

# Form ADV

September 14, 2015

Part 2A

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This brochure ("Brochure") provides information about the qualifications and business practices of Pacific Value, LLC ("PV"). You should review this Brochure in conjunction with our separate brochure supplement ("Supplement"). The Supplement(s) has been prepared for the purpose of providing information about the qualifications and background of the supervised person(s) working with you on our behalf or who may otherwise participate in the advisory services provided to you.

If you have any questions about the contents of this Brochure or our Supplement(s), please contact us at 208-331-2315 or mark@pacificvalue.net. Additional information about PV or any of our supervised persons (who are registered under our firm) is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The subsections appearing under each heading shall follow the mandated ordering of the items required to be addressed in this Brochure as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. PV's response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to PV.

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.

## **II. Material Changes**

Filing date of last annual ADV update: March 12, 2015. Since the last annual update we have changed certain content and the format of the Part 2A.

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## IV. Advisory Business

### Firm Profile

Pacific Value, LLC is referred to in this document as “Pacific Value”, “PV”, “the Company”, “us”, “we”, or “our”. In this document we refer to current and prospective clients of Pacific Value as “you”, “client”, or “your”. Pacific Value was created in 2008 and is owned by two holding companies, Fredback Capital, Inc. and Ferguson Capital, Inc. Fredback Capital, Inc. is owned and controlled by Mark Fredback. Ferguson Capital, Inc. is owned and controlled by Scott Ferguson.

### Years in Business

Date of formation: March 18, 2008.

Date of initial investment adviser registration: May 12, 2008.

## IV.(B). PV’s Advisory Services

In this section, we will describe the services we offer as well as the fees that correspond to those services. As far as investment products on which we may provide advice, those product types are identified in the grid below.

### Product Type Limitations

We generally provide investment advice in relation to the following specific types of securities/investments.

<input checked="" type="checkbox"/>	Exchange Listed Equities	<input checked="" type="checkbox"/>	Mutual funds (closed-end and open-end funds)
<input checked="" type="checkbox"/>	Over the counter equities	<input checked="" type="checkbox"/>	Real Estate Investment Trusts (“REITs”)
<input checked="" type="checkbox"/>	Equities of foreign issuers	<input checked="" type="checkbox"/>	Exchange traded funds
<input checked="" type="checkbox"/>	Interests in privately offered securities (hedge funds, venture capital funds, private equity funds, etc.) involving any of the following: <ul style="list-style-type: none"><li>• Real estate</li><li>• Oil and gas</li><li>• Mortgages or other receivables/assets</li></ul>	<input checked="" type="checkbox"/>	U.S. government securities
<input type="checkbox"/>	Warrants	<input checked="" type="checkbox"/>	Options on securities
<input checked="" type="checkbox"/>	Corporate Debt Securities (other than commercial paper)	<input type="checkbox"/>	Options on commodities
<input checked="" type="checkbox"/>	Commercial paper	<input type="checkbox"/>	Options of Futures
<input checked="" type="checkbox"/>	Certificates of deposit	<input type="checkbox"/>	Futures contracts (tangibles)
<input checked="" type="checkbox"/>	Municipal Securities	<input type="checkbox"/>	Futures contracts (intangibles)
<input type="checkbox"/>	Variable life insurance	<input checked="" type="checkbox"/>	Exchange Traded Funds
<input type="checkbox"/>	Variable annuities	<input type="checkbox"/>	Other:

### Specialized Services

As designated below, we specialize in the following services. As applicable, a description of each such service is also included below.

- ☐ 1. Financial planning.  
☐ 2. Quantitative analysis.  
☐ 3. Market timing services.  
☐ 4. Other:  
☒ 5. None. Although we may offer one or more of the services mentioned immediately above, we do not limit our services to specializing in any single service area. In the following grid(s), we will describe both the services we offer as well as other key issues related to those services.

## Our Services

Service:	<b>Ongoing Asset Management</b>																		
Service Description:	<p>On a discretionary basis, we may design, revise, and reallocate a custom investment portfolio for you. Using the information provided by you, the investment advice provided to you is tailored to your individual situation. We regularly inquire about, and you are responsible for providing, information about your investment goals, time horizon, and risk tolerance. These investment supervisory services are generally not provided to all your holdings or net worth but rather only to assets specifically designated by you and agreed to by us as managed assets.</p> <p>We may as part of our investment process, establish concentrated positions in certain industries or sections, such as gold mining or those related to energy. Additionally, we may occasionally hold large positions in treasury securities and cash as we deem necessary.</p>																		
Use of discretion:	<p>Depending on your individual needs and the services you request of us, we may exercise full discretion as to the following elements.</p> <p> <input checked="" type="checkbox"/> Securities to be bought or sold  <input checked="" type="checkbox"/> Amount of the securities to be bought or sold  <input checked="" type="checkbox"/> Timing as to when such securities are to be bought or sold  <input checked="" type="checkbox"/> Broker-dealer and/or custodian to be used  <input type="checkbox"/> Commission rates to be paid for securities brokerage activities  <input type="checkbox"/> Other:  <input type="checkbox"/> None         </p> <p>Our specific discretionary authority will be set forth in your service agreement ("Agreement") with us.</p>																		
Service Fees:	<p>For the service described above, we will charge fees in the following manner:</p> <p><input checked="" type="checkbox"/> Annual, asset-based fee</p> <table border="1"> <thead> <tr> <th colspan="2">Asset-Based Fee Schedule</th> </tr> <tr> <th>Account(s)/Portfolio Value (market value)</th> <th>Annual Percentage</th> </tr> </thead> <tbody> <tr> <td>\$0 to \$299,999</td> <td>1.40%</td> </tr> <tr> <td>\$300,000 to \$499,999</td> <td>1.15%</td> </tr> <tr> <td>\$500,000 to \$2,000,000</td> <td>1.00%</td> </tr> <tr> <td>Over \$2,000,000</td> <td>Negotiable</td> </tr> <tr> <td colspan="2">Other fee/account maintenance conditions...</td> </tr> <tr> <td>Minimum account / portfolio balance (initial):</td> <td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td> </tr> <tr> <td>Minimum account / portfolio balance (ongoing):</td> <td> <input checked="" type="checkbox"/> None  <input type="checkbox"/> \$         </td> </tr> </tbody> </table>	Asset-Based Fee Schedule		Account(s)/Portfolio Value (market value)	Annual Percentage	\$0 to \$299,999	1.40%	\$300,000 to \$499,999	1.15%	\$500,000 to \$2,000,000	1.00%	Over \$2,000,000	Negotiable	Other fee/account maintenance conditions...		Minimum account / portfolio balance (initial):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$	Minimum account / portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$
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Minimum account / portfolio balance (ongoing):	<input checked="" type="checkbox"/> None <input type="checkbox"/> \$																		

	<table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">Minimum annual fee:</td><td style="width: 40%;"> <input checked="checked" type="checkbox"/> None  <input type="checkbox"/> \$ </td></tr> </table> <p>Our advisory fee is charged on all assets under management including positions in cash and treasury securities. In certain instances, our advisory fees may exceed the interest that is earned on these cash and treasury positions.</p> <p>All fee arrangements are negotiable at our sole discretion. Specific fee arrangements will be set forth in your service agreement (“Agreement”) with us.</p>	Minimum annual fee:	<input checked="checked" type="checkbox"/> None <input type="checkbox"/> \$
Minimum annual fee:	<input checked="checked" type="checkbox"/> None <input type="checkbox"/> \$		
Other fees:	<p>In addition to our service fees, you will pay transaction fees (commissions) to your custodian or broker-dealer for executing securities transactions and charges for special services elected by you or PV. These fees may include:</p> <ul style="list-style-type: none"> <li>• periodic distribution fees</li> <li>• electronic fund and wire transfer fees</li> <li>• certificate delivery fees</li> <li>• reorganization fees</li> <li>• account transfer fees</li> <li>• international security transfer fees</li> <li>• overnight mail and check fees</li> <li>• Rule 144 transfer fees</li> <li>• transfer agent fees</li> </ul> <p>This list is not meant to be all inclusive. Any fee on a special service incurred by the client will be fully disclosed. Please refer to Item 12 of this document for an explanation of our brokerage practices.</p> <p><b>Investment Company Fees</b>  Investment company funds (e.g., mutual funds or ETFs) that are held by you will bear their own internal transaction and execution costs, as well as directly compensate their investment managers along with internal administrative services. Some funds pay 12b-1 fees, distribution fees, and/or shareholder service fees to broker-dealers that offer investment company funds to their clients. These fees affect the net asset value of the fund shares and are indirectly borne by fund shareholders such as you.</p> <p>Some fund companies have imposed a redemption fee. A redemption fee is another type of fee that some funds charge their shareholders when shares are sold or redeemed within a short period of time from the purchase of the fund shares. Although a redemption fee is deducted from redemption proceeds just like a deferred sales load, it is not considered to be a sales load. Unlike a sales load, which is generally used to compensate brokers, a redemption fee is typically used to defray fund costs associated with a shareholder’s redemption and is paid directly to the fund, not to a broker. The SEC generally limits redemption fees to 2%. In most cases, the funds will use the "first-in, first-out" (FIFO) method to determine the holding period. Under this method, the date of the redemption will be compared with the earliest purchase date of shares held in the account. While it is not the general practice of Pacific Value to sell client’s securities in a period that would generate a redemption fee we might do so if we believe the sale is in your best interests, or if fund shares must be redeemed to pay fees from the account.</p> <p>A complete explanation of these charges is contained in the Prospectus and Statement of Additional Information for each investment company fund. You can get a prospectus through the investment company website, by telephone, or by mail.</p>		

	Refer to Item V.(E) and Item 12 for additional information regarding other fees such as sales compensation, brokerage fees, custodial fees, etc.
Fee collection:	<p>For the service described above, we receive our service fees by the following method(s):</p> <p><input checked="" type="checkbox"/> automatic fee deduction via the custodian</p> <p><i>Billing Via Custodian.</i>  Contemporaneously with the execution of the Agreement, you will be asked to sign an authorization that will allow the custodian of any of your account(s) to debit the account(s) the amount of our service fees and remit the fee to us. The authorization will remain valid unless and until we receive a written revocation of such authorization from you. In connection with this fee deduction process, the custodian will send you a statement, at least quarterly, indicating:</p> <ul style="list-style-type: none"> <li>• all amounts disbursed from the account, and</li> <li>• the amount of advisory fees paid directly to us.</li> </ul> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>
Fee frequency/timing:	<p>For the service described above, the frequency and timing of our fee collection process occurs as follows: <input checked="" type="checkbox"/> quarterly, <input type="checkbox"/> monthly, <input checked="" type="checkbox"/> in advance, or <input type="checkbox"/> in arrears.</p> <p>Specific fee arrangements will be set forth in your Agreement with us.</p>

#### **IV.(C). Customization of Advisory Services**

To the fullest extent possible, we will endeavor to tailor our advisory services to meet the specific needs of each and every client. In order to determine a suitable course of action for an individual client, we will perform a review of our clients' financial circumstances. Such review may include, but would not necessarily be limited to, investment objectives, consideration of a client's overall financial condition, income and tax status, personal and business assets, risk profile, and other factors unique to a client's particular circumstances.

In making investment recommendations on behalf of a client, we will rely on a data gathering document or other questionnaire, which would be completed based on information provided by a client.

Our clients are free to impose any restrictions or other conditions with regard to how we provide our advisory services. If we agree to such restrictions and/or conditions, please be advised that restrictions and guidelines imposed by a client may affect the composition and performance of custom portfolios (as a result, performance of custom portfolios within the same investment objective may differ and a client should not expect that the performance of a custom portfolio will be identical to any other individual's portfolio performance) as well as any recommendations provided to the client.

#### **IV.(D). Wrap Fee Program Participation**

None of our investment advisory services involve the use of wrap programs.

#### **IV. (E). Assets Under Management ("AUM")**



AUM (discretionary):	\$ 132,800,000
AUM (non-discretionary):	
Total AUM <sup>1</sup> :	\$132,800,000
Date of AUM calculation:	December 31, 2013

## **V. Fees and Compensation**

### **V.(A). PV Advisory Fees**

Refer above to Item IV.(B).

### **V.(B). Fee Collection Process**

Refer above to Item IV.(B).

### **V.(C). Other Fee/Expenses.**

Refer above to Item IV.(B).

### **V.(D). Fees Charged in Advance**

Refer above to Item IV.(B).

### **V.(E). Additional Compensation**

Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. We do not have any conflict of this type nor do any of our representatives engage in the sale of securities to clients.

#### **V.(E).(2). Client-Directed Brokerage**

We generally do not permit client- directed brokerage. Our clients are required to have an account at TD Ameritrade.

#### **V.(E).(3). Brokerage Compensation**

PV is not registered as a broker-dealer and thus, it does not receive transaction based compensation for securities-related activities.

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<sup>1</sup> Rounded to the nearest \$100,000

## **VI. Performance-Based Fees and Side-By-Side Management**

We do not charge performance-based fees.

## **VII. Types of Clients**

We will generally provide our services to the following types of clients.

- Individuals
- High net worth individuals
- Pension plans / profit sharing plans

For information on any minimum fees, minimum initial/ongoing account balances, or other conditions we may impose, please refer to Item IV.(B).

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

### **VIII.(A). Methods of Analysis**

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis. For a description of the risks related to each particular method of analysis, see the information following each analysis method description. A description of each key risk appears later in this section.

#### **Fundamental**

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e. the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative/qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company's/issuer's current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Key risk(s): Economic Risk, Financial Risk, Inflation Risk, and Interest Rate Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

In the course of our management process and as appropriate on a case by case basis, we will employ any of the following investment strategies. For a description of the risks related to each particular investment strategy, see the information following each strategy description. The codes used below relate to risks described further below in this section.

### **Long-Term Purchases**

Long-term purchases generally involve the acquisition of an investment instrument and holding it for a period of at least one year. If there are very few values to be found we are comfortable holding cash.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Inflation Risk, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

### **Option Writing** (including covered/uncovered options or spreading strategies)

We will also employ the use of options trading in the event that such trading complements an investment strategy we may be carrying out for a particular client. An option is the right either to buy or sell a specified amount or value of a particular underlying investment instrument at a fixed price (i.e. the “exercise price”) by exercising the option before its specified expiration date. Options giving you the right to buy are called “call” options. Options giving you the right to sell are called “put” options. When trading options on behalf of a client, we may use covered or uncovered options or various strategies such as spreads and straddles. Covered options involve options trading when you own the underlying instrument on which the option is based. Uncovered options involve options trading when you do not own the underlying instrument on which the option is based. Spread options are options whose values are derived from the difference in price of two different underlying assets or components.

Key risk(s): Capital Risk, Economic Risk, Financial Risk, Higher Trading Costs, Interest Rate Risk, Legal/Regulatory Risk, Liquidity Risk, Market Risk, Operational Risk, Strategy Risk.

Investing in securities or other investment products involves the risk of loss and you should be prepared to bear such losses.

### **Concentration of Purchases in one type of Industry or Sector**

We may tend to concentration investments in a particular sector or industry

Key risk(s): Concentration Risk, Capital Risk, Economic Risk, Financial Risk, Market Risk

## **VIII.(B). Risk Disclosures**

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### **Capital Risk**

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

### **Credit Risk**

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e. borrowed funds) are subject to credit risk.

### **Currency Risk**

Fluctuations in the value of the currency in which your investment is denominated may affect the value of your investment and thus, your investment may be worth more or less in the future. All currency is subject to swings in valuation and thus, regardless of the currency denomination of any particular investment you own, currency risk is a realistic risk measure. That said, currency risk is generally a much larger factor for investment instruments denominated in currencies other than the most widely used

currencies (U.S. dollar, British pound, Euro, Japanese yen, etc.).

**Concentration Risk**

The risk of amplified losses that may occur from having a large portion of your holdings in a particular investment, asset class or market segment relative to your overall portfolio

**Economic Risk**

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

**Financial Risk**

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

**Higher Trading Costs**

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

**Inflation Risk**

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

**Interest Rate Risk**

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

**Legal/Regulatory Risk**

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments and thus, can have a negative impact on the overall performance of such investments.

**Liquidity Risk**

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.

**Market Risk**

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

**Operational Risk**

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

**Past Performance**

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future and thus, investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

**Strategy Risk**

There is no guarantee that the investment strategies discussed herein will work under all market conditions and each investor should evaluate his/her ability to maintain any investment he/she is considering in light of his/her own investment time horizon. Investments are subject to risk, including possible loss of principal.

**VIII.(C). Investment-Specific Risks**

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There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Certain types of investments carry greater types and levels of risk than others and you should make sure that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

**IX. Disciplinary Information**

The purpose of this section is for us to disclose to you any legal, disciplinary, or other events that you

may consider material in your evaluation of our firm or the integrity of our management. Following each of the numbered items below, we shall provide details as to each applicable matter or we will answer “No” or “N/A.” This information is presented in a question and answer format. The time period required to be covered by our answers in this section is ten years from the date of the events requiring disclosure.

## IX.(A). Criminal or Civil Action

In any domestic, foreign, or military court of competent jurisdiction, has PV, or any of its management persons...		
Been convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been identified as the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been found to have been involved in a violation of an investment-related statute or regulation; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Been the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## IX.(B). Administrative Proceedings

Has PV or any of its management persons been the subject of an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which PV or any of its management persons...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority...		
denying, suspending, or revoking the authorization of PV or one of its management persons to act in an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
barring or suspending PV or one of its management person’s association with an investment-related business;	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
otherwise significantly limiting PV or one of its management person’s investment-related activities; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
imposing a civil money penalty of more than \$2,500 on PV or one of its management persons?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## IX.(C). SRO Proceedings

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Has PV or any of its management persons been involved in a SRO proceeding in which PV or any of its management persons ...		
Was found to have caused an investment-related business to lose its authorization to do business; or	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Was found to have been involved in a violation of the SRO's rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from investment-related activities; or (iii) fined more than \$2,500?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

## X. Other Financial Industry Activities and Affiliations

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Pacific Value does not have any material business affiliations within the financial services industry.

### X.(A). Broker-Dealers

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Neither PV nor any of its management persons is registered as a broker-dealer nor do they have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer.

### X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators

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Neither PV nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do either parties have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

### X.(C). Related Persons

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The purpose of this section is to address any relationship or arrangement (that is material to (1) our advisory business or (2) our clients) that we or any of our management persons have with any of our related persons that meet certain categories as identified by the Form ADV. No such relationships or arrangements exist.

### X.D Use of Other Investment Advisers

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We do not use or otherwise recommend the use of other investment advisers in connection with our investment advisory services.



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

### **XI.A Code of Ethics**

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We take great pride in our commitment to serving our clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients. We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our representatives has been furnished with a copy of our Code and has signed their names to a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective clients upon request.

### **XI.(B) Participation in Client Trading**

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We do not participate in any client trading.

### **XI.(C) Trading Alongside Our Clients**

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On occasion, we may invest for our own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the accounts of our clients. Further, we may also engage in transactions that are the same as or different than transactions recommended to or made for our client's accounts. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will be pre-cleared when an order for the same or a related security is pending for the account of a client. Our Designated Supervisor reviews reports of personal transactions in securities by all of our associated persons quarterly or more frequently if required.

#### Investment Policy

None of our associated persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our clients, unless in accordance with the following procedures.

#### Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our clients buy any security, no associated person may purchase that security prior to a client's purchase of that security; and

2) If we are recommending that any of our clients sell any security, no associated person may sell that security prior to a client's sale of that security.

As an alternative to the procedures described in the preceding points, we may include our own order(s) in a batch order with other client orders that would involve average pricing for the entire batch such that we would receive the same pricing as all other clients participating in the batch.

It is the primary intent of these procedures to ensure that the best interests of our clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

## **XI.(D) Batch Trading**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to) combine or "batch" such orders in order to obtain best execution or to negotiate more favorable transaction rates. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

## **XII. Brokerage Practices**

The purpose of this Item is to present to you the factors that we take into consideration when (1) selecting or recommending broker-dealers to you for the purpose of effecting transactions on your behalf and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

Unless the client directs otherwise, PV shall generally recommend that all client accounts be maintained at, by, or through certain other firms that are unaffiliated with PV. Such firms shall generally be broker-dealers that may also maintain registrations that allow such firms to engage in other types of businesses outside of their broker-dealer activities.

Any such other firm may act in the capacity of "broker of record" for the client's accounts, in which case, another firm may serve as the custodian for the Client account(s). Alternatively, any such other firm may serve as both the "broker of record" and "custodian" for the client's accounts. In no case shall PV act or attempt to act in the capacity of "broker of record" or "custodian" of the client's account, funds, or other assets.

Although not an all-inclusive listing, PV may recommend the following brokers of record and their corresponding custodian:

<b>Broker of Record</b>	<b>Custodian</b>
TD Ameritrade	

Factors that PV considers in recommending certain broker-dealers or custodians to clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers/custodians, PV or certain of its representatives may receive certain support services that may assist PV in its investment decision-making process for all of PV's clients.

**Best Execution**

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although PV will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for the client's account transactions.

**XII.(A).(1). Research and Soft Dollar Benefits**

Soft dollar benefits are items such as research or other products or services (other than the typical execution and other brokerage services available to all other investment advisers) that we may receive from a broker-dealer or other party in connection with the client securities transactions we direct to that/a broker-dealer(s). We do not participate in any soft dollar arrangements.

**XII.(A).(2). Brokerage for Client Referrals**

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements wherein we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

**XII.(A).(3). Directed Brokerage**

This item is intended to address situations where we may recommend, request, or require you to provide us instructions as to how to direct brokerage activity on your behalf.

***XII.(A).(3)(a). Directed Brokerage – Recommended, Requested, or Required***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer. We do not routinely recommend, request, or require that you direct us as to how to execute brokerage transactions on your behalf (i.e. using a particular broker-dealer for execution purposes).

The Firm does not have a broker-dealer affiliate or another economic relationship that may cause a conflict of interest.

***XII.(A).(3)(b). Directed Brokerage – Permitted***

Not all investment advisers require their clients to direct brokerage activity through any particular broker-dealer, however, you may direct us to use a particular broker-dealer (subject to our right to decline such a request) to execute some or all transactions for your account or otherwise on your behalf. In such an event, we will not negotiate terms and arrangements for the account with the other broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" the transactions for execution through other broker-dealers with orders for other accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**XII.(B). Order Batching**

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Transactions for the client's account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at the same or approximately the same time. We may (but are not obligated to)

combine or “batch” such orders in order to obtain best execution or to negotiate more favorable transaction rates. Reasoning for attempting to effect a batch order is that we may need to trade in the same security for multiple accounts at or around the same time and batching may allow us to achieve a more favorable price on average for all clients. Batching, however, doesn’t guarantee the lowest possible price for execution, however, it is intended to reduce the overall volatility in execution price for a large # of orders that if not batched together, may experience significantly different execution prices. Conversely, in the event that we do not batch a group of orders that otherwise may be a prime candidate for a batched order, the resulting cost for some clients may be higher or lower than what we might be able to achieve by processing a batched order for the benefit of those same clients. To the extent that we elect to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we will generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, Inc.* We will not receive any additional compensation or remuneration as a result of a batched order.

### **XIII. Review of Accounts**

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#### **XIII.(A). Review of Accounts or Financial Plans**

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##### **Review of client accounts.**

We will review your accounts quarterly. The Designated Supervisor (i.e. the person named in our written supervisory procedures as the responsible party for this function) will review your accounts for best execution, suitability, and service. The Designated Supervisor will review the performance and cost basis for your transactions. Your investment objectives are used to review for suitability. Quarterly, transactions are reviewed referencing your investment objectives for any transaction that may not fit your stated objectives, or our understanding of your investment objectives will be flagged and reviewed with the investment adviser representative placing the trade.

Name and title of Designated Supervisor: Mark Fredback, CCO.

Mr. Fredback will employ the procedures noted above for the client’s accounts subject to PV’s investment advisory services.

#### **XIII.(B). Non-Periodic Account Reviews**

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Events that may trigger further client account reviews in addition to the standard quarterly review process may include, but would not be limited to, a notable increase in the volume of requests by the client to effect transactions in his/her accounts, where such transactions may appear to be inconsistent with the client’s previously stated investment objectives. Other factors may include requests by the client to liquidate certain securities positions/contracts where such transactions may appear to be inconsistent with the client’s previously stated investment objectives. Additional triggering factors could be the performance on an individual account being an outlier to the performance of accounts with similar investment objectives, and a very important trigger would be customer complaints. This last trigger would be a prime example of a trigger for an intermittent review of a client account.

### **XIII.(C). Reports to Clients**

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Account statements will be provided no less frequently than quarterly by the custodian, and by us. Account statements will identify account positions, balances, and transaction details. You are urged to compare any account statements provided by us to those provided by the custodian.

## **XIV. Client Referrals and Other Compensation**

### **XIV.(A). Compensation we Receive**

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No one at PV receives any compensation other than previously described.

### **XIV.(B). Compensation we Pay**

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We do not have any arrangements whereby we pay compensation to any other entity or individual for client referrals.

## **XV. Custody**

We engage in certain activities that result in us being deemed to have custody of certain of our client's funds and/or securities.

- ☒ Automatic fee deduction from your brokerage or other trading accounts
- ☐ Physical possession or control (even temporary) of client funds or securities
- ☐ The ability to gain access to any client funds and/or securities
- ☐ One of our related persons has custody of funds and/or securities subject to our investment advisory services
- ☐ We or one of our related persons serves as the general partner, managing member, or other similar type of control person to an investment fund to which we provide investment advisory services.

As stated previously in Item XIII.(C)., your account statements will be provided by the qualified custodian that maintains physical possession of your accounts/assets. In the event that we also provide you information related to your accounts, you are urged to review that information to the information contained on the account statements or other statements received from the qualified custodian.

## **XVI. Investment Discretion**

In connection with our investment advisory services, we will generally seek and obtain your authorization to carry out part of our services on a purely discretionary basis. We will memorialize your authorization of our discretionary authority in our investment advisory agreement.

If you have authorized us to do so, we will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on the client's behalf

- 2) The amount of securities to be bought or sold on the client's behalf
- 3) Timing as to when such securities are to be bought or sold
- 4) The particular broker or dealer to be used for arranging client securities transactions

We will have authority to exercise complete discretion with regard to the above named factors without restriction. As may be separately agreed to in writing, we will observe any other specific limitations that may be imposed by you in relation to this discretionary authority.

## **XVII. Voting Client Securities**

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### **XVII.(A). Proxy Voting**

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#### **Proxy Voting Policies and Procedures and Client Instruction**

We do not vote proxies on behalf of any securities you own.

### **XVII.(B). Voting Client Securities**

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Our Firm does not provide proxy voting services and as such does not offer guidance as to how proxies should be voted.

## **XVIII. Financial Information**

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### **XVIII.(A). Balance Sheet**

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We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As a result, we are not required to provide our clients with a copy of our balance sheet from our most recently completed fiscal year.

### **XVIII.(B). Adverse Financial condition**

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In the event that we have discretionary authority or custody of any of our clients' assets or if we require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments with our clients.

No such conditions exist.

### **XVIII.(C). Bankruptcy-Related Matters**

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During the past ten years, PV has not been the subject of a bankruptcy petition.

## **XIX. Requirements for State-Registered Advisers**

As a federally-registered investment adviser, this section of our Brochure is not applicable to us.