

## **Client Disclosure Brochure Form ADV, Part II**

March 22, 2012

This Brochure provides information about the qualifications and business practices of Berkson Asset Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 818-713-8060 or [bam@berkson.net](mailto:bam@berkson.net). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Berkson Asset Management, Inc. is a SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Berkson Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

5550 Topanga Canyon Blvd., Suite 350 Woodland Hills, CA 91367  
t: 818.713.8060 f: 818.713.8061 [www.berkson.net](http://www.berkson.net)

REGISTERED INVESTMENT ADVISOR



## **Item 2. Material Changes**

This Brochure, dated March 22, 2012, is an update from our previous brochure dated March 31, 2011. Changes to this brochure include the following:

- Berkson Asset Management now offers discretionary Portfolio Management services. Changes were made throughout the brochure to discuss discretionary asset management services.
- Assets under management were updated to reflect regulatory assets under management calculated pursuant to SEC guidance and reported as of December 31, 2011. (Item 4)
- Steven M. Berkson, President, may act as Trustee for certain client accounts. Item 15 (Custody) was updated to reflect cases in which Mr. Berkson may be deemed to have custody.

The above list includes a description of material changes made to the firm's current Disclosure Brochure (Form ADV Part 2A). Currently, our Brochure may be requested by contacting Scott Berkson, Chief Compliance Officer, at 818-713-8060 or [scott@berkson.net](mailto:scott@berkson.net). Or, clients and prospective clients may also access a copy of our brochure free of charge on our web site, at [www.berkson.net](http://www.berkson.net).

Additional information about Berkson Asset Management, Inc. is available by accessing the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Berkson Asset Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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

Berkson Asset Management, Inc. (“BAM” or “the firm”) is a SEC-registered investment adviser that was founded 1995. The principal owners of the firm are Steven M. Berkson and Sherri R. Berkson. The firm’s main office is located in Woodland Hills, California.

BAM offers both financial planning and portfolio management services to its clients for a fee. Specific details about these advisory services are described below:

##### **Portfolio Management Services**

BAM manages investment advisory accounts (“Portfolio Management”) for individuals, retirement plans, trusts, partnerships, corporations or investment clubs. An initial interview and data gathering questionnaire is undertaken to determine the client’s individual needs and risk tolerance. The recommendations are implemented in a portfolio that may include no-load or low-load mutual funds, stocks or bonds. BAM reviews all investment recommendations with the client prior to implementation. Retirement accounts are reviewed for compliance with ERISA requirements. BAM also provides Portfolio Evaluation for institutional clients (pension plans, other retirement plans, and trusts). The evaluation includes a review of the existing asset allocation, recommendations for reallocation, and opinions on compliance with ERISA regulations.

Through BAM’s Portfolio Management Services, BAM offers clients implementation assistance and ongoing and continuous review of investment assets and consolidated performance reporting. BAM typically provides these Portfolio Management Services on a non-discretionary basis, whereby no transactions or actions are taken by BAM Associates on behalf of the client, without the express written permission of the client. While BAM does not typically have discretion over client accounts, the firm may obtain a limited power of attorney from clients, limited to the power of executing trades. While this power of attorney will allow BAM to place a trade with the appropriate broker/dealer at which a client’s account is held, all trades will have been discussed with the client, and approved by the client, prior to execution. In some cases, BAM may also offer discretionary Portfolio Management Services for clients desiring this type of asset management. In those cases, clients will provide written instruction to the account custodian, granting BAM discretionary authority.

As part of the Portfolio Management Services, client accounts are reviewed by BAM on an on-going basis, to determine that assets are performing consistent with the investment objectives, overall market conditions, and current asset mix. Consolidated asset reporting to the client is done quarterly. For Portfolio Management, BAM typically recommends that

clients start with a minimum portfolio of \$500,000. While this is generally the case, lower minimums may be accepted subject to the sole discretion of BAM and based on such factors as related family accounts or other special situations. Portfolio Management clients should also carefully consider investing only those funds that can be committed on a long-term basis, usually three to five years. Clients should also expect volatility from investing in equity securities.

### **Financial Planning Services**

BAM provides Personal Financial Plans consistent with the individual client's financial and tax status and risk/reward objectives. Planning may be comprehensive or may be "segmented" and focus on investments, insurance, taxes, retirement, and/or estate plans. Dependent upon the scope of the financial planning services to be performed by BAM, the preparation of a plan involves guiding clients in gathering, compiling, preparing, and analyzing personal financial data. At the completion of the financial planning process, the client has the option to implement recommendations through Associates of BAM, but is not obligated to do so. If Associates of the firm assist in the implementation of any recommendations, clients may engage the firm separately, for Portfolio Management Services described above.

### **Portfolio Evaluation**

BAM provides Portfolio Evaluation for institutional clients (pension plans, other retirement plans, and trusts). The evaluation includes a review of the existing asset allocation, recommendations for reallocation, and opinions on compliance with ERISA regulations.

### **Consulting Services**

In addition to individualized investment management, BAM offers investment consulting services on a more limited basis. Such consultation is offered to assist a client in an isolated area of concern, such as an existing investment portfolio or qualified plan. For example, for clients with existing portfolios, BAM may provide on-going advice regarding investment reallocation. This advice will not necessarily involve the development of a financial plan or the actual management of the underlying portfolio assets, but may simply assist clients in evaluating existing holdings and determining necessary reallocations. Consulting services may be rendered differently for different clients, based on the client's individual needs. Clients will be asked to sign an Engagement Agreement in order to engage BAM for consulting services.

### **Financial Planning Seminars**

On occasion BAM holds public seminars. These seminars may include presentations on financial planning strategies and asset allocation.

## **General Information Related to Investment Recommendations**

For each of the above disclosed advisory services, BAM does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio, before recommending a certain investment. For non-discretionary or discretionary asset management, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio. For non-discretionary asset management, the client may also decline to implement any of the firm's recommendations.

In general, the firm utilizes a variety of equity and debt-based securities, and may also recommend no-load or load-waived mutual funds. BAM may also recommend that clients invest in certain private placements that invest in self-storage facilities, apartment buildings, mobile home parks, or other such business. In some cases, Steven M. Berkson may be a Manager Member of the offering, and thus a conflict of interest would exist. In those cases, Mr. Berkson would be entitled to certain distributions as described in the offering memorandum for the particular offering. Mr. Berkson endeavors at all times to only recommend investments that he feels are suitable for a given client, and he makes every effort to describe in detail, any conflicts of interest that may exist. BAM may also provide advice on non-securities products.

## **Assets Under Management**

As of December 31, 2011, BAM was providing investment advisory services to 58 clients. The total value of assets under management for which BAM provides regular and continuous investment management services was \$104,439,741, held in 115 accounts.

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

### **Portfolio Management Services**

The annual asset management fee for Portfolio Management Services is based on the total assets under management and is calculated as follows:

1.25 % on first \$500,000

1.00 % on the next \$500,000

0.85 % on the next \$1,000,000

0.70% on the next \$3,000,000

0.50 % on the amount above \$5,000,000

The asset management fee is payable quarterly, in advance, and is based upon the fair market value of the client's account, as reported by the account custodian, as of the last day of the previous calendar quarter. Fees for the initial quarter are adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement is in effect and the dollar amount of the initial deposit.

Fees are billed at the beginning of each calendar quarter, in advance of services, and are payable within 10 days. Fees are generally deducted directly from the client's brokerage account pursuant to a written standing authorization from the client. In some cases, BAM may allow clients to pay fees directly, by check, following the presentation of an invoice. Fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter from when the Agreement is effective. The client may make deposits or withdrawals during a quarter, which may have an effect on fees. For deposits or withdrawals \$25,000.00 and above in aggregate, the fees will be adjusted on a pro-rata basis, reflected on the next invoice. For deposits and withdrawals less than \$25,000.00 in aggregate, the fee may be adjusted on a pro-rata basis, at the sole discretion of BAM.

### **Financial Planning Services**

After an initial consultation with a client, a financial planning fee will be quoted to the client for the financial planning services provided by BAM. The quote is based upon an estimate of the complexity and time anticipated to perform the services, and is based on an hourly rate of \$400 or a fixed fee agreed upon in advance. Fees for comprehensive personal financial plans typically range from \$1,000 - \$5,000, or \$500 - \$2,000 for segmented plans on a specific area. In some cases, fees may be higher or lower than the range quoted above, at the sole discretion of BAM and as agreed to in advance by the client. BAM may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, BAM may also allow the client to pay the entire fee upon completion of the financial planning services. In either case, clients are provided with an invoice.

At the completion of the financial planning process, the client has the option to implement recommendations through Associates of the firm, but is not obligated to do so. If Associates of BAM assist in the implementation of any recommendations, clients are asked to engage the firm for Portfolio Management Services, as described in Item 4 above. Fees for Portfolio Management Services (described below) are assessed in addition to any planning fee earned for the financial plan.

## **Portfolio Evaluation**

Fees for portfolio evaluation services are billed at an hourly rate of \$400, or at a fixed fee agreed upon in advance. Fees for portfolio evaluation services quoted on a fixed fee basis typically range from \$500 - \$10,000, depending on the complexity of the services provided. In some cases, fees may be higher or lower than the range quoted above, at the sole discretion of BAM and as agreed to in advance by the client. BAM may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, BAM may also allow the client to pay the entire fee upon completion of the portfolio management services. In either case, clients are provided with an invoice.

## **Consulting Services**

Consulting Services are provided to clients on an hourly fee basis, or clients may engage BAM for consulting services on a fixed fee or percentage of assets basis. Determination of the fee basis is agreed to between BAM and client in advance of services rendered and is dependent upon the type of Consulting Services to be provided. If fees are assessed on an hourly fee basis, the hourly rate is \$400. Fixed fees for consulting services typically range from \$500 - \$10,000, although fees may be higher or lower than this range in some cases. BAM may require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, BAM may also allow the client to pay the entire fee upon completion of the Consulting Services. In either case, a client is provided with an invoice.

If Consulting Services fees are assessed as a percentage of assets, the Portfolio Management fee schedule and methodology described above will be assessed against assets for which Consulting Services are provided.

## **Financial Planning Seminars**

BAM may hold public seminars free of charge. In some cases, BAM may charge a nominal flat fee to participants, to cover expenses related to the seminar.

## **General Information Related to Fees and Compensation**

While BAM has established the above referenced fee schedules for its advisory services, the firm may negotiate fees under certain, limited circumstances, at its sole discretion. Factors considered when determining whether a different fee will be negotiated include, among other things, the complexity of the client's financial situation, related accounts under management, portfolio style, and the provision of other services provided to the client. In some cases, clients may be subject to a different fee schedule in effect at the time their account was established and specified in their Engagement Agreement with BAM. These



different fee schedules may be higher or lower than current fee arrangements. BAM may, in its sole discretion, determine when, if ever, previous fee schedules will or will not apply to existing clients. Clients will receive advance written notice of any change in their applicable fee schedules. Investment advisory services provided by BAM may cost a client more or less than advisory services offered by other investment advisors. BAM will not be compensated on the basis of a share of capital gains in a client's account, and the firm will not collect fees of more than \$1,200 more than six months in advance of services being rendered.

In addition to advisory fees, clients may be subject to custodial and account fees charged by account custodians or broker/dealers with whom clients establish accounts. Such additional fees may include, but are not limited to, transaction charges, IRA fees and other account administrative fees. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure. In cases where shares of mutual funds or exchange traded funds are included in clients' portfolios, clients may also be subject to fees and expenses charged directly by the mutual fund or exchange traded fund company. Such fees may include, but are not limited to, management fees, fund expenses, distribution fees, and 12b-1 fees. Clients should refer to the applicable product prospectus for a complete discussion of the fees and charges associated with the product. BAM will not receive any portion of these additional fees.

Clients have the option of purchasing investment products through any broker/dealer of their choice; however, BAM may not be able to provide Portfolio Management Services for assets purchased away from custodians recommended by BAM.

For each of the advisory services described in Item 4 above, BAM requires clients to execute Engagement Agreements which specify the type of advisory services to be rendered, and whether the relationship will be discretionary or non-discretionary. Clients may terminate Engagement Agreements at any time upon prior written notice. If an Agreement is terminated within the first five business days, clients are entitled to a full refund of any fees paid. If an Engagement Agreement is terminated after more than five business days, clients will be assessed fees on a pro-rata basis, based on the number of days that investment management services were provided.

As part of its comprehensive approach to financial planning, BAM may refer client to other unaffiliated professionals it feels may help client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients may be referred,

and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

Steven M. Berkson is a Manager Member of Clock Tower Investors II LLC, a limited liability company that was formed to invest in Clock Tower Self-Storage LLC, a limited liability company that acquires, owns and operates a self-storage facility in Aurora, Colorado. Mr. Berkson may recommend that BAM clients invest in Units of Clock Tower Investors II LLC, a private placement offering (the "Offering"). Since Mr. Berkson is a Manager Member of the Offering, a conflict of interest exists between his interests and those of his clients. As a Manager Member, Mr. Berkson is entitled to certain distributions as described in the offering memorandum for the Offering. Mr. Berkson endeavors at all times to only recommend investments that he feels are suitable for a given client, and he makes every effort to describe in detail, any conflicts of interest that may exist.

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

BAM does not charge performance-based fees.

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

BAM provides investment advisory services to individuals, high-net worth individuals, corporations or other businesses, trust, estates and charitable organizations. As described in Item 5 above, BAM prefers to offer its Portfolio Management Services to clients with a minimum account size of \$500,000. This account size minimum may be waived at BAM's sole discretion.

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

In most instances, the method of security analysis, sources of information and investment strategy chosen for a Portfolio Management client will be dictated by the client's individual needs and objectives. For Portfolio Management clients, BAM takes a comprehensive approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, BAM identifies an appropriate ratio of debt and equity securities, cash and other investments, to build a portfolio that is suitable for a client's investment needs, objectives and risk tolerance. BAM typically does not recommend frequent and short-term trading strategies for its clients.

BAM conducts its research on the investments it recommends using publicly available performance information. BAM utilizes Morningstar, F1360, and specific mutual fund company prospectuses. BAM evaluates the experience and track record of product managers, to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. BAM also evaluates the underlying investments in a mutual fund or exchange traded fund, to determine whether the manager invests in a manner that is consistent with the fund's investment objective. A risk associated with this type of analysis is that past performance is not a guarantee of future results. While a manager may have demonstrated a certain level of success in past economic times, he or she may not be able to replicate that success in future markets. In addition, just because a manager may have invested in a certain manner in past years, such manager may deviate from his/her strategy in future years. To mitigate this risk, BAM attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. BAM also relies on an assumption that the rating agencies it uses to evaluate investments is providing accurate and unbiased analysis.

BAM uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include asset allocation, diversification, and a tax managed approach for taxable accounts. While this strategy typically meets the needs and objectives of our clients, long-term investment strategies may include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients may lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, BAM takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of BAM or the integrity of BAM's management. BAM has no reportable information applicable to this Item.

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

BAM is engaged in no other business other than the businesses described herein, nor does it offer products or services other than those described herein.

The principal business activity of Steven M. Berkson, President and owner of BAM, is as President of the accounting firm of Steven M. Berkson, CPA, A Professional Corporation. Sherri R. Berkson, an administrative officer and shareholder of BAM, is a corporate officer of Steven M. Berkson, CPA, A Professional Corporation. Mr. Berkson devotes approximately 75% of his time to the accounting firm and 25% to the advisory activities conducted by BAM. Clients of the accounting firm are not required to use the services of BAM and clients of BAM are not required to use the services of Steven M. Berkson, CPA, A Professional Corporation. BAM does not engage in tax advice or accounting services and clients of BAM are urged to work closely with their accountants.

Steven M. Berkson is a Manager Member of Clock Tower Investors II LLC, a limited liability company that was formed to invest in Clock Tower Self-Storage LLC, a limited liability company that acquires, owns and operates a self-storage facility in Aurora, Colorado. Mr. Berkson may recommend that BAM clients invest in Units of Clock Tower Investors II LLC, a private placement offering (the "Offering"). Since Mr. Berkson is a Manager Member of the Offering, a conflict of interest exists between his interests and those of his clients. As a Manager Member, Mr. Berkson is entitled to certain distributions as described in the offering memorandum for the Offering. Mr. Berkson endeavors at all times to only recommend investments that he feels are suitable for a given client, and he makes every effort to describe in detail, any conflicts of interest that may exist.

As discussed in Item 5 above, BAM may refer client to other unaffiliated professionals it feels may help a client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients may be referred, and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

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

BAM has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices, and to maintain BAM's reputation as a firm that operates with the highest level of professionalism. BAM recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with

this duty, all employees of BAM are subject to the firm's Code of Ethics, and are required to acknowledge their understanding of its terms. A copy of the BAM Code of Ethics will be provided to any client or prospective client upon request.

BAM's Code of Ethics establishes procedures for employees to report personal securities transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. In some cases, BAM's employees may be required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. BAM's Code of Ethics also sets forth the obligation of all BAM employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by BAM. Finally, BAM's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

BAM or its owners, officers and employees may buy or sell securities that are the same or different than those they recommend to clients. While buying or selling the same security as a client would be incidental, it may represent a potential conflict of interest, which would be fully disclosed to the client. BAM or its owners, officers and employees may not sell securities from their accounts directly to a client, nor may they purchase securities directly from a client. BAM, its owners, officers and employees are prohibited from trading on material nonpublic information. BAM does not trade ahead of clients, but instead puts clients' interests first. Employees may not purchase or sell any security prior to a transaction being implemented for an advisory client, unless the timing of such transaction was done without the employee's knowledge of a client's transaction. BAM endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision making process for client investment recommendations. BAM also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients.

BAM prohibits its owners, officers, and employees from participating in any principal transactions, where securities are purchased directly from, or sold directly to a client. BAM also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance, by the firm's Chief Compliance Officer.

Steven M. Berkson is a Manager Member of Clock Tower Investors II LLC, a limited liability company that was formed to invest in Clock Tower Self-Storage LLC, a limited liability company that acquires, owns and operates a self-storage facility in Aurora, Colorado. Mr. Berkson may recommend that BAM clients invest in Units of Clock Tower Investors II LLC, a private placement offering (the "Offering"). Since Mr. Berkson is a Manager Member of the Offering, a conflict of interest exists between his interests and those of his clients. As a

Manager Member, Mr. Berkson is entitled to certain distributions as described in the offering memorandum for the Offering. Mr. Berkson endeavors at all times to only recommend investments that he feels are suitable for a given client, and he makes every effort to describe in detail, any conflicts of interest that may exist.

## **Item 12. Brokerage Practices**

BAM provides investment advisory services on both a non-discretionary and discretionary basis. As such, clients are free to place reasonable restrictions on the investments made for their accounts. For non-discretionary relationships, clients are free to implement or decline investment recommendations made by BAM. For non-discretionary asset management, BAM may obtain from clients a limited power of attorney, limited to the power of executing trades. While this power of attorney will allow BAM to place a trade with the appropriate broker/dealer at which client's account is held, all trades will have been discussed with client, and approved by client, prior to execution. In addition, clients are free to implement investment recommendations at firms of their choice; however, if clients choose to implement transactions at firms other than those recommended by BAM, the firm may be unable to provide investment advice or Portfolio Management services for those assets. For discretionary asset management, clients will be asked to provide written authorization granting BAM trading discretion.

For Portfolio Management clients, BAM recommends that clients maintain brokerage accounts at the Schwab Institutional division of Charles Schwab & Co, Inc. ("Schwab"), an unaffiliated registered broker/dealer and member SIPC. While clients may choose to use a different broker/dealer for execution and custodial services, BAM may be unable to provide Portfolio Management services to clients who elect to use other firms. The firm routinely recommends that clients utilize the brokerage and custodial services offered by Schwab, unlike other advisors who may permit clients to direct brokerage.

BAM is unable to negotiate specific transaction costs for transaction execution. Transactions executed by Schwab, will be subject to the transaction and execution fee schedule in effect at the time of execution. BAM does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by BAM may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

BAM does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. Through their affiliation with Schwab, BAM does have access to free research, free or discounted software, account administrative support, record keeping, brokerage,

custodial and other related services that are intended to support investment advisors in conducting an advisory business. BAM also has access to an extensive list of product offerings from which client recommendations can be made, and may have the ability to execute client no-load or low-load mutual fund transactions without transaction charges or with nominal transaction charges. These benefits are not conditioned upon the placement or execution of client transactions. BAM feels the relationship with Schwab provides an advantage to its clients and serves their best interests. BAM does not use client brokerage commissions to obtain research or other products or services. Research and other services received by BAM from Schwab may be used to service client accounts that are or are not custodied at Schwab. BAM does not recommend broker/dealers in order to receive client referrals from such broker/dealers. BAM occasionally may aggregate the purchase or sale of securities for various client accounts. BAM will aggregate orders when it feels it is in the clients' best interests to do so, and shares will be allocated to clients on an averaged-price basis.

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

For Financial Planning, Portfolio Evaluation, and Consulting Services, client reviews are conducted on a case by case basis, only at the request of a client. BAM generally does not provide additional reviews or reports after the delivery of the initial services for which the firm was engaged. Clients are encouraged to review their own financial situations to determine if additional service or support is needed from BAM.

Portfolio Management client reviews are conducted on a continuous and ongoing basis. Client accounts are monitored for aggregate performance in light of general market and economic conditions. Each Portfolio Management account undergoes a thorough review at least quarterly. Recommendations are made at the end of these reviews, as necessary, for the rebalancing of an account or to recommend alternative investments. More frequent reviews may be made when there are material market changes or changes in the client's financial situation. Material changes in the underlying assets of a fund or a change in managers will also trigger more frequent account reviews. Portfolio Management account reviews are conducted by Steven M. Berkson.

Portfolio Management accounts receive quarterly performance reports as agreed to by BAM and the client. Such reports include investment summaries and allocation, and performance relative to relevant market indices. Clients also receive normal and customary brokerage account statements, if applicable, whenever there is activity in the accounts or at least quarterly. Clients should compare account information provided in reports furnished by BAM with the information provided on the custodial brokerage statements.

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

As discussed previously, the sole business of BAM is that of providing the investment advisory services described herein. BAM's compensation is based on the advisory services offered by the firm.

BAM does not currently compensate any person or entity, either directly or indirectly, for client referrals.

Steven M. Berkson is a Manager Member of Clock Tower Investors II LLC, a limited liability company that was formed to invest in Clock Tower Self-Storage LLC, a limited liability company that acquires, owns and operates a self-storage facility in Aurora, Colorado. Mr. Berkson may recommend that BAM clients invest in Units of Clock Tower Investors II LLC, a private placement offering (the "Offering"). Since Mr. Berkson is a Manager Member of the Offering, a conflict of interest exists between his interests and those of his clients. As a Manager Member, Mr. Berkson is entitled to an ongoing asset management fee equal to .28% (2.8 tenths of 1 percent) of the initial purchase price adjusted for inflation. Mr. Berkson is also entitled to 12.5% of distributions in excess of a 7% per annum cumulative return on the investor members' adjusted capital contributions as described in the offering memorandum. Mr. Berkson endeavors at all times to only recommend investments that he feels are suitable for a given client, and he makes every effort to describe in detail, any conflicts of interest that may exist.

As discussed in Item 5 above, BAM may refer client to other unaffiliated professionals it feels may help a client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients may be referred, and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

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

BAM does not maintain custody of client funds or securities except to the extent that it has the ability to debit advisory fees directly from client accounts, as agreed to in writing by the client. Clients receive normal and customary custodial account statements at least



quarterly, which detail the amount of advisory fees debited from an account. Clients are strongly encouraged to review all statements carefully. Clients, not account custodians, are responsible for verifying the accuracy of all fees.

Steven M. Berkson, President and owner of BAM, is deemed to have custody over client funds as a Manager Member of Clock Tower Investors II LLC, a limited liability company that was formed to invest in Clock Tower Self-Storage LLC, a limited liability company that acquires, owns and operates a self-storage facility in Aurora, Colorado. Mr. Berkson may recommend that BAM clients invest in Units of Clock Tower Investors II LLC, a private placement offering (the "Offering"). Since Mr. Berkson is a Manager Member of the Offering and since BAM clients may invest in the Offering, Mr. Berkson is deemed to have custody of client funds. Clock Tower Investors II LLC is audited annually by an independent certified public accountant, and audited financial statements are distributed to investors in the Offering.

In some cases, Steven M. Berkson may act as Trustee for certain client accounts. Mr. Berkson is deemed to have custody in that he has the ability to direct the funds or securities for the accounts for which he serves as Trustee. BAM complies with SEC rules and regulations for firms with this type of custody. The assets for which Mr. Berkson is deemed to have custody, are subject to a surprise audit at least annually.

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

BAM generally does not accept discretionary authority to manage securities accounts on behalf of clients. In some limited cases, BAM may accept discretionary authority for certain clients. In those cases, clients are required to execute discretionary Engagement Agreements and provide written authorization to the custodian to grant BAM discretionary trading authority.

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

BAM does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While BAM may provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

## **Item 18. Financial Information**

BAM does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. BAM is therefore not required to include a financial statement or balance sheet with this brochure.

BAM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. BAM has not been the subject of any bankruptcy petition.

## **Privacy Policy**

BAM maintains a specific Privacy Policy that is distributed to each client at the time an account is opened and annually thereafter. BAM collects nonpublic information about clients from the following sources: information the firm receives from clients verbally, on applications or other forms and information about client transactions with others or BAM.

We may have to share client information with unaffiliated firms in order to service client accounts. Additionally, we may have to provide information about clients to regulatory agencies as required by law. Otherwise, BAM will not disclose any client information to an unaffiliated entity unless a client has given express permission for BAM to do so.

BAM is committed to protecting client privacy. The firm restricts access to clients' personal and account information to those employees who need to know the information. BAM also maintains physical, electronic and procedural safeguards to protect client information.