



FORM ADV - Part 2
Investment Adviser Brochure

Bloom Asset Management
31275 Northwestern Hwy.
Suite 145
Farmington Hills, Michigan 48334
Phone: (248) 932-5200
Toll Free: (855) 932-2200
Fax: (248) 932-5201
Toll Free Fax: (855) 932-2201

www.bloomassetmanagement.com

Information as of December 31, 2011

Table of Contents

<u>Area of Focus</u>	<u>Page</u>
-Advisory Business Description	2
-Money Management Services	2
-Financial Planning Services	2
-Fees and Compensation	3
-Performance Based Fees and Side-By-Side Management	3
-Types of Clients	3
-Methods of Analysis, Investment Strategies, and Risk of Loss	4
-Disciplinary Information	5
-Other Financial Industry Activities and Affiliations	5
-Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	6
-Brokerage Practices	6
-Review of Accounts	6
- Client Referrals and Other Compensation	7
-Custody of Accounts	7
- Investment Discretion	7
- Voting Client Securities	7
- Financial Information	8

Advisory Business

Bloom Asset Management was founded in 1984 and is a Registered Investment Adviser that provides both professional money management and financial planning services for individual investors and business on a no-commission, fee-only basis. The firm was founded by Ken Bloom and Rick Bloom, who remain Bloom Asset Management's principal owners.

We are a fee-based financial adviser. This means we are not paid any commissions on the investments we purchase or sell on behalf of our clients. Nor do we receive any compensation or other forms of payments from mutual funds. Our sole compensation is a fee paid by our clients for our services.

We provide two distinct types of services—Money Management and Financial Planning.

Money Management Services

With our money management service, we construct a broad based diversified investment portfolio specifically designed to meet each client's individual financial situation, using only no-load mutual funds. In selecting the specific mutual funds for the portfolio, we emphasize a wide range of criteria, including: the performance of the funds; continuity of management; consistency of investment style and results; integrity of the mutual fund company; tax efficiency and the overall costs of owning the fund.

Bloom Asset Management uses third party financial institutions such as Fidelity Investments or Charles Schwab as custodian of client assets. Whenever there is any activity in a client's account (for instance a purchase or a sale of a fund) a confirmation of the activity is sent by the custodian directly to the client. In addition, each month, clients receive a consolidated, easy-to-understand statement directly from the custodian, showing the portfolio value and investment positions, including a summary of activity for the month. Bloom Asset Management handles all of the paperwork and makes the investment decisions for our clients to ensure that the portfolio meets their goals and objectives.

Our minimum account size to enlist our Money Management services is \$250,000.

As of 12-31-11, the amount of client assets managed by Bloom Asset Management was \$35,753,290.

Financial Planning Services

For investors who like to manage their own portfolios, but need some strategic direction, we provide our financial planning services. Our financial planning services begin with a financial consultation where we review the investor's future needs pertaining to estate planning, risk management, taxes and investments. We then develop a financial plan that includes suggested investment strategies and products that the investor can manage on their own. Clients place their own trades and monitor their own portfolio.

There is no minimum account size for our Financial Planning services.

Fees and Compensation

For our Money Management services, fees are assessed quarterly and are calculated based on the average daily balance of the portfolio. Accounts with assets from \$250,000 to \$1 million are charged an annual fee of 1%, pro-rated on a daily basis. Accounts that have an average daily balance in excess of \$1 million are charged an annual fee of .75% per annum. If a portfolio under management falls below our \$250,000 minimum account size, the client will be charged a fee of 1.5%. Clients receive a quarterly billing statement computing their average daily balance for the quarter and the amount of their fee which is then deducted from the account (unless other arrangements are made on an individual basis to pay the fee). Fees may be negotiable based on individual circumstances.

Bloom Asset Management does not accept any performance-based fees, commissions or other compensation for its investment management services.

While these fees are the only compensation Bloom Asset Management receives for the management of client portfolios, clients may incur other fees charged by the account custodian, such as transaction fees or short-term redemption fees on investments bought and sold within a short period of time. However, these fees will be charged directly from the custodian and Bloom Asset Management does not receive any part of these fees.

If clients wish to purchase stocks or other investments for their account, they will be responsible for any fees they may incur from the custodian for these transactions.

Our Financial Planning services are available for a one-time flat fee. Currently the fee for financial planning is \$900, with a reduced fee for follow-up meetings.

Performance Based Fees and Side-By-Side Management

Some financial firms receive performance based fees based on a share of capital gains in the client's portfolio, or side-by-side fees, which is a combination of performance based fees and other types of fees, such as hourly or flat fees. Bloom Asset Management does not accept either performance based or side-by-side fees, but instead charges clients a fee for its Money Management services equal to a percentage of the portfolios assets as outlined in **Section 5, Fees and Compensation.**

In our opinion, charging clients performance based fees may cause the investment advisor to focus more on short-term gains rather than focusing on the clients long-term financial goals, which is our philosophy at Bloom Asset Management.

Types of Clients

Bloom Asset Management provides both professional money management and financial planning services for individual investors, business owners and qualified retirement plans. Our minimum account for our money management services is \$250,000. There are no account size minimums for our financial planning services.

At Bloom Asset Management, we believe that mutual fund selection is an integral part of our investment management process and is often overlooked by most investors. Our belief is that finding and using quality managers makes a difference.

Our primary aim is to find funds that we believe have the greatest potential to drive a portfolio's long-term performance by generating excess returns above that of its peers, and for its particular benchmark. We use a variety of qualitative and quantitative screens to help us find those funds.

We measure individual manager performance against a benchmark (or set of benchmarks), Morningstar categories, and peer groups. Our aim is to fully understand the specifics of how a manager is deriving their performance and whether that positive performance can continue in the future.

Areas of concern to us include:

- Uncharacteristic performance slump
- Material changes to the investment process
- Excessive management turnover or key manager departure
- Excessive drift in investment style
- Organizational changes

We continually evaluate the overall holdings within the portfolio to make sure our allocations remain on target. Our investment team monitors the holdings within our portfolios no less than monthly, and in some cases, more frequent to make sure performance and other goals are being met.

Investment Strategies

Bloom Asset Management's investment process comprises five integrated components:

1. Strategic asset allocation
2. Fund/security selection
3. Portfolio construction
4. Monitoring
5. Ongoing rebalancing

- Our asset allocation targets strive to maximize the level of returns for any given risk level.
- Further, it must broadly diversify investors' assets, covering the full range of investment styles, sub-asset classes (i.e., U.S. large cap growth, Foreign large cap value, etc.), and regions.
- It must include access to funds that possess qualities that we think will help drive performance. We believe those qualities include, but are not limited to, performance and style consistency, a reasonable manager tenure, low fees, organizational stability, and a clear, well thought out investment process.

Bloom Asset Management's approach is to construct portfolios so they are better aligned with a client's risk profile. To help ensure that its portfolios continue to meet those expectations in a variety of market

conditions, the investment team actively manages the portfolios' overall risk through a systematic rebalancing process. Our ongoing rebalancing methodology is instrumental in keeping the integrity of the risk/reward characteristics of our strategies intact.

Additionally, all of the portfolios are diversified across a range of investment/asset class categories to help reduce volatility, a measure of how much an investment's or portfolio's value fluctuates over time. And although diversification can help reduce volatility and risk, it can never eliminate it entirely. Further, our portfolios are designed with the objective of maximizing returns for any given risk level.

Key Investment Tenets

- We do not engage in high frequency trading, or market timing strategies because they do not offer the risk/reward characteristics we seek in managing investment portfolios for clients.
- We remain fully invested through various market environments, using our stock and bond allocations as a way to control risk.
- We use a diversified, multi-asset class approach to managing portfolios, which generally entails using more than six to ten funds of various styles and sizes.

Disciplinary Information

As an Investment Adviser, Bloom Asset Management is subject to regulation by such agencies such as the Securities and Exchange Commission (SEC) and the Financial Industry Regulation Authority (FINRA). We place a high priority on ethical conduct and compliance with the relevant rules and regulations that govern investment advisers. We are very proud to report that Bloom Asset Management has **never** had any legal or disciplinary actions against the firm or its financial advisers.

Other Financial Industry Activities and Affiliations

As an SEC Registered Investment Adviser, the firm is not registered with the State of Michigan. However the firm's financial advisers are registered as Investment Adviser Representatives (IAR) by the State of Michigan's Financial and Insurance Regulation Division of the Department of Labor and Economic Growth.

An IAR is an individual associated with an investment adviser firm who provides investment advice to clients. To qualify as a Michigan IAR an advisor must pass the Series 65 exam (which tests the subject matter knowledge and competency of financial advisers) and satisfy other requirements of the Office of the Financial and Insurance Regulation.

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

Code of Ethics

Bloom Asset Management has a Code of Ethics (Code) that establishes rules of conduct for all its employees. The Code is based on the principle that Bloom Asset Management and its employees owe a fiduciary duty to its clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid

1. Serving their own personal interests ahead of clients;
2. Taking inappropriate advantage of their position with the firm; and
3. Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Bloom Asset Management and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct and are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have reasonable, independent basis for the investment advice provided;
- The duty to ensure that investment advice is suitable to meeting the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

A copy of the entire Code of Ethics is available upon request.

Participation or Interest in Client Transactions and Personal Trading

Members of the Bloom Asset Management staff may buy the same no-load mutual funds for their investment portfolios that we recommend for our clients. These transactions are of a strictly personal nature, and do not present a conflict of interest with regard to our recommendations for clients

Brokerage Practices

Because Bloom Asset Management is not a broker-dealer, any mutual fund or stock trades in the portfolios of our managed clients are conducted by the account custodian. Bloom Asset Management does not receive any fees from the custodian for these trades. Any mutual fund or stock trades for investments outside of the accounts managed by Bloom Asset Management are at the discretion of the client to choose which broker-dealer they want to handle these transactions.

Additionally, Bloom Asset Management does not receive research, products or services other than execution from third parties or broker-dealers (often referred to as "soft dollar benefits").

Review of Accounts

For investment advisory clients' accounts are normally reviewed by the firm's financial advisers 3 to 4 times a year. Additional account reviews may be caused by any of the following:

- Changes in Market Conditions
- Changes in tax laws or fundamentals of investing

-Changes in client's financial situation, objectives or investment risk tolerance

A Review is also schedule whenever a client's requests a review of their account. This review is generally a personal meeting with the client and is scheduled with an investment adviser. The specific investment adviser that will meet with the client is normally determined according to the client's preferences as to scheduling and availability factors.

Reports, other than monthly account statements provided directly from the third-party financial institutions that act as custodian of the account, are provided to clients upon request.

Client Referrals and Other Compensation

Bloom Asset Management currently has an agreement with other professional firms who refer clients for investment advisory services. In those cases, we will pay these professional firms a portion of the management fee earned by Bloom Asset Management for the referred client. Clients do not incur extra fees or costs with respect to these referral arrangements.

In addition, Bloom Asset Management also has a relationship with Bloom, Bloom & Associates, and may refer clients to the law firm for specific legal services. However, clients do not have an obligation to use Bloom, Bloom & Associates for their legal matters. If clients do choose to use Bloom, Bloom & Associates for any legal services, those services are billed through the law firm and are not connected in any way with Bloom Asset Management's fees or compensation.

Custody of Accounts

All client accounts are held by third party "custodians" such as Schwab or Fidelity, and are totally independent from Bloom Asset Management. Clients receive monthly account statements directly from these custodians, not from Bloom Asset Management, and are encouraged to carefully review these statements for accuracy. Statements are delivered by U.S. mail unless the client prefers to receive their statement online. Bloom Asset Management does not determine the method of delivery of the monthly statement. Clients also have access to view their accounts online via the custodian's websites.

If there are any questions regarding these statements, Bloom Asset Management will help answer those questions and work with the custodian on behalf of the client to correct any errors or clarify any issues.

Investment Discretion

For managed accounts, we are granted discretionary authority to direct any account or investment action through a limited power of attorney that is completed by the client along with other account application forms. While we are granted this discretionary authority for all investments in a client's managed portfolio, clients can elect to limit this authority for specific investments at their discretion.

Voting Client Securities

Bloom Asset Management does not accept authority for any proxy votes for our client's investments. The authority for proxy voting rest solely with our clients, and clients will receive proxies for stocks and mutual funds directly from the account custodian.

Financial Information

Bloom Asset Management does not solicit or require prepayment of any fees for either our money management or our financial planning services. Fees for these services are billed as outlined in Section 5-Fees and Compensation.