

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**Primary Asset Management, LLC**

90 Broad Street, 9<sup>th</sup> Floor  
New York City, New York 10004  
212-300-0060

Date of Disclosure Brochure: March 2017

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This disclosure brochure provides information about the qualifications and business practices of Primary Asset Management, LLC (also referred to as we, us and Primary Asset Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Douglas Borden at 212-300-0060 or [dborden@primaryllc.com](mailto:dborden@primaryllc.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Primary Asset Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Primary Asset Management, LLC or our firm's CRD number 170610.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

Since Primary Asset Management's last annual amendment was filed in March 2016, we have made the following updates.

- Item 4 – We've provided a current value for client assets under our management. All references to offering financial planning services have been removed.
- Item 5 – Fees and Compensation has been updated to describe our process for sending fee statements to clients before or at the time we debit our advisory fee from client accounts. Other changes to Item 5 include our valuation procedures and we've added our most current standard fee schedule. All references to offering financial planning services have been removed.
- Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss has been updated to describe the risks associated with investing in private placement transactions.
- Al Pette has been removed from Item 19 as he is no longer affiliated with our firm and we've added the education and business background for our new Chief Compliance Officer, Douglas Borden.
- The firm is currently seeking state registration in Washington and was approved in California effective February 2, 2017.

In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes. We will also reference the date of the last annual update of this disclosure brochure.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## **Item 4 – Advisory Business**

Primary Asset Management is an investment adviser registered in the states of New York, New Jersey, and California. Primary Asset Management is a limited liability company (LLC) formed under the laws of the State of Florida.

- John C. Leo is the Managing Member and Chairman of Primary Asset Management, LLC. Primary Asset Holdings, LLC is the Sole Member and Owner of Primary Asset Management, LLC. John C. Leo is the Sole Member and Owner of Primary Asset Holdings, LLC. Full details of the education and business background of John C. Leo are provided at Item 19 of this Disclosure Brochure.
- Primary Asset Management became registered as an investment adviser in the State of New York in January 2015.
- Our investment advisor representatives can also implement our advice through our affiliated company, Primary Capital, LLC (Primary Capital), in its separate capacity as a registered broker/dealer and FINRA/SIPC member. Our investment advisor representatives may also be registered securities agents of Primary Capital. More details regarding our affiliation with Primary Capital are provided in Item 4, Item 10 and Item 12 of this Disclosure Brochure.
- Per the requirements of California Code of Regulations (CCR) Section 260.238(k), we have fully disclosed all material conflicts of interest regarding Primary Asset Management, our investment adviser representatives and our employees that could reasonably be expected to impair the rendering of unbiased and objective advice.

### **Introduction**

The investment advisory services of Primary Asset Management are provided to you through an investment adviser representative of Primary Asset Management (referred to as your investment adviser representative throughout this brochure).

### **Description of Advisory Services**

The following are descriptions of the advisory services of Primary Asset Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Primary Asset Management before we can provide you the services described below.

**Asset Management Services** – Primary Asset Management offers asset management services, which involves Primary Asset Management providing you with continuous and ongoing supervision over your specified accounts. You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Account”) at a broker/dealer recommended by our firm or selected by you. Please see Item 12 of this brochure for details about our brokerage arrangements. The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or

holding securities, cash or other investments of the Account. Please see Item 16 of his brochure for details about our use of discretion on your Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however we will contact you at least annually, or as determined in your agreement, to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

**No Participation in Wrap Fee Programs**—A wrap-fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management and/or advice concerning the selection of other investment advisers) and the execution of client transactions. We do not offer or participate in wrap-fee programs. All of our services are provided on a non-wrap fee basis which means fees and expenses for execution of client transactions charged by the client's broker/dealer and/or custodian are billed directly to the client's account separately from our advisory fees.

**Limits Advice to Certain Types of Investments**

Primary Asset Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- Options Contracts on Securities
- Futures Contracts on Tangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.

#### **Tailor Advisory Services to Individual Needs of Clients**

Primary Asset Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

#### **Client Assets Managed by Primary Asset Management**

The amount of client assets managed by Primary Asset Management is \$80,431.00 as of March 8, 2017. The entire amount is managed on a discretionary basis. Refer to Item 16 for information about discretion.

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

In addition to the information provided in Item 4 – Advisory Business, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Primary Asset Management.

#### **Asset Management Services**

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in arrears (at the end of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your Account as of the last business day of the current billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for your Account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed in arrears at the end of that billing period.

For purposes of calculating investment advisory fees, securities in the Account that are listed on a national securities exchange or on NASDAQ at the closing price will be valued on the valuation date, on the principal market where the securities are traded. Other securities or investments in the Account will be valued in a manner that Primary Asset Management believes in good faith reflects the fair market value.

You may contact us directly if believe valuations have been made in error or you disagree with valuations. Assigned valuations will consistent with our fiduciary duty to act in the best interests of clients.

The asset management services continue until terminated by either party (i.e. Primary Asset Management or you) by giving thirty (30) days written notice to the other party. When fees are billed in arrears, Primary Asset Management will prorate the final fee payment based on the number of days services are provided

during the final period. The amount of client assets on the termination date will be used to determine the final fee payment.

Fees charged for our asset management services are negotiable based on the complexity of the client's situation, the composition of the client's account (i.e., equities versus mutual funds), the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client. Fee waivers or discounts may be offered to family members and friends of associated persons of Primary Asset Management which are not available to Client.

For our asset management services, client will be charged the following annual fee based upon the amount of assets under management. The following is a sample fee schedule provided for illustrative services and represents the maximum percentage fee charged as applied to the corresponding amount of assets under management.

<u>Amount of Assets under Management</u>	<u>Up to Annual Fee</u>
\$0 – \$100,000	2.50%
\$100,001 – \$500,000	2.25%
\$500,001 – \$1,000,000	2.00 %
\$1,000,001 - \$2,000,000	1.75%
\$2,000,001 - \$5,000,000	1.50%
\$5,000,001 - \$10,000,000	1.25%
\$10,000,001 and greater	1.00%

Primary Asset Management believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs. However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm. See Item 15 – Custody for more details. You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted. See Item 12 – Brokerage Practices for more information about our brokerage arrangements. A billing statement will be sent to you prior to the time that any fee deduction instruction is sent to the qualified custodian(s) of the Account, and the billing statement will detail the formula used to calculate the fee, the assets under management and the time period covered.

Brokerage commissions and/or transaction ticket fees charged by the qualified custodian are billed directly to you by the qualified custodian. Primary Asset Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you may incur certain charges imposed by third parties other than Primary Asset Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Primary Asset Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Neither Primary Asset Management nor Primary Capital will receive commissions on investments purchased in fee-based asset management accounts. However, if appropriate, we may recommend that clients move or place an investment purchased through Primary Capital to a Primary Asset Management fee-based account.

In the event your Primary Asset Management investment adviser representative is also a registered representative of Primary Capital and you choose to move assets from a Primary Capital brokerage account to a Primary Asset Management fee-based account, this may present a conflict of interest in that your investment adviser representative may be incentivized to recommend commission-based products based on the compensation he or she receives rather than solely on your investment needs.

To help control for this conflict of interest, the investment adviser representative will be prohibited from charging the full management fee on any assets in which a commission was paid in the prior 12 months from the transfer date (the "Look Back Period") for a period of 12 months from the transfer date (the "Transfer Period"). In such cases the management fee on the transferred assets shall be reduced during the Transfer Period by the amount of commission paid during the Look Back Period. Clients always have the option to purchase investment products we recommend through other brokers or agents that are not affiliated with Primary Asset Management or Primary Capital. Please refer to Item 10, Item 12 and Item 19 for additional details about our relationship with Primary Capital.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

#### **Item 7 – Types of Clients**

Primary Asset Management generally provides investment advice to the following types of clients:

- Individuals (including High-Net Worth individuals) and Family Offices
- Corporations and other small to mid-size business entities

You are required to execute a written agreement with Primary Asset Management specifying the particular advisory services in order to establish a client arrangement with Primary Asset Management.

#### **Minimum Investment Amounts Required**

There are no minimum investment amounts or conditions required for establishing an account managed by Primary Asset Management. However, all clients are required to execute an agreement for services in order to establish a client arrangement with Primary Asset Management.

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

##### **Methods of Analysis**

Primary Asset Management uses the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.



Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical – This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume;

however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

### **Investment Strategies**

Primary Asset Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year. Frequent trading has the potential to negative impact investment performance through increased brokerage, other transaction costs and tax implications.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase. Frequent trading has the potential to negative impact investment performance through increased brokerage, other transaction costs and tax implications.

Option writing including cover options, uncovered options or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Private Placement Risk - A security exempt from registering with the U.S. Securities and Exchange Commission and state securities regulator is often referred to as a private placement or unregistered offering.
  - Only an "accredited" investor should invest in a private placement offering. To qualify as "accredited" investor, the investor must (a) have a net worth (not including primary residence) of at least \$1 million, or (b) have an income exceeding \$200,000 in each of the 2 most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.
  - Private placement offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private placement offering.
  - Private placement offerings are generally not subject to same laws and regulations, which are designed to protect investors, as registered securities offerings.

- Private placement offerings typically have not been reviewed by a regulator to make sure risks associated with the risks of private placement investment have been adequately disclosed to prospective investors.
- Private placement offerings often project higher rates of return, but this is typically because the risks of the underlying the private placement investment are also higher.
- Private placement offerings are generally illiquid, meaning there are limited opportunities to resell the underlying security of the private placement. Therefore, an investor may be forced to hold the private placement security indefinitely.
- The companies underlying private placement offerings often are not subject to a financial audit by an independent public accounting firm and therefore more susceptible to fraud.
- Investors in a private placement offering are usually provided with less disclosure information than they would receive in a public securities offering. Consequently, investors know much less about the private placement investment and the people behind it.
- Private placement offerings have been used by fraudsters in the past, and consequently private placement offerings are one of the most frequent sources of enforcement cases conducted by state securities regulators. It may be very difficult or impossible for an investor in a private placement offering to recover the money invested from the sponsor of the private placement offering if such offering turns out to be fraudulent.
- Before investing in a private placement offering, an investor should carefully read and fully understand the subscription agreement and the offering memorandum/private placement memorandum.
- For additional details about private placement offerings and red flags associated with such offerings, please visit [http://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_privateplacements.html#.VDane410yUk](http://www.sec.gov/oiea/investor-alerts-bulletins/ib_privateplacements.html#.VDane410yUk)

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

Item 9 is not applicable to this Disclosure Brochure because Primary Asset Management and its personnel have not been involved in a criminal or civil action, administrative proceeding before the SEC or a self-regulatory organization proceeding within the prior 10 year period.

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

Primary Asset Management is **not** and does **not** have a related person that is an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

**Registered Representative of a Broker-Dealer**

Our representatives may also be registered representatives of Primary Capital, LLC; an affiliated securities broker-dealer. Primary Capital, LLC and Primary Asset Management, LLC are under common ownership, as both companies are owned and controlled, through intermediate holding companies, by John C. Leo, Managing Member and Chairman of Primary Asset Management.

Primary Capital LLC is a full service investment banking firm registered with the SEC, and a member of both the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Primary Capital is in the business of providing investment banking services to small and midsize public companies and late stage private companies.

Primary Capital may act as the placement agent for private placements conducted by its investment banking clients which Primary Asset Management may recommend to its investment advisory clients. Primary Asset Management, with appropriate disclosure, will offer clients, on a non discretionary basis, the opportunity to invest in the securities of companies that are investment banking clients of Primary Capital LLC, its affiliated broker dealer. You are under no obligation whatsoever to purchase any products recommended by Primary Asset Management.

In the event a client of Primary Asset Management purchases a private placement, or an interest in any other security, which is a client of Primary Capital the investment advisor representative whom is also a registered representative of Primary Capital, is prohibited from charging a commission on such transactions and is limited to charging the client only the advisory fee as detailed in Item 5 of this brochure.

Primary Asset Management does not use Primary Capital to place trades in its investment advisory clients' accounts. Instead, it recommends the use of unaffiliated broker-dealers. (see "Item 12-Brokerage Practices"). Primary Asset Management may trade or invest its advisory clients' assets in the securities of companies which Primary Capital is advising. Primary Asset Management investment adviser representatives may also be registered securities representatives of Primary Capital. As a result, there may be the appearance of a conflict of interest. To mitigate the potential conflict of interest, Primary Asset Management has insider trading policies and procedures which are designed to prevent and detect any misuse of non-public information.

Primary Capital may also act as a market maker for over-the-counter securities. All transactions must be executed at the best price in the market. Primary Capital also may act as principal and buy securities for itself or sell securities it owns. Primary Asset Management does not act as a principal on any transactions involving its advisory clients.

Our representatives spend approximately 90% of their time on brokerage services in their capacities as registered representatives of Primary Capital.

**Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

**Code of Ethics Summary**

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Primary Asset Management has established a Code of Ethics to comply with the requirements of the securities laws and

regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. Primary Asset Management's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. Primary Asset Management requires its supervised persons to consistently act in your best interest in all advisory activities. Primary Asset Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Primary Asset Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Material Financial Interest**

As disclosed in Item 10 and Item 19, Primary Capital may act as the placement agent for private placements conducted by its investment banking clients which Primary Asset Management may recommend to its investment advisory clients. Primary Asset Management, with appropriate disclosure, will offer clients, on a non discretionary basis, the opportunity to invest in the securities of companies that are investment banking clients of Primary Capital LLC, its affiliated broker dealer. This is a conflict of interest because we may prefer our investment banking clients over other investment opportunities.

To help control for this conflict of interest, you are under no obligation whatsoever to purchase any products recommended by Primary Asset Management. You may work with any financial professional of your choosing and are not obligated to act on the investment recommendations offered by our firm.

Further, in the event a client of Primary Asset Management purchases a private placement, or an interest in any other security, which is a client of Primary Capital the investment advisor representative whom is also a registered representative of Primary Capital, is prohibited from charging a commission on such transactions and is limited to charging the client only the advisory fee as detailed in Item 5 of this brochure.

Primary Asset Management and Primary Capital do **not** act as principal (buys securities or sells securities to our clients); do **not** act as general partner in a partnership solicited to clients; and do **not** as an investment adviser to an investment company recommended to clients.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Primary Asset Management or supervised persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Primary Asset Management that all persons supervised in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. Primary Asset Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Primary Asset Management.

Any supervised person not observing our policies is subject to sanctions up to and including termination.

## **Item 12 – Brokerage Practices**

### **Primary Asset Management – Directed Brokerage Arrangements**

If you elect to utilize our asset management services you will be encouraged and in some cases required to utilize a broker/dealer recommended by our firm. We do **not** utilize our affiliated broker/dealer, Primary Capital, for our asset management services. Instead, we recommend the use of Interactive Brokers whom we select using numerous factors. We utilize brokerage platforms where we are provided access to their trading platforms and custody services which are typically not available to retail investors. Services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

We use brokerage platforms that also make available to us other products and services that we benefit from but may not benefit your accounts. Some of these other products and services assist us in managing and administering client accounts. These include software and other technology that:

- Provide access to client account data (such as trade confirmation and account statements)
- Facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts)
- Provide research, pricing information and other market data
- Facilitate payment of our fees from client accounts
- Assist with back-office functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or a substantial number of our accounts. Brokerage platforms make available other services intended to help us manage and further develop our business. These services may include:

- Consulting, publications and conferences on practice management
- Information technology
- Business succession
- Regulatory compliance
- Marketing.

In addition, the brokerage platforms we utilize may make available, arrange and/or pay for these types of services rendered to our firm by independent third-parties providing these services to us. As a fiduciary, we endeavor to act in your best interest. Our requirement or recommendation that you maintain your assets in accounts at broker/dealer chosen by our firm may be based in part on the benefit to us of the

availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the recommended broker/dealer. This creates a conflict of interest because we receive a benefit because we do not have to pay for the research, products or services and that we have an incentive to select broker/dealers based on our needs rather than based solely on the best interests of our clients.

Although we recommend and in some cases require the use of certain broker/dealers, we do not have a written soft dollar agreement with any broker-dealer or a third-party. Further, we do not receive referrals from unaffiliated, third-party broker/dealers.

### **Directed Brokerage**

Although we encourage and in some situations require the use of our recommended broker/dealer platforms, you may be allowed to select broker-dealer(s) to be used for your accounts. Clients directing the use of a particular broker/dealer or other custodian must understand that we may not be able to obtain the best prices and execution for the transaction. Under a client-directed brokerage arrangement, clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian. Client-directed brokerage account trades are generally placed by Primary Asset Management after effecting trades for other clients of Primary Asset Management. In the event that a client directs Primary Asset Management to use a particular broker or dealer, Primary Asset Management may not be authorized to negotiate commissions and may be unable to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct Primary Asset Management to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer.

### **Primary Capital, LLC**

As a matter of policy we do not use Primary Capital to execute trades in our clients' Asset Management program accounts or include it among the recommended broker-dealers to execute such fee-based investment advisory account trades. If clients wish to use Primary Capital to execute trades on a strictly commission, non-discretionary basis, Primary Capital will be used and our investment adviser representatives who are also registered representatives of Primary Capital will be involved in the execution of such trades. As disclosed in Item 4, Primary Capital is under common ownership with Primary Asset Management and thus considered an affiliated broker/dealer.

Primary Capital serves as an introducing broker-dealer. All accounts established through Primary Capital will be cleared and held through Alpine Securities. Primary Capital has a wide range of approved securities products for which Primary Capital performs due diligence prior to selection. Primary Capital registered representatives are required to adhere to these products when implementing securities transactions through Primary Capital. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions are implemented through another broker/dealer. Because our investment adviser representatives are also registered representatives of Primary Capital, Primary Capital provides compliance and supervision support to our personnel as a registered office of Primary Capital. Primary Capital also provides back-office operational support, technology support and other administrative support.

Primary Capital provides economic benefits to our firm not received if the client selects another broker/dealer or account custodian. These benefits may include negotiated costs for transaction implementation, a dedicated trade desk that services only Primary Capital representatives and a dedicated service group. In addition, Primary Capital provides an account services manager dedicated to clients' accounts, access to a real-time order matching system, electronic download of trades, balances



and position information, access to an electronic interface with the account custodian's software, duplicate and batched client statements, confirmations and year-end reports.

### **Block Trading Policy**

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Primary Asset Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Primary Asset Management uses the average price allocation method for transaction allocation.

Under this procedure Primary Asset Management will calculate the average price and transaction charges for each transaction included in a block order and assign the average price and transaction charge to each allocated transaction executed for the client's account.

If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Primary Asset Management or our supervised persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our supervised persons receive any additional compensation as a result of block trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by your investment advisor representative with reviews performed in accordance with your investment goals and objectives.

### **Statements and Reports**

For our asset management services, you are provided with written transaction confirmation notices and regular written, quarterly account statements directly from the qualified custodian. We do not provide additional or supplemental reports to the regular account statements you receive from your qualified custodian(s).

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

Primary Asset Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Primary Asset Management receives no other forms of compensation in connection with providing investment advice.

*Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.*

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a

result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

### **Item 15 – Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Primary Asset Management is deemed to have custody of client funds and securities whenever Primary Asset Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Primary Asset Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Primary Asset Management is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Primary Asset Management. When clients have questions about their account statements, they should contact Primary Asset Management or the qualified custodian preparing the statement.

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

When providing asset management services, Primary Asset Management maintains trading authorization over your Account. You must execute a written, limited power of attorney trading authorization form with your broker/dealer in order to grant our firm the ability to trade in your account(s). This authorization may be contained within the standard new account application form required by the broker/dealer or may be a separate, stand-alone form. In most instances, we provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended

- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

The provision of discretionary versus non-discretionary trading is set forth, in writing, in our client agreement which must be executed by our firm and you as the client.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to Primary Asset Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

Primary Asset Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

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

This *Item 18* is not applicable to this brochure. Primary Asset Management does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Primary Asset Management has not been the subject of a bankruptcy petition at any time.

### **Item 19 – Requirements for State-Registered Advisers**

#### **Executive Officers, Management Personnel and Investment Adviser Representative**

**John C. Leo:** Managing Member and Chairman  
Born: 1965

#### ***Educational Background:***

- Rollins College, Bachelor of Science in Psychology: 1987

#### ***Business Experience:***

- Primary Asset Management, Managing Member and Chairman, 07/2014 to Present;

- Primary Capital, LLC, Indirect Owner, General Securities Principal and Chief Compliance Officer, 03/2007 to Present

**Douglas R. Borden:** Chief Compliance Officer

Born: 1962

CRD # 1635430

***Educational Background:***

- Ohio University, Bachelors in Business Administration, 1986

***Business Experience:***

- Primary Asset Management, Chief Compliance Officer, 03/2016 to Present;
- Primary Capital, LLC, Registered Representative, 05/2014 to Present;
- Trader Joe's. Assistant Manager, 09/2013 to Present;
- No Employment, 03/2012 to 09/2013;
- CitiGroup Global Markets, Inc., Sales Trader, 02/2004 to 03/2012.

**Arthur J. Magee:** Investment Advisor Representative

Born: 1965

CRD # 2286307

***Educational Background:***

- University of Buffalo, Masters of Business Administration: 1991
- Albright College, Bachelor of Science in Business Administration: 1987

***Business Experience:***

- Primary Asset Management, Investment Advisor Representative, 01/2015 to Present;
- Primary Asset Management, Chief Compliance Officer, 01/2015 to 03/2016;
- Primary Capital, LLC, Senior Managing Director and Registered Representative, 10/2009 to Present;
- No Employment, 02/2009 to 10/2009;
- HCFP Brenner Securities, LLC, Senior Managing Director and Registered Representative, 10/2003 to 01/2009

**Other Business Activities**

Douglas Borden is currently working at Trader Joe's as an Assistant Manager. Douglas spends approximately 90% of his time as the Assistant Manager of Trader Joe's and 10% of his time at Primary Asset Management. In order to avoid a conflict of interest, Douglas does not work during business hours.

*See Item 10 – Other Financial Industry Activities and Affiliations.*

**Performance Based Fees**

Please refer to *Item 5 – Fees and Compensation* of this brochure for a description of how performance-based fees are calculated. Please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management* for additional details and disclosures regarding the firm's performance based fee arrangements. Clients need to understand that performance-based compensation may create an incentive for Primary Asset Management to recommend an investment that may carry a higher degree of risk to the client.

### **No Arbitrations**

John Leo was the subject of a client arbitration resulting in an award of \$3,057.25 to the client. The client alleged that information provided to the client about a particular security selection was not complete and as a result misrepresented the nature of the investment. The arbitration occurred in 1994 and Mr. Leo has since not been subject to any other arbitration or similar legal disputes resulting in an award to the client.

### **Issuer of Securities**

Our affiliated broker/dealer, Primary Capital, LLC, is a full service investment banking firm providing investment banking services to management teams and corporations. Primary Capital acts as a primary consultant or deal sponsor and is responsible for all corporate finance activities. Primary Capital will arrange financing, advise on acquisitions, recruit management, coordinate legal and accounting advisors, provide underwriting services, and offer ongoing strategic advice through board representation.

Investment banking activities include Primary Capital's own equity investment, placement agent services and financing solutions, in addition to advisory services to client companies. Primary Capital provides its own investment capital as well as capital provided by its network of qualified institutional and accredited investors. Please refer to previous details provided at Item 10.

### **Bankruptcy**

Douglas Borden has been subject to a Bankruptcy petition. His Bankruptcy petition was filed on 08/23/2002 and was discharged on 01/19/2005.

## **Customer Privacy Policy Notice**

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of customer information. In situations where a financial institution does disclose customer information to nonaffiliated third parties, other than permitted or required by law, customers must be given the opportunity to opt out or prevent such disclosure. Primary Asset Management does not share or disclose customer information to nonaffiliated third parties except as permitted or required by law.

Primary Asset Management is committed to safeguarding the confidential information of its clients. We hold all personal information provided by clients in the strictest confidence and it is the objective of our firm to protect the privacy of all clients. Except as permitted or required by law, we do not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, we will provide clients with written notice and clients will be provided an opportunity to direct our firm as to whether such disclosure is permissible.

To conduct regular business, Primary Asset Management may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to our firm
- Information about the client's transactions implemented by others
- Information developed as part of financial plans, analyses or investment advisory services

To administer, manage, service, and provide related services for client accounts, it is necessary for Primary Asset Management to provide access to customer information within the firm and to nonaffiliated

companies with whom we has entered into agreements with. To provide the utmost service, our firm may disclose the information below regarding customers and former customers, as necessary, to companies to perform certain services on the firm's behalf.

- Information our firm receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services with our firm

Since Primary Asset Management shares nonpublic information solely to service client accounts, our firm does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that our firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, we will allow our clients the opportunity to opt out of such disclosure.

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