchase Cox & Lucy CPAs firm from Mr. Lucy and Mr. Cox.

Gary L. Lucy and Donald F. Cox no longer have the second business of the CPA firm and continue as the principals of Pacific Asset Management, LLC.

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Item 4 Advisory Services

Pacific Asset Management, LLC (hereinafter "PAM" or "the firm") is a registered investment advisor with the United States, Securities and Exchange Commission.

Gary L. Lucy and Donald F. Cox are the principal owners of the firm; the firm is a Limited Liability Corporation.

PAM offers financial advisory services that include personal financial planning and investment management. Financial planning services are comprehensive and unique to each client.

We provide investment advisory services on your behalf. These services include the following:

1. Analyze your financial condition.
2. Recommend options to achieve your financial objectives.
3. Document and implement investment strategies with no-load mutual funds
4. Monitor performance of your investments rebalance according to your asset allocation parameters
5. Make changes to investment strategies as deemed necessary and mutually agreed upon with you
6. Routinely meet with you to ascertain changes in life situation and review performance

All the assets PAM manages are managed on a discretionary basis. As of December 31, 2010 PAM had \$123,000,000 under direct management.

PAM does not participate in *wrap fee programs*.

As a Registered Investment Advisor, Pacific Asset Management never takes custody of your funds or securities. Your assets are held at Charles Schwab and Co. Inc.

TERMINATION

1. Our agreement is effective beginning on the date of initial deposit into your account.
2. Our agreement with you shall terminate under the following conditions:
 - a. By mutual agreement of both you and your PAM advisor
 - b. By either you or your PAM advisor giving written 30-day notice to the other party specifying the date of termination
 - c. In the event of termination in the above mentioned manner, PAM fees paid will be refunded to you pro rata based upon the number of days you used PAM services during that period of time.

Item 5 Fees and Compensation

PAM is a fee only investment advisor for our clients. We do not receive any income in connection with acting as your advisor except for the fees we charge as described below. We receive no commissions, referral fees, finder's fees or other cash compensation or benefits.

The following is our standard fee schedule, charged quarterly in advance based upon the value of your account.

Account Value	Annual Fee
First \$500,000	1.00%
Next \$500,000	0.75%
Assets over \$1,000,000	0.50%

1. PAM Charges No Commissions. PAM services are on a fee only basis. PAM does not sell financial products or accept commissions on payments from outside sources.
2. Transaction Expenses. PAM processes trades through Charles Schwab & Co. Some Schwab mutual fund transactions may produce a transaction charge, which will be deducted from your account.
3. Fees. PAM will, on occasion, negotiate different fees based upon an individual's account requirements. The fee schedule listed above is subject to change. Fees based on a percentage of assets under management are calculated on the total account value and in no case is compensation calculated based solely on a share of capital gains or capital appreciation of your account.
4. Accounting of Fees. On a quarterly basis, PAM will supply you with an invoice showing all PAM fees charged against your account.
5. Payment of Fees. Fees are paid quarterly, in advance, on the first day of the month for the upcoming quarter. Fees are paid directly to PAM by Charles Schwab & Co. from your account; this is subject to your preauthorization. Should you decide to pay fees directly to PAM then those fees are due within 30 days of the date of your bill.

In addition to the advisory fees that you pay to PAM in accordance with your Investment Advisory Agreement, fees are charged by the mutual funds you own in the form of internal expenses at the fund level. These fees reduce the net value of the fund's shares. PAM does not share in any of the fees paid to the mutual funds.

The following individuals are not charged a management fee:

- Members of PAM
- Employees of PAM and C&L Professional Service Group, LLC
- Immediate family members of the members of PAM and C&L Professional Service Group, LLC

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

PAM does not accept or assess performance based fees of any kind.

Item 7 Types of Clients

PAM generally provides investment advisory services to Individuals, Trusts, Estates, Charitable Organizations, Corporations and other Small Business entities, and Qualified Retirement Plans.

There is a minimum of \$100,000 investable assets to open an account with PAM. In some cases, due to individual circumstance, the account minimum may be waived.

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

METHODS OF ANALYSIS

A PAM advisor will meet with you as a prospective client to assist you in identifying your financial goals. This task is accomplished using various software products that will allow you to see and understand the impact inflation, various projected rates of return and your level of spending has on your financial objectives in relation to your investment portfolio and sources of retirement income such as social security and company pensions.

INVESTMENT STRATEGIES and RISK OF LOSS

We make sure you understand that investing is inherently risky. We see our job first and foremost as making sure you do not take more risk than is necessary to meet your financial objectives. We believe that risk can be reduced by using passively managed and index mutual funds. Therefore, after the analysis referenced in the previous paragraph is completed, a globally diversified portfolio of passively managed and index mutual is developed to meet your specific needs.

It is difficult to outperform the equity and bond markets as a whole by picking individual stocks and bonds or actively managed mutual funds. We believe an attempt to do so is a risk not worth taking. Accordingly, our globally diversified portfolios of passively managed and index mutual funds attempts to duplicate the returns of the global equity and bond markets as a whole.

We also believe that it is time in the market not timing the market that increases the likelihood of an investors success, therefore we do not practice any form of market timing. And finally, we make sure you understand that your behavior will have a bigger impact on your success as an investor than anything we can do for you. We ensure you understand that equity markets go up and down, so you will need to commit to staying invested for the long term. An investor must have faith in the long term outlook for investing that will overcome the fear that they will no doubt have in the short term when markets are volatile.

Item 9 Disciplinary Information

Neither PAM nor any of its employees have any disciplinary history to report.

Item 10 Other Financial Industry Activities and Affiliations

The principals of Pacific Asset Management, LLC (Gary Lucy and Donald Cox) were CPAs and principals of the accounting firm Cox & Lucy CPAs until they sold the practice on October 1, 2010.

Cox & Lucy CPAs, now C & L Professional Service Group LLC (CLPSG), shares office space with Pacific Asset Management (PAM). PAM may recommend CLPSG to advisory clients in need of accounting services. Accounting services provided by CLPSG are separate and distinct from the advisory services of PAM and are provided for separate and typical compensation.

PAM receives no referral fees for these recommendations. No PAM client is obligated to use CLPSG for any accounting services.

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

We have available a copy of the Pacific Asset Management, LLC Code of Ethics to any client or prospective client upon request.

PAM does not have any material arrangement with any companies in which we recommend investment or otherwise; therefore PAM and its employees hold no material interest in client transactions.

We invest on behalf of our qualified retirement plan.

PAM or individuals associated with PAM may buy or sell securities identical to those recommended to customers for their personal accounts. Each individual client need is unique; therefore PAM may make recommendations or take action with respect to investments for its clients that may differ in nature or timing from recommendations made to or actions taken for other clients or its employees.

As these situations represent a potential conflict of interest, PAM has established the following restrictions in order to ensure its fiduciary responsibilities:

1. No member or employee of PAM shall prefer his or her own interest to that of the advisory client, and client transactions always take precedence.
2. PAM maintains a list of all securities holdings, for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate member/individual of PAM.
3. PAM requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

Item 12 Brokerage Practices

PAM has used Charles Schwab & Co. since its inception and will continue to use Charles Schwab as its preferred custodian.

PAM does not receive any soft dollar benefits or client referrals from Charles Schwab & Co.

Item 13 Review of Accounts

In accordance with our investment advisory agreement, we review your portfolios at a minimum of once a quarter. The review is performed by the investment advisor representative that is responsible for your account. Should economic or financial conditions necessitate a more frequent review; your investment advisor representative will do so.

Quarterly reports are provided for all clients. These reports show all position and holdings detail, provide a breakdown of all costs and fees on the account and an overall performance in the increments of recent quarter, year to date, and since inception. In addition, our custodian, Charles Schwab & Co. provides monthly statements, trade confirmations, and annual tax documents to you.

Item 14 Client Referrals and Other Compensation

PAM does not provide investment advice to non-clients. PAM does not receive compensation for any client referral and does not provide any form of compensation in exchange for referrals.

Item 15 Custody

PAM does not have or take custody of client funds. Client assets are in custody at Charles Schwab & Co.

Item 16 Investment Discretion

PAM has limited power of attorney for all client accounts. This permits us to buy and sell investments in accordance with your stated objectives and asset allocation agreed upon in your Investment Policy Statement without obtaining your approval for each transaction.

Item 17 Voting Client Securities

PAM does not vote proxies for you. All proxies are to be voted on by the you. You will receive any proxy notices directly at your current address on record via US mail.

Item 18 Financial Information

PAM does not meet the criteria to require disclosure of PAM financial information (specifically PAM balance sheet). The criteria are:

1. Maintaining custody of client funds or securities
2. Requires prepayment of more than \$500 in fees per client 6 months or more in advance

PAM does not maintain custody of your funds or securities or require you to prepay more than \$500 in fees 6 months or more in advance.

Item 19 Advisor Brochure Supplement

Gary L. Lucy – Investment Advisor Representative, Born 1948

Education:

- Emporia State University, Emporia, KS: B.S in Business - Major in Accounting, 1970
- Certified Public Accountant (CPA) designation earned 1976
- College for Financial Planning, Denver, CO: Certified Financial Planner (CFP) designation, 1985

Business Background: Mr. Lucy has been a Certified Public Accountant (CPA since 1976 and a Certified Financial Planner (CFP) since 1985). He was partner and principal of Cox & Lucy CPAs LLC from October 1984 to October 2010. He has been the managing member of Pacific Asset Management, LLC, since its formation in November, 1998.

Donald F. Cox Jr. – Investment Advisor Representative, Born 1952

Education:

- Central Washington University, Ellensburg, WA: B.A. in Business Administration - Major in Accounting, 1974
- Certified Public Accountant (CPA) designation earned 1976

Business Background: Mr. Cox has been a Certified Public Accountant (CPA) since 1976. He has practiced as a CPA in Port Orchard, WA since 1978 and was the principal and partner of Cox & Lucy CPAs LLC from October 1984 to October 2010. He has been a member of Pacific Asset Management, LLC since its formation in November, 1998.

Donald R. Gardner – Investment Advisor Representative, Shelton, WA - Born 1953

Education:

- Oregon State University, Corvallis, OR - 1973
- Bellevue Community College, Bellevue, WA: 1974. A.A. Accounting
- University of Washington, Seattle, WA: 1976 B.A. in Accounting
- IRS Enrolled Agent Designation, 1979
- Certified Public Accountant (CPA) designation earned 1980
- Supplanting Enrolled Agent Designation
- College for Financial Planning, Denver, CO: Certified Financial Planner (CFP) designation earned 1994.

Business Background: Mr. Gardner has owned and operated a full service CPA firm in Shelton, WA since 1990. It is solely owned with seven to nine employees. He was a partner in Stoltenberg and Gardner Financial from 1995 to 1999. He has been an investment advisor representative for Pacific Asset Management, LLC since January 2001.

Brian W. Cox - Investment Advisor Representative, Born 1985

Education: University of Portland, Portland, OR - 2007 B.A. in Finance.

Business Background: Mr. Cox joined Pacific Asset Management in 2007 as an Operations Associate and earned his Investment Advisor Representative designation in 2009.

Additional Disclosure: Neither Gary Lucy, Donald Cox, Donald Gardner, or Brian Cox have ever been involved with or found liable in an arbitration claim of any kind. PAM has never been found liable in a civil, self-regulatory organization or administrative proceeding.