

Private Asset Management, Inc.

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This Brochure provides information about the qualifications and business practices of PRIVATE ASSET MANAGEMENT, INC. [PAM]. If you have any questions about the contents of this Brochure, please contact us at 858-750-4200. 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.

PRIVATE ASSET MANAGEMENT, INC. is a 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 with which you determine to hire or retain PAM.

Additional information about PRIVATE ASSET MANAGEMENT, INC. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

There are no current Material Changes to the Private Asset Management, Inc.'s ADV Part 2A since last amended February 10, 2014.

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Item 4 – Advisory Business

Stephen J. Cohen who remains the sole owner of the company founded PRIVATE ASSET MANAGEMENT, INC. (PAM) in 1993. PAM is an independent investment advisory firm providing investment supervisory services, generally on a discretionary basis. PAM manages portfolios of stocks, bonds, and other investments for its clients with the authority to buy or sell securities without asking you. PAM buys or sells these securities in your account under the authority of our investment management advisory agreement.

PAM does not take ownership of your assets. The assets of each client are held in their name, generally through Charles Schwab and Co, Inc. (Schwab) and are available online for direct review by clients. PAM does not share or participate in any commissions. PAM does receive “soft-dollar” benefits from Schwab as described in Item 12.

As of the year-end, December 31, 2014, PAM managed 1571 discretionary accounts with assets of \$853,607,000 and provides client reporting for 251 non-managed accounts with assets of \$58,564,000. PAM does not take management responsibility for non-managed accounts whose investment decisions are directed by the client.

Generally PAM provides customized individual investment advice, management services and places trades in stocks, bonds, mutual funds, federal and state government obligations, exchange traded funds, options and ADRs (American Depositary Receipts which are holdings in foreign corporations) for its clients. Each account is individually managed although similar securities are generally held in most accounts. The holdings and performance of accounts varies between portfolio managers and between accounts. PAM is not a broker-dealer.

PAM's basic management style is one of long-term growth, value, transparency, and minimal transactional activity. PAM has in-house research analysts and portfolio managers who make the investment decisions for your account.

PAM does not provide financial planning or wealth planning.

PAM does not participate, in nor sponsor a wrap fee program.

Item 5 – Fees and Compensation

PAM charges fees either on a percentage of assets managed or a fixed fee basis. Fees are negotiable depending on the size, nature, and complexity of the assets and business relationship with the client. The annual fee ranges up to 1.50% of the assets under management including but not limited to equities, fixed income, exchange traded funds, mutual funds and money market assets. Some clients are charged different percentages for different classes of assets. This may create a conflict of interest by providing a financial

incentive to PAM to hold a higher percentage of equities over fixed income assets. Certain family and friends along with employees and their families may have no fees charged.

The specific manner in which PAM charges fees is established in a client's written agreement with PAM. PAM will generally bill its fees on a quarterly basis in advance based on the fair market value of the account at the end of each calendar quarter. Some clients are billed a quarterly fixed fee.

Clients may elect to be billed directly for fees or to authorize PAM to directly debit fees from client accounts. PAM directly debits its fees from most accounts. Management fees are not prorated for each capital contribution and withdrawal made during the applicable calendar quarter. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of fee-paying accounts, any prepaid, unearned fees will be promptly refunded. The number of days the account was managed until termination is used to determine the percentage of the quarterly fee earned (based on a 90 day quarter) and the balance is refunded.

Some accounts (generally non managed), may only be charged a quarterly non-refundable administrative fee.

PAM may charge fees for special services based on time, complexity and responsibility involved.

PAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Custodians or brokers may charge clients for custodial fees, deferred sales charges, odd lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients also are responsible for ERISA bond fees for retirement accounts requiring such bonds.

Clients having portfolios with mutual fund or exchange traded fund (ETF) investments should be aware that additional fees are incurred via fund expenses unrelated to PAM and more fully described in the prospectus. PAM does not receive additional revenue from the mutual fund or ETF.

PAM does not accept compensation for the sale of securities or other investment products.

Comparable services from other sources may have lower fees. Clients have the option to purchase the same investments through other brokers or agents.

Item 12 further describes the factors that PAM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

PRIVATE ASSET MANAGEMENT, INC. (PAM) does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). PAM does not manage assets for investment companies, private funds, pooled investment vehicles that would create a conflict of interest in side-by-side management.

Item 7 – Types of Clients

PRIVATE ASSET MANAGEMENT, INC. (PAM) provides investment supervisory management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, charitable institutions, foundations, and endowments. Generally, PAM has a minimum of \$100,000 for each family total account value. PAM has the absolute right to decline to provide investment supervisory management services to anyone or terminate at anytime.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Our investment process employs a “top-down” procedure whereby analysis is conducted initially at a high level macroeconomic basis. This analysis assists us in identifying broad-based trends in the global economic environment including economic growth, unemployment, inflation, interest rates, etc. From this broad-based macroeconomic analysis, we further attempt to identify types of investments (i.e. equities, fixed-income, commodities, etc.) that would benefit from these perceived developments. Further analysis is then conducted to identify economic sectors and industries that should benefit from our economic outlook and the perceived optimal maturity structure of fixed income portfolios. Finally, granular analysis is then conducted on a microeconomic basis to identify specific investments that we believe will outperform their peers on a risk-adjusted basis.

Our investment process employs in-house and third party analysis/forecasts of economic trends, asset class investments and individual securities utilizing various financial, economic and statistical methodologies. Many of these methodologies rely on various assumptions and/or statistical probabilities, which may or may not prove to be accurate. To the extent that assumptions prove inaccurate and/or the future deviates from statistical probabilities, portfolios could underperform the benchmark, suffer a loss of principal, and/or suffer a loss of purchasing power.

The main sources of investment decision making information include financial newspapers and magazines, inspection of corporate activities, research materials prepared by outside financial firms, corporate rating services, conversations and communications with corporate employees, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

When suitable, PAM may use long and short-term purchases (trading securities sold within 30 days), margin transactions, short sales, option writing including covered call options.

There may be times where PAM maintains higher cash balances as part of its discretionary investment decision and clients will still be billed at the same agreed upon rate.

PAM generally focuses on long- term (generally over three [3] years) growth of capital with personally tailored investment portfolios.

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 PRIVATE ASSET MANAGEMENT, INC. (PAM) or the integrity of PAM's management. PAM has no legal or disciplinary events that are material. However, for the details of any disciplinary history of any employee please see www.adviserinfo.sec.gov.

Item 10 – Other Financial Industry Activities and Affiliations

Stephen J. Cohen and Michael D. Berlin are licensed California Professional Fiduciaries and own and operate Private Fiduciary Management, a California corporation. Michael D. Berlin is also a licensed attorney in the State of California. They provide fiduciary services such as acting as a private trustee or paying bills for clients for a separate fee. They each spend a varying amount of time depending on the needs of the clients. Stephen J. Cohen spends less than 20% of his time in this capacity and Michael D. Berlin spends less than 25% of his time in this capacity. Acting as both the trustee and/or authorized check signer allows access to the funds of the client. To address this conflict, Trust accounts generally have an annual accounting that is sent to the beneficiary (ies). To further address this conflict, PAM has an annual outside surprise audit and also has the auditor review the checking accounts of clients over which employees have signatory authority. See Item 15- Custody below for more information.

Mr. Cohen and Mr. Berlin also own Private Tax Services, Inc. (PTS) that provides tax services to some clients of PRIVATE ASSET MANAGEMENT, INC. They spend a minimal amount of time with this business. Edward Estrin, CPA, prepares tax returns for clients who request this service. He receives compensation for such work. Stephen J. Cohen and Michael D. Berlin share in the profits of PTS. The decision to use PTS is strictly voluntary on the part of PAM's clients.

Stephen J. Cohen and Michael D. Berlin also serve on several non-profit boards including several private foundations that are clients of PAM. These activities also take a varying amount of time depending on the needs of the organization.

Stephen J. Cohen also serves as an advisor to an investment club, some of whose members have accounts with PAM. He is not compensated directly other than the asset management fee charged by PAM.

Stephen J. Cohen is on the board of Pacific Ocean Fresh, Inc. that is involved in trying to repopulate the fish population of certain species on the west coast. He receives no compensation from that company.

Stephen J. Cohen also is a managing member of Warehousing of New Mexico, LLC. and Suzanne Cohen and Nicole Cohen are members of the LLC which is a family business owning warehouses in New Mexico.

Stephen J. Cohen, Michael D. Berlin, Edward Z. Estrin, Jonathan Elsberry, Suzanne Cohen, and Eric Blase are partners in PAM Equity Lending, a general partnership which engages in outside investments.

PAM Equity Lending Partnership is also a partnership along with some employees in Coal Fired Funding Partnerships that have invested in several pizza restaurants.

PAM Equity Lending Partnership is also a member in 5348 Carroll Canyon Road LLC that owns the building occupied by PAM. Stephen J. Cohen, Suzanne Cohen, Adele Rabin and Edward Z. Estrin are also members in 5348 Carroll Canyon Road LLC.

Some of the employees of PAM also own interests in other partnerships as personal investments which are not offered to PAM clients.

The above activities and affiliations do not significantly affect the amount of time each of these persons has to devote to their responsibilities at PAM.

Item 11 – Code of Ethics

PRIVATE ASSET MANAGEMENT, INC. (PAM) has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at PAM must acknowledge the terms of the Code of Ethics annually, or as amended.

As part of the Code of Ethics, PAM has a policy on personal trading for employees and family members of the same household. PAM or individuals associated with the firm may buy or sell for their personal account(s) securities identical to those recommended to or already owned by clients or securities not recommended to clients. Alternatively, PAM may cause clients to buy a security in which PAM or such individuals have an ownership position. This presents a potential conflict of interest. To mitigate this conflict, PAM has a written policy for employee trading.

Most Employee accounts have custody with Charles Schwab and Co., Inc. and the trades in those accounts are made through PAM's trading desk. Employees (or family members of the same household) may purchase or sell a security; however, Employee orders in securities on the portfolio review list on the same day are generally placed late in the trading day after client orders. As such, employees may receive a better price than clients. The portfolio review list is the current list of securities receiving recommendations from the investment committee. If an Employee order is placed before a client order on the same day in the same security, the Employee will not receive a more favorable price than the client. If the order price is better for the Employee than the subsequent client trade(s) they will be placed in a block so that the Employee and client(s) receive the same average price.

For Employee accounts not having custody at Charles Schwab and Co., Inc., trades must receive pre-clearance before the trade is placed. Those trades in securities on the portfolio review list are also to be placed late towards the end of the trading day generally after client orders.

Employees may purchase corporate debt instruments up to \$100,000 without prior approval and at any time of the trading day.

Employee trades which are good until canceled, commercial paper, municipal bonds, US government or US government agency obligations, certificates of deposit, open ended mutual funds, limit orders or an exercise of options are excluded from the above policy.

The CCO or President may make exceptions to this personal trading policy where circumstances warrant it; however, such exceptions need to be pre-approved and set forth in writing.

Certain affiliated accounts (Employees and members of their household or entities controlled by Employees) may trade in the same securities with client accounts on an aggregated basis when consistent with PAM's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at the same average price. PAM will retain records of the trade order specifying each participating account and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

PAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michael D. Berlin. (Michael@pamgmt.com)

It is PAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. This means that PAM will not make trades between PAM accounts and client accounts or between client accounts. Principal transactions are generally defined as transactions where PAM, acting as principal for its own account, buys from or sells any security to any advisory client. Agency transactions are generally defined as transactions where PAM acting as agent for client accounts, buys or sells any security for its client. PAM trades will be treated the same as Employee trades.

Item 12 – Brokerage Practices

The Custodian and Brokers We Use

Unless client(s) request otherwise, Charles Schwab and Co., Inc. (Schwab) is the broker that we recommend. Schwab is a Financial Industry Regulatory Authority (FINRA) registered broker- dealer and member of Securities Investor Protection Corporation (SIPC) and New York Stock Exchange (NYSE). Schwab will hold your assets in a brokerage account and buy and sell securities when you or we instruct them to. PAM has been using the services of Schwab since opening and nearly all of PAM's clients use Schwab as the custodian and broker. PAM receives certain benefits from using Schwab as more particularly described in Item 14.

The commissions for PAM's clients with Schwab are at an institutional rate that may be less than the retail rate. Schwab provides PAM with current portfolio asset values electronically on a daily basis.

How We Select Brokers/ Custodians

In selecting Schwab, PAM considered a wide range of factors, including (among others):

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capacity to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange -traded funds (ETF's), etc.);
- Quality of services;
- Reputation, size, financial strength and stability;
- Prior service to us and other clients;
- Availability of other products and services that benefit PAM and our clients, as discussed below.

Your Brokerage and Custody Costs

PAM participates in the Schwab Advisor Services (formerly called Schwab Institutional) program offered to independent investment advisers by Schwab.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab does charge a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we execute by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay to the executing broker-dealer. The flat dollar amount for PAM clients is currently is \$19 or less. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your accounts. We have determined that having Schwab execute most of your trades is consistent with our duty to seek "best executions" of your trades. Best execution means that the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians").

Products and Services Available to Us from Schwab

Schwab Advisor Services is Schwab's business unit serving independent advisory firms like PAM. They provide our clients and PAM with access to its institutional brokerage-trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help PAM manage and grow our business. Schwab's support services are available on an unsolicited basis (we don't have to ask for them) and at no charge to us as long as our clients collectively maintain \$10 million in asset at Schwab. Following is a more detailed description of Schwab's support services.

Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which PAM might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services That May Not Directly Benefit You.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- Provide pricing and other market data;
- Assist with back-office functions, recordkeeping, and client reporting.

Services That Generally Benefit Only Us

Schwab also offers other services intended to help PAM manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal and business needs;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment for our personnel.

PAM utilizes many of the services offered by Schwab as mentioned above but currently does not use any of the access to employee benefits providers, human capital consultants or insurance providers.

Our Interest in Schwab's Services

The availability of these services from Schwab is a benefit to us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to request that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services. (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have substantial client assets and we do not believe that requesting our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab a quarterly service fee presents a material conflict of interest.

Item 13 – Review of Accounts

The portfolio manager responsible for managing particular accounts generally reviews these accounts on a regular basis. Additionally, accounts are reviewed for particular holdings when an event warrants a specific security review.

PAM sends quarterly written appraisal statements showing the values of all securities held in each account at quarter end and the custodian sends written monthly statements showing values of all securities held in each account at month end.

Item 14 – Client Referrals and Other Compensation

PAM receives an economic benefit from Schwab in the form of support products and services made available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12-Brokerage Practices*) The availability of Schwab's products and services to PAM is not based on us giving particular advice, such as buying particular securities for our clients.

PRIVATE ASSET MANAGEMENT, INC. (PAM) receives client referrals from Charles Schwab and Co., Inc. (Schwab) through PAM's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment adviser. Schwab, a FINRA registered broker dealer, member SIPC/ NYSE is independent of and unaffiliated with PAM. Schwab does not supervise PAM and has no responsibility for PAM's management of clients' portfolios or PAM's other advice or services. PAM also sponsors various meetings with Schwab's clients and Schwab's employees to promote the Service. PAM's participation in the Service may raise potential conflicts of interest described below.

PAM pays Schwab a participation fee on all referred clients accounts that are maintained in custody at Schwab and a non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian.

The participation fee paid by PAM is a percentage of the value of the assets in the client's account(s). PAM pays Schwab the participation fee for so long as the referred client's account(s) remain(s) in custody at Schwab. The participation fee is billed to PAM quarterly and may be increased, decreased or waived by Schwab from time to time. The participation fee is paid by PAM and not by the client.

PAM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account(s) is not maintained by, or assets in the account are transferred from Schwab. The Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is higher than the participation fees PAM generally would pay in a single year. Thus, PAM will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of PAM's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, PAM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit PAM's fees directly from the accounts.

For accounts of PAM's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from PAM's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, PAM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer to obtain a lower total commission. PAM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

PAM pays a referral fee from management fees to Gabriel Wisdom, of American Money Management, LLC (AMM), a registered SEC investment adviser. Mr. Wisdom receives an ongoing percentage of quarterly management fees collected by PAM for referred clients. Fees are not increased to clients as a result of this referral fee and AMM has not referred any new clients to PAM for over ten (10) years.

Item 15 – Custody

PRIVATE ASSET MANAGEMENT, INC. (PAM) has employees who act as trustees or have check writing authorization for some of its clients. As such this meets the definition of having custody of those assets even though Schwab acts as the custodian holding the assets. This allows such trustees or those with check writing authority to have access to client funds. PAM urges all clients with such arrangements to consult with their other professional advisors (e.g. attorneys, accountants, etc) and/or family prior to entering into such arrangements.

Having custody presents a conflict of interest which PAM has addressed by having an outside surprise annual audit along with filing the requisite forms with the SEC, having the checks reviewed by an outside CPA, having an independent custodian and limiting access to the check books.

The custodian who holds the assets (generally Charles Schwab and Co., Inc.) sends a monthly written statement to a third party other than the trustee.

PAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. PAM statements may vary from custodial statements based on accounting procedures, accrual methods, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

PRIVATE ASSET MANAGEMENT, INC. (PAM) usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold as well as the timing of such purchases and sales. A limited power of attorney is signed providing PAM with this authority. This gives PAM wide latitude with regard to the management of your money.

When selecting securities and determining amounts, PAM observes the investment guidelines, limitations and restrictions of the clients for whom it advises. All investment guidelines and restrictions should be provided to PAM in writing.

Portfolio managers generally follow the list of equity securities on the weekly portfolio review list; however, portfolio managers do have discretion to buy securities not on this list.

Item 17 – Voting *Client* Securities

As a matter of firm policy and practice, PRIVATE ASSET MANAGEMENT, INC. (PAM) does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. PAM may provide advice to clients regarding the clients' voting of proxies. Clients receive proxies either via regular mail or electronic mail.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PRIVATE ASSET MANAGEMENT, INC. (PAM)'s financial condition. PAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.