

PlanMember Asset Management Corporation

March 27, 2019

6187 Carpinteria Ave
Carpinteria, CA 93013
800.874.6910
www.planmember.com

This brochure provides information about the qualifications and business practices of PlanMember Asset Management Corporation. If you have any questions about the contents of this brochure, please contact at 800.874.6910. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about our firm is available on the SEC's website at:
www.adviserinfo.sec.gov.

PlanMember Asset Management Corporation is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Material Changes

There is one material change in this brochure since March 31, 2018: the discussion of an agreement between PlanMember Financial Corporation (“PFC), parent of PlanMember Securities Corporation, and AXA Distribution Holdings, Inc. This discussion can be found on pages 10-11 of this brochure.

Table of Contents

| | |
|---|-------------------|
| Cover Page..... | Cover Page |
| Material Changes | 1 |
| Table of Contents | 2 |
| Advisory Business | 4 |
| ADVISORY FIRM | 4 |
| ADVISORY SERVICES | 4 |
| <i>Non-Discretionary Portfolio Advisory Services.....</i> | <i>4</i> |
| <i>Discretionary Portfolio Management Services</i> | <i>5</i> |
| Fees and Compensation | 6 |
| <i>Fees for Non-Discretionary Advisory Services</i> | <i>6</i> |
| <i>Fees for Discretionary Portfolio Management Services</i> | <i>6</i> |
| Performance-Based Fees and Side-By-Side Management | 7 |
| <i>Conflicts of Interest Relating to Performance-Based Fees</i> | <i>7</i> |
| <i>Conflicts of Interest Relating to Side-by-Side Management</i> | <i>7</i> |
| <i>Conflicts of Interest relating to Cross Transactions</i> | <i>7</i> |
| <i>Other Conflicts of Interest Relating to Certain investment and Brokerage Practices.....</i> | <i>7</i> |
| Types of Clients | 8 |
| Methods of Analysis, Investment Strategies, and Risk of Loss | 8 |
| METHODS OF ANALYSIS AND INVESTMENT STRATEGIES | 8 |
| RISKS OF LOSS | 9 |
| Disciplinary Information | 10 |
| Other Financial Industry Activities and Affiliations | 10 |
| Code of Ethics, Participation or Interest In Client Transactions, and Personal Trading | 11 |
| <i>Personal Trading</i> | <i>12</i> |
| <i>Management of Multiple Accounts:</i> | <i>12</i> |
| <i>Investment Allocation:.....</i> | <i>12</i> |
| <i>Trade Errors:</i> | <i>13</i> |
| Brokerage Practices | 13 |
| <i>Brokerage for Client Referrals.....</i> | <i>14</i> |
| DIRECTED BROKERAGE | 14 |
| <i>Investment Allocation Policy.....</i> | <i>14</i> |
| Review of Accounts | 15 |
| Client Referrals & Other Compensation | 16 |
| Custody | 16 |
| Investment Discretion | 16 |
| Voting Client Securities | 17 |

Advisory Business

Advisory Firm

PlanMember Asset Management Corporation (“PAMC”) was formed in August 2017 and intends to acquire the businesses of other investment advisers. Jon M. Ziehl is the founder and President of PAMC and has been in the financial services industry since 1980. PAMC is a direct subsidiary of PlanMember Financial Corporation. More than 25% of a voting class of securities of PlanMember Financial are held by (i) Mr. Ziehl and (ii) indirectly, by AXA America Holding Inc. AXA America Holding is a member of the AXA Global Group, a world-wide leader in financial protection and wealth management.

PAMC anticipates that, when it acquires the business of another investment adviser, the former adviser will become a division of PAMC. It is anticipated that the portfolio managers and other investment personnel of the former adviser will continue to provide investment services to the former adviser’s clients. PAMC will provide certain centralized functions, such as accounting, sales and marketing support, compliance, human resources, strategic and product development support, and legal services. In addition, each division’s investment advisory services will be marketed (and clients will be solicited) through the registered representatives of PlanMember Securities Corporation, a registered broker-dealer affiliate of PAMC.

Advisory Services

PAMC intends to offer discretionary and non-discretionary investment advisory services to its clients. These services will be marketed primarily to individuals (including high net-worth individuals), institutions, trusts, estates, foundations, business entities, and retirement plans.

Services will be based on the individual needs of the client. An initial interview and data gathering questionnaire will be employed to determine the client's financial situation and investment objectives, and to give the client the opportunity to impose reasonable restrictions on the management of the account. Clients have the ability to leave standing instructions with PAMC to refrain from investing in particular securities or types of securities, or invest in limited amounts of securities. Quarterly, PAMC will notify the client in writing to contact PAMC if there have been any changes in the client's financial situation or investment objectives, or to impose or modify account restrictions. PAMC will contact or attempt to contact the client annually on these matters. It is the client's responsibility to notify PAMC at any time there are changes in the client’s financial situation or investment objectives. Clients may call in at any time during normal business hours to discuss directly with a PAMC representative about the client's account, financial situation, or investment needs. Clients will receive from the custodian/brokerage firm timely confirmations and at least quarterly statements containing a description of all transactions and all account activity. The client will retain rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the account. In addition to custodial statements, PAMC sends quarterly performance reports to the client.

As of March 27, 2019, PAMC had no assets under management on a discretionary basis.

NON-DISCRETIONARY PORTFOLIO ADVISORY SERVICES

PAMC will provide investment portfolio advisory services on a non-discretionary basis, which means we will not place any trades without the client's implicit consent. PAMC will consult with the client to obtain detailed investment objective information and other pertinent data on an investor profile worksheet to help enable the client to determine the appropriate investment guidelines, risk tolerance and other factors that will assist the client in selecting a suitable investment portfolio.

PAMC will make recommendations to diversify and allocate the client's portfolio with the client's permission. Investments and allocations are recommended based upon the client's pre-defined investment objectives, risk tolerance, time horizon, financial information, and other various suitability factors that are determined. Further restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio.

The minimum investment in this program is negotiable depending upon individual circumstances at PAMC's discretion.

DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

PAMC will provide investment portfolio management services on a discretionary basis. PAMC will consult with the client to obtain detailed investment objective information and other pertinent data on an investor profile worksheet to enable the client to determine the most appropriate investment guidelines, risk tolerance and other factors that will assist the client in selecting a suitable investment portfolio.

PAMC will provide investment management of client's funds on a discretionary basis, through written authorization granted by the client using a limited trading authorization form. PAMC will diversify and manage the client's portfolio. Investments and allocations will be determined based upon the client's pre-defined investment objectives, risk tolerance, time horizon, financial information, and other various suitability factors that are determined.

Further restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio. For these reasons, performance of a more restricted portfolio will not be identical with the average client of PAMC or of a particular division of PAMC.

The minimum investment in this program is negotiable depending upon individual circumstances at PAMC's discretion.

Fees and Compensation

FEES FOR NON-DISCRETIONARY ADVISORY SERVICES

The fee schedule for non-discretionary accounts is as follows:

| Assets under Management | Fee Percentage |
|--------------------------------|-----------------------|
| \$ 0.00 -- 500,000.00 | 2.00% |
| on the next \$500,000 | 1.75% |
| on the next \$1,000,000 | 1.50% |
| on the next \$3,000,000 | 1.25% |
| Over \$5,000,000.00 | Negotiable |

FEES FOR DISCRETIONARY PORTFOLIO MANAGEMENT SERVICES

The fee schedule for discretionary accounts is as follows:

| Assets under Management | Fee Percentage |
|--------------------------------|-----------------------|
| \$ 0.00 -- 500,000.00 | 2.50% |
| on the next \$500,000 | 2.00% |
| on the next \$1,000,000 | 1.50% |
| on the next \$3,000,000 | 1.25% |
| Over \$5,000,000.00 | Negotiable |

PAMC divisions may have their own fee schedules for their particular services. Investment minimums are negotiable. In no case shall a client pay more than the maximum advisory fee disclosed in this document. However, each mutual fund or variable annuity in which assets are invested will incur separate investment advisory fees and other expenses for which a client will bear a proportionate share with other investors in the fund or annuity.

Fees are calculated based on an annual fixed percentage of assets under management based on the market value of those assets. PAMC's fee shall be assessed quarterly. The fee calculation is: $\frac{([assets\ under\ management] \times [annual\ fee])}{[number\ of\ calendar\ days\ in\ the\ year]} \times [number\ of\ days\ in\ the\ relevant\ quarter]$. Accounts opened or closed in mid-quarter will be assessed or refunded a pro-rated management fee. Fees are payable quarterly, in advance, and such fees may be deducted from client's account(s) quarterly within thirty (30) days following the beginning of the quarter for which said fees apply.

Performance-Based Fees and Side-By-Side Management

CONFLICTS OF INTEREST RELATING TO PERFORMANCE-BASED FEES

PAMC does not charge performance-based fees, which are based on capital gains in the client account. Therefore, PAMC and its personnel do not experience a conflict of interest posed by managing simultaneously accounts which do and do not have performance-based fees.

CONFLICTS OF INTEREST RELATING TO SIDE-BY-SIDE MANAGEMENT

“Side by side management” refers to an investment adviser’s practice of managing different types of client accounts and/or investment products simultaneously. PAMC and our employees and supervised persons may have conflicts of interest in allocating their time and services among clients. To address these conflicts, PAMC and its divisions will endeavor to devote such time to each client as PAMC and each division’s management deems appropriate under the circumstances to perform our duties and obligations to each such client in accordance with applicable law and our investment management agreement(s) with each such client.

Certain actual or potential conflicts of interest may arise in connection with a portfolio manager’s management of an account’s investments and the investments of other accounts for which the portfolio manager is responsible. To the extent that the same investment opportunities might be desirable for more than one account, possible conflicts could arise in determining how to allocate them. Each division of PAMC maintains its own investment strategies and procedures. PAMC and its divisions may give advice or take action with respect to investments of one or more clients that may not be given or taken with respect to other clients with similar investment strategies or objectives. Accordingly, clients with similar strategies or objectives may not hold the same securities or instruments or achieve the same performance.

CONFLICTS OF INTEREST RELATING TO CROSS TRANSACTIONS

Trades may be recommended between client accounts for various reasons. Such reasons may include an opportunity to reduce transaction fees or ability to fill sell and purchase orders, when the trade will not disadvantage either client. Such cross transactions create actual or potential conflicts of interest between clients, and for PAMC. For example, it is possible that we may seek to effect a cross trade to create a market to aid the selling account, to the detriment of the purchasing account.

To address these actual or potential conflicts of interest, our policies and procedures require that neither PAMC nor our affiliates may receive any compensation for acting as a broker/dealer when we engage in cross transactions. We follow procedures similar to those that would comply with SEC Rule 17a-7 under the Investment Company Act for cross trades between client accounts. Given the monitoring obligations involved, we generally do not allow client accounts that are “plan assets” subject to the Employee Retirement Income Securities Act of 1974 (ERISA) to participate in cross trades. We maintain a list of accounts that are prohibited from participating in cross trades and maintain records regarding each cross transaction, including the price at which the transactions are effected.

OTHER CONFLICTS OF INTEREST RELATING TO CERTAIN INVESTMENT AND BROKERAGE PRACTICES

There will be times when the same security is being purchased or sold concurrently for multiple client accounts or portfolios. In these situations, except as discussed below, each division of PAMC has policies in place which are reasonably designed to commence trade execution as concurrently as practicable, or otherwise in a fair and equitable manner, address potential conflicts of interest and protect client interests. Various factors, however, may result in trades for a client not being aggregated with batched trades for

other clients of PAMC and clients receiving a different price, either higher or lower, for the same security. Among these are the fact that various divisions of PAMC may conduct their trading independently of each other, so that accounts in several divisions of PAMC may be concurrently purchasing or selling the same security without bunching trades or cross-trading, thereby not availing those accounts of the opportunity for lower brokerage fees or more efficient execution.

Types of Clients

PAMC anticipates providing advisory services to individuals (including high net-worth individuals), institutions, trusts, estates, foundations, business entities, and retirement plans.

Minimum account sizes will be subject to determination by each division of PAMC and may differ between divisions.

Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Investment Strategies

Each division of PAMC will develop and implement its own methods of analysis and investment strategy. We anticipate that most, if not all, of the divisions will make use of one or more of the following methods of analysis:

- Charting-- Portraying the performance of a security in a graphic representation. Such portrayals indicate how the security has performed over time and how it may perform in the future. Typically, this method is used to predict trends in security valuation within certain time frames.
- Fundamental Analysis—Examination of the historical and current financial statements of the issuer. Reviewing such items as revenues, expenses, and earnings to gain insight into the security's future performance. Any conclusions are then considered in light of the overall economy and industry developments.
- Technical Analysis-- Examination of patterns and trends with respect to a specific industry sector or issuer. Utilization of past prices and volume to predict a security's future performance.
- Quantitative Analysis-- Applying complex mathematical and statistical modeling to gain insight into the performance of a security or sector. Such insights may be used to evaluate performance, predict the value of a security, or predict market events.

Among the investment strategies that we anticipate divisions of PAMC will implement are the following:

- Long-term investing-- Purchasing and holding securities for at least a year.
- Short-term investing-- Purchasing and holding securities for less than a year.
- Option writing-- Purchasing or selling an option to execute a transaction in the future at a certain price, expecting the price of the underlying stock to increase or decrease.

Risks of Loss

Investing involves risk. The investment return and principal value will fluctuate and, when redeemed, the investment may be worth more or less than the original purchase price.

While there is risk in all investments, some carry a greater degree of risk or higher costs. No method of investment analysis is always correct or properly applied. There is no guarantee that the investment strategy selected for the client will result in the client's goals being met, nor is there any guarantee of profit or protection from loss.

PAMC is disclosing those risks and opportunities for our investment strategy or for particular types of securities used.

- High yield, high risk bonds generally involve more credit risk. These securities may also be subject to greater market price fluctuations than lower yielding higher rated debt securities. Fixed income investments are subject to interest rate risk and values may decline in an increasing interest rate environment.
- Lower-rated bonds are subject to greater fluctuations in value and risk of loss of income and principal. Investing outside the United States entails additional risks, such as currency fluctuations, as more fully described in the prospectus.
- The return of principal for the bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.
- There are tax consequences for short-term trading wherein capital gains are taxed as ordinary income. Additionally, some Funds charge short-term trading fees that are more fully disclosed in the Fund families' prospectus.
- Small cap and Mid-cap investments may have additional risk, including greater price volatility.
- While diversification through an asset allocation strategy is a useful technique that can help to manage overall portfolio risk and volatility, there is no certainty or assurance that a diversified portfolio will enhance overall return or outperform one that is not diversified. An investment made according to one of these asset allocation models neither guarantees a profit nor prevents the possibility of loss.
- Money market funds have relatively low risks, compared to other mutual funds (and most other investments). By law, they can invest in only certain high-quality, short-term investments issued by the U.S. Government, U.S. corporations, and state and local governments. Money market funds try to keep their net asset value (NAV), which represents the value of one share in a fund, at a stable \$1.00 per share. However, the NAV may fall below \$1.00 if the fund's investments perform poorly. Investor losses have been rare, but they are possible. Money market funds pay dividends that generally reflect short term interest rates, and historically the returns for money market funds have been lower than for either bond or stock funds.

Investment portfolio rebalancing is subject to market risk primarily that the value of redeemed and purchased shares may vary during the rebalancing process, resulting in gains or losses to your account. To avoid rebalancing market risk you may notify your registered representative to move your account to a

non-managed program with a static asset allocation as PAMC will not periodically rebalance such accounts.

Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. Neither PAMC nor any of its management persons have been subject to such a legal or disciplinary event. PlanMember Securities Corporation, a broker-dealer affiliate of PAMC, has been involved in violations of the rules of its regulating authority, the Financial Industry Regulatory Authority, but PAMC does not believe that those violations are material to a client's evaluation of the advisory business or integrity of the management personnel of PAMC.

Other Financial Industry Activities and Affiliations

PlanMember Securities Corporation ("PSEC"), also a subsidiary of PlanMember Financial Corporation, is a dually-registered securities broker-dealer and investment adviser. PSEC Advisors are licensed as securities salespersons ("Registered Representatives") with PSEC and are also licensed with various insurance companies as insurance agents. PSEC Advisors are in the business of selling securities and insurance products. PSEC is a general securities broker/dealer having membership in the Financial Industry Regulatory Authority.

PAMC is a wholly-owned subsidiary of PlanMember Financial Corporation, a diversified financial services company engaged in the design and sale of investment products.

PAMC is affiliated by common ownership with PlanMember Services Corporation ("PSC"), a pension administration and recordkeeping company, registered with the SEC as a transfer agent. PSC may perform client level recordkeeping and plan administration for PAMC clients and may receive fees for such services.

AXA American Holding ("AXA") indirectly holds more than 5% of a class of voting securities of PAMC. AXA is part of a world-wide insurance and investment firm.

PAMC is a wholly owned subsidiary of PlanMember Financial Corporation ("PFC"). More than 25% of a voting class of securities of PFC is owned by a subsidiary of AXA America Holding, Inc. ("AXA"). PFC has entered into an agreement with AXA for the reduction or elimination of PFC's obligation to pay dividends on certain shares of PFC stock owned by AXA; PFC will retain the cash that would have been used to pay these dividends. This reduction or elimination is conditioned on PSEC reaching certain asset targets for AXA-related products in the five-year period from 2018 through 2022. These asset targets may be met in part by client investment in shares of the 1290 Funds (sponsored by AXA) or shares of the Alliance-Bernstein Funds (sponsored by an affiliate of AXA). Currently, some assets of the investment programs of PSEC are invested in certain Alliance-Bernstein Funds; no assets of PMAC clients are invested in Alliance-Bernstein Funds. The decision to invest or retain client assets in the Alliance-Bernstein Funds is made by PAMC investment professionals based on objective quantitative and qualitative processes dependent upon due diligence investigation and monitoring of the funds and their investment performance. Nevertheless, such an investment represents a conflict of interest between PFC,

as well as some executive officers of PAMC who are shareholders of PFC, and clients whose assets are invested in the Alliance-Bernstein Funds.

PAMC is not registered, nor does it have an application pending to register, as a broker-dealer, as a futures commission merchant, commodity pool operator or a commodity trading advisor. No management person is registered, nor does any management person have an application pending to register, as an associated person of a futures commission merchant, commodity pool operator or a commodity trading advisor.

Jon M. Ziehl, Terrall J. Janeway, and William S. Kemble, executive officers of PAMC, are registered representatives of a broker dealer, PSEC.

PAMC acting as an advisor under ERISA § 3(21)

For the purposes of ERISA §3(21), PAMC does not exercise any discretionary authority or control respecting management of the plan or management or disposition of its assets or have any discretionary authority or discretionary responsibility in the administration of the plan. Therefore, PAMC or its investment advisor representative(s), is a limited scope ERISA §3(21) “fiduciary” pursuant to ERISA except to the extent it renders “investment advice” to the plan within the meaning of section §3(21) of ERISA and Department of Labor regulations thereunder. The participants are responsible for any individual investment selections made under the plan.

Under ERISA §3(21) limited scope, PAMC acts as the advisor making investment recommendations on the plan level, but it is ultimately up to the plan sponsor to decide whether and how to implement these recommendations. Furthermore, under ERISA § 3(21), the participants are responsible for any individual investment selections made under the plan for their account.

In addition, PAMC can act as a full scope §3(21) fiduciary under ERISA §3(21), if named as fiduciary and is also rendering investment advice for a fee (or has any authority or responsibility to do so).

PAMC acting as an investment manager under ERISA §3(38)

For the purposes of ERISA § 3(38), PAMC may serve as the investment manager with discretionary authority with regard to the selection of the mutual fund platform utilized by the Plan, as well as the asset allocation model portfolios it develops and manages. PAMC is a “fiduciary” to the Plan pursuant to ERISA as it relates to rendering “investment advice” to the plan within the meaning of section 3(38) of ERISA. The participants are responsible for any individual investment selections made under the plan.

Under ERISA § 3(38), PAMC may act as the advisor with discretionary authority with regard to the investments managed for the plan, allowing the plan sponsor to transfer liability for selecting, monitoring, and replacing the investment options to PAMC. Furthermore, under ERISA §3(38), the participants are responsible for any individual investment selections made under the plan.

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

PAMC maintains a Code of Ethics. In addition, one or more of the divisions of PAMC may maintain their own Code of Ethics. The Code of Ethics sets forth standards of conduct expected of advisory personnel; requires compliance with federal securities laws; and addresses conflicts that arise from personal trading by advisory personnel. The purpose of the Code of Ethics is to preclude activities that

27-Mar-2019 Page | 11

may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The Code of Ethics is designed to ensure that the high ethical standards long maintained by PAMC continue to be applied. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each access person.

In summary, PAMC's Code of Ethics establishes rules of conduct for all access persons of PAMC and is designed to, among other things, govern personal securities trading activities in the accounts of access persons. The Code of Ethics is based upon the principle that PAMC and its access persons owe a fiduciary duty to PAMC clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

In accordance with Section 204-A of the Investment Advisers Act of 1940 (the "Advisers Act"), PAMC's Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by PAMC or any of its employees. The Code of Ethics also requires that PAMC personnel report their personal securities holdings and transactions and obtain preapproval of certain investments such as initial public offerings and limited offerings.

Clients may request a copy of the Code of Ethics by calling the PAMC Customer Service Center at (800) 874-6910.

PERSONAL TRADING

Potential material conflicts of interest also arise related to the knowledge and timing of an account's trades, investment opportunities and broker or dealer selection. PAMC and its portfolio managers have information about the size, timing and possible market impact of the trades of each account they manage. It is possible that portfolio managers could use this information for their personal advantage and/or to the advantage or disadvantage of various accounts which they manage. For example, a portfolio manager could cause a favored account to "front run" an account's trade. To address these conflicts, PAMC has adopted policies and procedures to ensure that PAMC treats each of its advisory clients in a manner consistent with its fiduciary obligations and a Code of Ethics, as summarized above.

MANAGEMENT OF MULTIPLE ACCOUNTS:

As noted above, PAMC's portfolio managers are often responsible for the day-to-day management of multiple accounts. The potential for material conflicts of interest exist whenever a portfolio manager has responsibility for the day-to-day management of multiple advisory accounts.

INVESTMENT ALLOCATION:

Such potential conflicts include those relating to allocation of investment opportunities. For example, it is possible that an investment opportunity is suitable for more than one account managed by PAMC, but is not available in sufficient quantities for all accounts to participate fully. Similarly, there can be limited opportunity to sell an investment held by multiple accounts.

To address the conflicts of interest associated with the allocation of trading and investment opportunities, PAMC has adopted an Investment Allocation Policy and trade allocation procedures that govern the allocation of portfolio transactions and investment opportunities across multiple advisory accounts.

TRADE ERRORS:

Potential material conflicts of interest also arise if a trade error occurs in a client account. A trade error is deemed to occur if there is a deviation by PAMC from the applicable standard of care in connection with the placement, execution or settlement of a trade for an advisory account that results in (1) PAMC purchasing assets not permitted or authorized by a client's investment advisory agreement or otherwise failing to follow a client's specific investment directives; (2) PAMC purchasing or selling the wrong security or the wrong amount of securities on behalf of a client's account; or (3) PAMC purchasing or selling assets for, or allocating assets to, the wrong client account. When correcting these errors, conflicts of interest between PAMC and its advisory accounts arise as decisions are made on whether to cancel, reverse or reallocate the erroneous trades. In order to address the conflicts, PAMC has adopted a Trade Error Correction Policy governing the resolution of trading errors, and will follow this Policy in order to ensure that trade errors are handled promptly and appropriately and that any action taken to remedy an error places the interest of a client ahead of PAMC's interest.

Brokerage Practices

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. The commissions paid by PAMC's clients comply with PAMC's duty to obtain "best execution." When placing portfolio transactions for client accounts, PAMC's primary objective is to obtain the best price and best execution, taking into account the costs, promptness of execution and other qualitative considerations

Selection or recommendation of broker/dealers

As a general matter, PAMC evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving PAMC.

PAMC also considers such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Soft Dollars Practices" section immediately below). Accordingly, if PAMC determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

Each division of PAMC maintains its own selection process for broker-dealers. This process is reviewed on an annual basis by the PAMC Management Committee. The brochure of each division of PAMC should be consulted to determine the selection criteria for broker-dealers applied by that division.

BROKERAGE FOR CLIENT REFERRALS

PAMC will not enter into directed brokerage arrangements with brokers or dealers as compensation for client referrals. PAMC can, however, use such brokers or dealers to effect transactions for such referred clients consistent with PAMC's best execution obligations.

Directed Brokerage

Clients may direct PAMC or its division to utilize a particular broker-dealer that is not among those broker-dealers whom PAMC would otherwise select. This is referred to as "directed brokerage." In directing PAMC to use a specific broker-dealer, clients should understand that PAMC will not have the authority to negotiate commissions among various broker-dealers or obtain volume discounts. If PAMC does not have an established relationship with these broker-dealers, the client may pay higher servicing fees to the broker-dealer of their choice. This may also affect PAMC's ability to achieve best execution for these clients.

Soft Dollar Practices

PAMC or its divisions may receive compensation from a brokerage firm in the form of products or services ("soft dollars"). When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

PAMC and its divisions understand their duty for best execution and consider all factors in making recommendations to clients. These research services may be useful in servicing all PAMC clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While PAMC may not always obtain the lowest commission rate, PAMC believes the rate is reasonable in relation to the value of the brokerage services provided. The soft dollar practices of each PAMC division is reviewed by the PAMC Management Committee on an annual basis.

INVESTMENT ALLOCATION POLICY

Many of the investment transactions by PAMC on behalf of its clients are effected as aggregated transactions made for a number of accounts. To address the conflicts of interest associated with the allocation of trading and investment opportunities, PAMC has adopted an Investment Allocation Policy setting forth general principles of allocation for investment transactions and procedures designed to result in the fair and equitable distribution of aggregated investment opportunities across all PAMC investment advisory accounts ("Allocation Procedures"). PAMC's Compliance Department, in coordination with PAMC's relevant investment teams, can grant exceptions to any provision of these Allocation Procedures so long as such exceptions are consistent with the purpose of the Investment Allocation Policy and applicable law, and are documented and retained for the period required. These Allocation Procedures are summarized below. Typically, the divisions of PAMC do not coordinate their placement of securities transactions; for that reason, accounts managed by one division of PAMC are generally viewed separately from accounts of other divisions for allocation purposes. However, PAMC requires each division to comply with the PAMC Allocation Procedures with respect to all accounts under its management.

PAMC is committed to transacting in securities in a manner that is consistent with the investment objectives of each of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. PAMC determines whether aggregation of such transactions is desirable, appropriate and feasible and will allocate trades among participating accounts with the general purpose of maintaining consistent and/or appropriate concentrations across similar accounts and in an effort to obtain more favorable execution in terms of price, cost and efficiency

in processing the transaction. When aggregating orders, all clients will be treated in a fair and equitable manner. PAMC will not make allocation decisions based on relationships with certain clients, fees or compensation. PAMC has adopted Allocation Procedures designed to ensure that trade allocations are timely, that no set of trade allocations is accomplished to unfairly advantage one client over another and that over time clients are treated equitably, even though a specific trade can have the effect of benefiting one client as against another when viewed in isolation. Allocations are generally made at or about the time of execution and before the end of the trading day or as soon as practicable thereafter, given certain market practices with regard to differing asset types. Depending on such factors as the size of an order and the type and availability of a security or other investment, orders can be executed throughout the day rather than being aggregated.

It is the policy of PAMC to transact in a manner that is fair and equitable across all client accounts including those accounts that are for the benefit of affiliates of PAMC. In general, this means that such opportunities will be allocated pro rata among the clients with interest. No client will be allocated assets if such allocation does not meet the investment objective or current risk profile of such client.

Notwithstanding the foregoing, an aggregated order can be allocated on a basis different from that specified in PAMC's Allocation Procedures described herein. Reasons for allocating on a different basis include, but are not limited to: a client's investment guidelines and restrictions, certain portfolio characteristics, available cash, liquidity requirements, industry or issuer concentrations, tax or legal reasons, and to avoid odd-lots or in cases when a pro rata allocation would result in a de minimus allocation to one or more clients. From time to time, aggregation is not possible because a security or other instrument is thinly traded. PAMC seeks to treat all clients reasonably in light of all factors relevant to managing an account, and in some cases, it is possible that the application of the factors described above result in allocations in which certain accounts receive an allocation when others do not.

DIVISION STRUCTURE

Any division of PAMC may conduct the trading of their clients' accounts separately from the other divisions of PAMC. For this reason, clients may not benefit from centralized trading functions that are available through some other investment advisers. For example, clients of different divisions of PAMC may not benefit from "cross-trades" which typically occur when some client accounts are selling a particular security, and other accounts are buying the same security. If an investment adviser engages in "cross-trades," these transactions will be matched by the trading staff of the investment adviser instead of being transacted on an exchange; this practice may enable client accounts to avoid the payment of brokerage fees. Similarly, a division of PAMC may not "bunch" or aggregate trades for the same securities with those of other divisions; when transactions for a client's account are not aggregated with orders for other accounts, the client may not benefit from a better price or lower execution charges or transaction costs.

Review of Accounts

The review of a client account is the responsibility of the PAMC division that provides investment management services for that account. The composition of most PAMC portfolios will be under continuous review for purposes of ensuring compliance with client investment policies and investment goals. Additionally, periodic allocation shifts in customer accounts and new portfolio reallocations may be implemented. This active investment decision will depend on a change in the economy or as a result of market events. The composition of most PAMC client portfolios is determined through a combination of qualitative and quantitative analysis and the use of strategic asset allocations. Market conditions that

might cause a wide variance in the specified asset allocation, or other factors could cause a more frequent review.

All clients receive standard account statements from investment sponsors and brokerage firms. PAMC clients receive a written quarterly performance report from the PAMC division managing their account, Quarterly and Annual Statement; Quarterly Market Outlook and Portfolio Strategy Semi-annual Newsletters, Monthly Financial Market Update, and special reports on timely portfolio changes on an "as needed" basis.

Client Referrals & Other Compensation

Referral Fees Paid

PAMC may compensate PSEC directly, PSEC representatives, or third-party solicitors for client referrals. All solicitor agreements will be in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940. All clients procured by solicitors will be given full written disclosures describing the terms and fee arrangements between the advisor and the solicitor prior to or at the time of entering into the advisory agreement.

Referral Fees Received

PAMC may have written agreements in compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940, with investment advisers, whereby it may recommend such other advisors to clients. In such instances, PAMC may receive a portion of the fee charged by the other investment adviser. In these instances, we will make available to the client a disclosure statement regarding PAMC's compensation and the Investment Advisor Brochure for the other adviser. The client is under no obligation to use the services of the other adviser(s) recommended.

Custody

Some PAMC divisions may be deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by PAMC for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Investment Discretion

PAMC has discretionary power to purchase and sell securities for accounts which grant PAMC discretionary investment powers in their investment advisory agreements.

A limited power of attorney, limited to the power of executing trades recommended by PAMC and agreed to by the clients will be obtained accounts that are managed by PAMC on a non-discretionary basis.

Voting Client Securities

Certain divisions of PAMC may vote client proxies, if the client specifically grants discretion to PAMC under the investment management agreement, and PAMC accepts such discretion. For those divisions of PAMC that exercise voting discretion, the proxies are acted upon (voted or abstained) solely in the best interest of its clients (i.e. in a manner believed by PAMC to best pursue a client's investment objectives). Certain divisions of PAMC that vote proxies have adopted proxy voting guidelines (the "Guidelines"), and, as a general matter, proxies will be voted in accordance with the Guidelines.

PAMC recognizes that there are situations not covered by its Guidelines, or time where it is in the best interest of clients to vote proxies against its Guidelines. In those situations, PAMC will analyze the proxy on a case-by-case basis. Each division of PAMC that votes client proxies has a Proxy Voting Policy is designed to ensure that votes against the Guidelines are made in the best interests of clients and are not the result of any material conflict of interest (a "Material Conflict"). For purposes of the Proxy Voting Policy, a Material Conflict is defined as any position, relationship or interest, financial or otherwise, of PAMC or a PAMC associate that could reasonably be expected to affect the independence or judgment concerning proxy voting. Clients may obtain a copy of the relevant PAMC division proxy voting policy and guidelines by contacting us at 800.874.6910.

Other divisions of PAMC do not vote proxies on behalf of their clients. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page or the custodian directly.

Financial Information

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. PAMC does not have any disclosure items in this section.