

PATRIOT MULLARE ASSOCIATES. INC. BROCHURE

Part 2A of Form ADV: Firm Brochure

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**THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF PATRIOT MULLARE ASSOCIATES, INC. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (781) 740-1000 AND/OR [PAMULLARE@AOL.COM](mailto:PAMULLARE@AOL.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 PATRIOT MULLARE ASSOCIATES, INC. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

Date of this brochure: March 31, 2011

## ***Item 2 Material Changes***

The form of our brochure has changed. The United States Securities and Exchange Commission adopted amendments to Form ADV and related rules in July 2010.

In subsequent brochures, under Item 2 Material Changes, we will identify and discuss only material changes since the last annual update of our brochure.

***Item 3***

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## ***Item 4 Advisory Business***

### **A. Description of Advisory Firm**

Patriot Mullare Associates, Inc. (Patriot) provides discretionary investment management services. We have a diversified clientele that includes foundations, endowments, corporations and unions as well as individuals and their families. Many of our client relationships span decades.

We have been in business since 1986 and are registered as an investment adviser with the Securities and Exchange Commission. [Registration as an investment adviser does not imply a certain level of skill or training.]

Patriot is organized as corporation incorporated under the laws of the Commonwealth of Massachusetts. Our office is located in Hingham, Massachusetts

### **B. Types of Advisory Services**

Our sole business activity is to provide investment management services to institutional and individual clients on a discretionary basis. We do not sell financial products such as mutual funds, annuities or insurance nor do we provide brokerage services.

### **C. Tailoring Advisory Services**

Each client portfolio is tailored to meet the objectives of each client based on information that a client has provided to us. Our first step in working with our clients is to gather information that will help clients define realistic investment goals, determine income needs and provide an understanding about the level of investment risk and loss a client is willing and/or able to assume.

We encourage clients to inform Patriot about any questions they may have about their accounts. Clients must notify us about any changes in their financial circumstances and needs so that we can take these changes into consideration when managing a client's portfolio.

### **D. Participation in Wrap fee Programs**

We do not participate in any wrap fee programs.

### **E. Amount of Client Assets Managed on a Discretionary Basis**

The amount of assets under our discretionary management as of December 31, 2010 is \$32,000,000.00. We do not manage any accounts on a non-discretionary basis.

## ***Item 5 Fees and Compensation***

### **A. Compensation for Advisory Services**

We are compensated based upon the market value of a client's account at the end of each quarterly period. Management fees may be negotiable under certain circumstances. We also may combine two or more accounts with similar objectives for a single client for the purpose of computing fees. We use the following fee schedules in most cases.

\$0.4 - \$1.0 million at 1.5%  
\$1.0 - \$4.0 million at 1.0%  
\$4.0 - \$10 million at 0.75%  
\$10 million or above at 0.5%

## **B. Deduction of Advisory Fees from Client Accounts**

Client portfolio assets are held by an independent bank or broker custodian. In the majority of client accounts, clients arrange to pay management fees from another source, in which case Patriot would bill the client directly on a quarterly basis. Clients may also arrange to have advisory fees deducted quarterly by the custodian and paid directly to Patriot.

## **C. Other Types of Fees or Expenses**

Not applicable. We do not charge any fees or expenses additional to the management fee.

## **D. Pre-Payment of Fees & Refund**

Clients pay fees at the end of each quarter. If the advisory contract is terminated before the end of a billing period, fees are determined on a *pro rata* basis.

## **E. Compensation for Sale of Securities**

Neither Patriot nor any of its supervised persons receives compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Not applicable. We do not charge performance-based fees or engage in side-by-side management.

## ***Item 7 Types of Clients***

We provide portfolio management for foundations, endowments, corporations and unions as well as individuals and their families.

We have no required minimum value of assets for opening an account.

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

### **A. Methods of Analysis, Investment Strategies and Risk of Loss**

We obtain information from a variety of sources. These sources include annual and interim reports from corporations and financial news papers and magazines. To a lesser extent we utilize reports from independent securities firms, trade journals, rating services, electronic news and quotation services.

### **Investment Philosophy**

We believe the key to a successful long-term investment strategy is to study the business prospects of an individual company within the context of its industry and the overall economy. This style is often referred to fundamental security analysis or "Value Investing." A corporation's financial statements provide Patriot with the information needed to assess a corporation's profitability, financial strength and operating efficiency. By examining how certain numbers from one statement relate to prior statements and how resulting ratios relate to the company's competitors, we determine how financially viable the company is. Our goal is to purchase securities of high-quality issuers when they are trading at attractive prices, with the expectation that they will be sound long-term investments.

### **Equities**

Although our equity investment style incorporates elements from several disciplines, it is best labeled as Value. When selecting equity securities we concentrate on companies that:

- Appear to be undervalued relative to their growth prospects, the overall market and/or their respective industries
- Demonstrate financial strength based on numerous financial ratios

Through careful research we evaluate a company's financial strength, growth potential and value characteristics. We think of value as the relative value of a company's stock when compared to 1) the historical valuation of the company; 2) the historical and/or current valuation of a peer group of companies, or; 3) common stocks in general.

### **Fixed Income (Bonds)**

When selecting fixed-income securities, we generally concentrate on issuers whose obligations are rated "investment grade" (AAA, AA, A or BBB) by one of the independent rating agencies. This includes corporate and United States Treasury bonds. We generally select debt securities with final maturities (or call dates) that are generally no longer than ten years from the date of purchase. Our experience indicates that an average maturity of approximately seven years has offered an optimal combination of low risk and reasonable return in recent decades.

### **Diversification**

Our clients' portfolios are diversified among securities and industries. Exposure to any single industry is generally limited to 25% at cost and exposure to any single corporate issuer is limited to 10% at cost of a client's portfolio.

### **Sale of Securities**

We purchase securities with the expectation that they will be long-term investments, but will sell any security when such a sale appears appropriate. Factors that may prompt us to sell a security include:

- Achievement of a price objective
- Deterioration in the trend of earnings estimates
- Deteriorating company or industry fundamentals
- Negative "surprises"
- Insider selling

We do not engage in short sales, margin transactions, or the purchase or sale of derivatives but may do so in response to the request of a client.

### **Risk of Loss**

While we rely on methods of analysis and investment strategies that are based on research and a team approach to continually improve our views of the market and client holdings, investing in securities involves risk of loss that clients should be prepared to bear.

### **B. Material Risks of Investment Strategy or Method of Analysis**

Our investment strategy is based on a combination of individual security research and the evaluation of global financial and economic conditions as well as other trends. We believe our research process helps us to identify and evaluate individual security risks such as: valuation risk, business/earnings risk, and balance sheet/financial risk; as well as portfolio risks such as interest rate risk and geopolitical risk. We make every attempt to identify and manage risk through careful research, group discussion and appropriate diversification. However, we cannot reasonably anticipate all possible risks to individual securities and therefore the risk of loss associated with investing in individual securities.

### **C. Material Risk of Recommendation Primarily of a Particular Type of Security.**

Not applicable. We do not recommend that client portfolios primarily hold a particular type of security.

### ***Item 9 Disciplinary Information***

#### **A. Criminal or civil action in a domestic, foreign or military court of competent jurisdiction.**

Not applicable. No disciplinary information to report.

#### **B. Administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority**

Not applicable. No disciplinary information to report.

#### **C. Self-regulatory organization proceeding.**

Not applicable. No disciplinary information to report.

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

#### **A. Registration as Broker-Dealer or Registered Representative of Broker Dealer**

Not applicable.

#### **B. Registration as Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor, or Associated Person**

Not applicable.

#### **C. Description of Relationship or Arrangement Material to Advisory Business or Clients with Certain Related Persons**

Not Applicable.

#### **D. Recommendation or Selection of other Investment Advisors and Receipt of Compensation**

Not applicable.

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

The standards of conduct in our Code of Ethics are intended to ensure that all personnel (i.e. officers, directors and employees) conduct themselves with integrity and honesty while carrying out their fiduciary obligations to clients. As fiduciaries, we always act in the best interests of clients. Therefore, our personnel must place the interests of clients before their own interests, maintain the confidentiality of client information and use independent professional judgment in making investment decisions. All personnel are required to comply with all applicable securities laws and are prohibited from insider trading or communicating material nonpublic information in violation of law. All personnel are required to follow restrictions on personal trading. All personnel must file personal securities transactions and holdings reports for review by our Chief Compliance Officer.

The Code of Ethics also sets standards for professionalism and competence.

All personnel must acknowledge in writing that they have received a copy of the Code of Ethics and any

amendments. Personnel must also promptly report violations of the Code of Ethics to the Chief Compliance Officer or President of the company.

The above is a brief description of the Code of Ethics. A copy of the Code of Ethics will be provided to any client or prospective client upon request.

## ***Item 12 Brokerage Practices***

### **A. Factors in Selection of Broker-Dealers for Client Transactions and Determining Reasonableness of Compensation**

If requested, Patriot will recommend brokers that have proven to have competitively priced commissions and reliable execution and service. Clients may also select broker-dealers for transactions.

Unless a client designates a securities broker(s) to be used for a client's account, we place trade orders through such brokers, dealers or banks based on the following factors:

- net economic result to clients' accounts
- reasonable commission rates, which may not always be the lowest available at any given time
- financial strength, stability and competence of the brokerage firms under consideration
- efficiency
- ability to carry out the transaction in cases involving a large amount of the security to be traded; and
- availability and willingness to stand ready to execute difficult transactions.

After considering the above factors, we may also take into account our receipt of brokerage and research services, which may include sophisticated computer generated reports and analyses covering a broad range of information which we may use in developing our investment strategies. Products or services provided to us have included research reports on particular industries or companies, economic surveys and analysis, recommendations as to specific securities. Clients may be charged commissions higher than those charged by other broker-dealers in return for receipt of these benefits.

We may suggest the use of securities brokerage firms as custodian in cases where we believe that the overall terms (including the overall investment-related costs) of the arrangement are favorable to a client. The use of a securities brokerage firm as custodian for a client tends to result in the client's transactions being executed primarily through that firm. Bank of America and Pershing are the securities brokerage firms most frequently used as custodians and consequently as executing brokers for those accounts for whom they act as custodian.

While a client may direct brokerage, in such cases, we may be unable to achieve the most favorable execution of client transactions. Directing brokerage may result in a client paying higher brokerage commissions and/or receiving less favorable executions.

### **B. Conditions for Aggregating Purchase or Sale of Securities for Client Accounts**

When purchasing or selling the same security for more than one client, we may consolidate transactions in order to obtain better terms which may result from a larger transaction.

## ***Item 13 Review of Accounts***

### **A. Review of Client Accounts**

Each client account is reviewed regularly by Patriot. Accounts are reviewed in the context of the objectives and goals contained in each client's investment objectives.



## **B. Factors Triggering a Review**

While client accounts are reviewed regularly, major changes in economic, financial or market conditions would trigger more intensive reviews. Clients must notify us if there are significant changes to their financial situation which would also trigger a review. In addition, we meet regularly with clients to review their goals and objectives as well as to review portfolio strategy, structure and performance. Such meetings with clients prompt an in-depth review, with many customized analyses of the account.

## **C. Reports**

Clients receive written reports on a quarterly or monthly (if preferred) basis. Regular reports will generally include appraisals of the account assets as of the final day of the month or quarter. Special reports may be created to accommodate a client's requirements.

We will also meet with clients to discuss any questions they may have regarding their accounts or reports related to their accounts.

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

Not applicable. Patriot does not pay referral fees or any other type of compensation.

### ***Item 15 Custody***

Patriot does not have possession of client portfolio assets. All client assets are held by an independent custodian. In one instance where Patriot serves as trustee of a client account, Patriot may be deemed to have custody of client funds and securities under certain rules promulgated by the SEC. In addition to quarterly (or monthly) reports from Patriot, clients also receive valuation and transaction statements directly from their custodian, on either a quarterly (or monthly) basis. Clients should carefully review statements from their custodian and compare them with the reports received from Patriot.

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

We manage client accounts on a discretionary basis. However, clients may place limitations on our authority such as holding a particular security or limiting certain security sales due to tax constraints. The procedures we follow before we assume discretionary authority are as follows:

- Determine whether an investment advisory relationship on a discretionary basis is appropriate, and complete the account opening process.
- Discuss and review a written investment advisory agreement and discuss the services to be provided, the fees to be charged, the discretionary authority that is being granted to manage and make decisions about the client's account.
- Discuss the limited power of attorney or trading authorization prior to review and signature by the client.
- Discuss any restrictions that a client may wish to place on the management of the account and determine whether we will be able to provide our services under such restrictions
- Client reviews and signs the investment advisory agreement engaging Patriot as investment adviser and authorizing Patriot to exercise discretionary authority over the client's account.

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

Clients accept the responsibility to vote securities.

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

We do not have knowledge of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.