

# **PRINCETON GLOBAL ASSET MANAGEMENT, LLC**

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A SEC Registered Advisory Firm<sup>1</sup>

## **FIRM BROCHURE, NOVEMBER 2018**

This brochure provides information about the qualifications and business practices of Princeton Global Asset Management, LLC (“PGAM”). If you have any questions about the content of this brochure, please contact us at (609) 945-1781 and/or [www.pgam-llc.com](http://www.pgam-llc.com). 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 PGAM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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<sup>1</sup> SEC or State registration does not and should not imply any certain level of skill or training.

### **MATERIAL CHANGES**

In 2018, the following material change occurred:

- 1) Effective November 1, 2018. Robert Kuzniacki, PGAM Member has taken over the role of Chief Compliance Officer and is not the CCO and COO of PGAM.

There have not been any other material changes to PGAM's advisory business or personnel since the filing of its annual ADV Disclosure Brochure in March 2018.

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#### **Item 4: Advisory Business**

This document describes in narrative form the operations and policies of Princeton Global Asset Management, LLC (“PGAM” or “we”) with respect to its separately managed account program and is provided to our Clients and prospective Clients in conformity with SEC rules. If it raises any questions or does not provide answers to any other questions you might have, please contact us to discuss such matters.

Walter Russyk and Paul J. Gerard founded PGAM on January 31, 2008. PGAM has been principally owned by Adolf L. Herst and Paul J. Gerard since January 31, 2009. Adolf L. Herst is the President of Princeton Global Asset Management and has over 40 years of investment experience. Adolf earned a B.S. degree from Wilkes University in 1963. He was President of A.L. Herst Associates, Inc., a Princeton New Jersey based investment advisory firm he founded in 1972, which was acquired in 1992 by The Glenmede Corporation which established the Glenmede Trust Company of New Jersey. He initially served as the President of the Trust Company, and then in 1995 became Chairman of the Board. In 1992 he founded First Princeton Asset Management LLC. In 1998 Adolf retired from Glenmede but has continued to be active in a variety of businesses, money management, and charitable endeavors.

Paul Gerard is Chairman of Princeton Global Asset Management and has over 35 years of investment experience. Paul earned a B.S. from the University of California, Berkeley, and an M.B.A. from New York University Graduate School of Business Administration. He is a CFA® Charterholder and has passed the Series 7, 63 and 65 Examinations. He also holds memberships in the CFA Institute and the New York Society of Security Analysts (NYSSA). Prior to forming Princeton Global Asset Management, Paul was a Managing Director and Senior Portfolio Manager for BlackRock/Merrill Lynch Investment Management from 1986 to 2007 (Merrill Lynch Investment Management (“MLIM”) combined with BlackRock in 2006). Paul was a member of the domestic Investment Policy and Strategy Committee and served as Chairman of the International Policy and Strategy Committee. Before joining MLIM in 1986, Paul was associated with Equitable Investment Management Corporation in New York for 13 years.

Brett Shaver is a Partner and Portfolio Manager of Princeton Global Asset Management. Prior to joining PGAM in 2016 as a Partner, Brett was a Senior Research Analyst for BlackRock and managed the fundamental investment analysis within the Technology, Consumer and Energy sectors for large cap equity strategies. Before joining BlackRock via the combination with Merrill Investment Managers in 2006, Brett served as a generalist fundamental analyst on a team led by President and Chief Investment Officer of MLIM and served as an analyst for equity and balanced separately managed accounts. Brett earned a BSBA degree from Bucknell University in 2002 where he majored in Management and minored in Economics. Brett is a CFA® Charterholder and is a member of the New York Society of Security Analysts (NYSSA). In 2015 he completed the Columbia University Graduate School of Business Executive Education program in Financial Analysis and Valuation.

PGAM furnishes “investment supervisory services,” defined as giving continuous advice to Clients on the investment of their funds based on their individual needs. We provide US, International and Global investment strategies that are customized to our Clients’ investment objectives and needs through equity, fixed income and balanced accounts. Our customization considers risk tolerance, time horizon, liquidity needs, tax considerations, and Client directed restrictions such as, but not limited to, social concerns, and all other pertinent issues of our Clients.

We provide investment advice based on information Clients provide us about personal, financial and tax statuses, and investment objectives and policies, as well as any updates or changes to their information. We impose no restrictions on the ability of Clients to contact and consult with us.

### **Educational Seminars**

PGAM may occasionally provide educational seminars in areas such as financial planning, retirement planning and other general investment topics to clients and prospects. Seminars are always offered on an impersonal basis and do not focus on the individual needs of clients or prospects.

PGAM does not participate in wrap fee programs

As of December 31, 2018, PGAM maintained approximately \$200 million in clients’ assets under management. PGAM manages all client assets on a discretionary basis.

### **Item 5: Fees and Compensation**

PGAM’s fees are generally charged in arrears on a quarterly basis as a percentage of assets under management. However, upon agreement between a Client and PGAM, fees may also be charged in advance, on a schedule other than quarterly, or as a fixed rate. When charged as a percentage of assets under management, fees are calculated based on the quarter end’s market value as determined by the Client’s custodian. This market value is multiplied by the agreed upon annual fee percentage. One quarter ( $\frac{1}{4}$ ) of this annual fee will then be charged. Fees are usually deducted from the Client’s account by the custodian with the Client’s prior authorization upon receipt of an invoice from PGAM and transferred to PGAM. However, other methods of payment, such as payment from another account, are possible.

Clients may also pay brokerage commissions, other trade-related fees, custodian fees, and fees associated with any investment company securities (e.g., closed- or open-end mutual funds and ETFs) their accounts may contain. Clients also have the option to purchase investment products that PGAM recommends through other brokers or agents that are not affiliated with PGAM. Further details about our brokerage practices can be found in Item 12: Brokerage Practices.

Fees generally conform to the following schedule but may be negotiated based on a number of factors including, but not limited to, the size and type of account, securities held, strategies implemented, and the number and types of Client restrictions applied.

**Standard PGAM Equity/Balanced Fees: Valuation Annual Rate**

First \$1,000,000 1.25%

Next \$4,000,000 1.0%

Next \$5,000,000 0.75%

Value in excess of \$10,000,000 negotiable

**Standard PGAM Fixed Income Fees: Valuation Annual Rate**

First \$5,000,000 0.40%

Next \$15,000,000 0.20%

Next \$30,000,000 0.15%

Value in excess of \$50,000,000 negotiable

Clients can terminate their Discretionary Management Agreement with PGAM at any time. In the event an Agreement includes a fee paid in advance and is terminated before a fee period's end, the fee paid between termination and the fee period's end will be returned to the Client on a pro rata basis by a mutually agreed upon method.

Neither PGAM nor any of our Registered Investment Advisers accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

**Educational Seminars**

Educational seminars are offered to clients and prospects free of charge.

**Item 6: Performance Based Fees and Side-By-Side Management**

PGAM does not currently charge performance-based fees.

PGAM's principal and CIO Brett Shaver provides investment management services to both PGAM and First Princeton, an affiliated limited partnership investment fund. Since Mr. Shaver receives a higher fee on those assets invested in First Princeton, PGAM has instituted the following controls to mitigate any real or potential conflicts.

First, all trading in First Princeton must be pre-approved by the CCO prior to implementation to guard against any improper trading execution ahead of PGAM clients. Furthermore, if PGAM's Investment Committee decides to invest in the same security as First Princeton, PGAM and First Princeton will rotate the order of trading to avoid any appearance of improper execution. Additionally, Mr. Shaver's trading is reviewed by the CCO to ensure that it is conducted in the best interests of the respective clients.

**Item 7: Types of Clients**

PGAM serves individual Clients, and may manage their investments, pension, retirement and profit-sharing plan accounts, and their foundations, partnerships, trusts, holding companies, Keogh and IRA rollover accounts. PGAM generally maintains a minimum account value of \$1 million, however it reserves the right to negotiate this and other conditions for starting or maintaining an account. We also reserve the right not to provide investment advisory services to a Client when it is not in the Client's or our best interests.

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

PGAM's primary method of analysis is fundamental analysis. We also consider global market conditions, country and regional fiscal and monetary policies, macro-economic developments, currency trends, and geo-political environments. Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials provided by others, corporate rating services, and companies' press releases, annual reports, prospectuses, and filings with the Securities and Exchange Commission. We also utilize local and global general news sources, internet-based services, and academic, governmental, and international organizations' research and reports.

The types of investments and investment strategies utilized by PGAM vary depending on the particular investment objectives and restrictions selected by our Clients. We provide US, International and Global investment strategies that are customized to our Clients' investment objectives through diversified equity, fixed income and balanced separately managed accounts. We consider a US investment strategy to invest primarily in US domiciled entities. We consider an International investment strategy to invest primarily in non-US domiciled entities, and a Global investment strategy to invest in a mix of both US and non-US domiciled entities.

To execute these strategies, we may purchase exchange-listed securities, including American Depositary Receipts ("ADRs") and Exchange Traded Funds ("ETFs"), securities traded over-the-counter, securities issued by foreign issuers, warrants, corporate debt securities, certificates of deposits, municipal securities, mutual fund shares, United States government securities, and foreign bonds issued or guaranteed by foreign governments and international organizations.

International and Global investment strategies contain special risks and circumstances involved in investing in foreign securities, including but not limited to currency fluctuations, political and economic instability, and expropriation, confiscatory or withholding taxation practices of foreign governments. There may also be reduced availability of public information about issuers, including but not limited to less accounting and financial reporting. Foreign financial markets may be less liquid and more volatile and may be subject to less regulation than US markets. Investing in foreign markets may also involve settlement delays and higher commission and transaction costs.

An International Equity or Balanced Investment Strategy, and the non-US securities component of a Global Equity or Balanced Investment Strategy, are invested primarily in ADRs. The number of ADRs available with respect to a given country or region may not be representative of that country or region's proportionate share of the world securities market. Direct investments in some non-US securities may be prevented or made impractical by factors including federal, state or local country law or regulation. In addition, these strategies may not be diversified across industry sectors.

Trading in Client accounts may be long-term or short-term. Depending on the investment objective selected, and the level of customization involved, annual account turnover of an account may be minimal or substantial. PGAM does not guarantee the future performance of any investment strategy or any specific level of performance, the success of any investment recommendation or strategy, or the success of PGAM's overall management of a strategy. PGAM's investment recommendations are subject to various market, currency, economic, political and business risks. Past performance is not a guarantee of future results and our investment decisions and strategies will not always be profitable.

### **Item 9: Disciplinary Information**

There are no disclosable legal or disciplinary events associated with PGAM or its supervised personnel.

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

Adolf L. Herst is the Managing Member of First Princeton Asset Management, LLC, ("FPAM") which is the General Partner of First Princeton Partners, LP, ("First Princeton") is a limited investment partnership. Mr. Herst provides investment management services to First Princeton as well as Brett Shaver. Although the bulk of First Princeton assets are primarily friends and family, there are several existing clients of PGAM that also are invested in First Princeton.

In limited situations and in accordance with the client's investment objectives and mandates, PGAM may recommend the purchase of interests in First Princeton. As stated previously, First Princeton is provided investment management by PGAM's principals, Adolf Herst and Brett Shaver through an affiliated entity, FPAM. FPAM has complete discretion and authority to manage and direct the investments for First Princeton.

In order to address any real or perceived conflicts of interest, PGAM does not assess any advisory fees for those PGAM clients that invest in First Princeton. Furthermore, notwithstanding any grant of discretionary authority, PGAM will not exercise discretion in connection with its recommendation to any PGAM client to invest in First Princeton. Such clients will be provided full disclosure of all fees and expenses of First Princeton and will execute a separate subscription agreement.

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

PGAM enforces Compliance Policies and Procedures which include Insider Trading and Personal Trading Policies. These policies require pre-clearance procedures, and transaction, holdings and account monitoring that are designed to prevent potential conflicts of interest and the infringement of statutory and other rules relating to trading and similar activities. Each employee who makes investment recommendations or decisions for Clients, who participates in the determination of such recommendations or decisions, or who, in connection with their duties, obtains information concerning which securities are being purchased or sold or recommended for such action, must comply with the applicable requirements and restrictions of our Compliance Manual of Policies and Procedures.

Among other restrictions, our employees' personal trading may not be executed on the basis of information that is not generally available to the investing public. In addition, our employees are prohibited from trading securities which are under consideration for purchase or sale by PGAM's Investment Committee before the Committee's decision to purchase or sell the securities is made. These and other restrictions are designed and enforced in order to establish and maintain the primacy of our Clients' interests above all else.

PGAM's Code of Ethics is intended to reflect fiduciary principles that govern the conduct of PGAM Employees in general and in those situations where PGAM provides investment advice to Clients in particular. Our Compliance Manual consists of policies and procedures regarding several key areas:



standards of conduct and compliance with laws, rules and regulations, safeguarding Client and PGAM information and privacy, insider trading, personal securities trading, and our Code of Ethics.

PGAM maintains and enforces a Privacy Policy. PGAM respects our Clients' right to keep their personal information confidential and understands their desire to avoid unwanted solicitations. Unless compelled by a validly issued and enforceable subpoena or summons, PGAM will not disclose personal information about our Clients or former Clients to anyone without their authorization. We also restrict access to non-public personal information about our Clients to employees of our firm and other parties who must use that information to provide services to our Clients.

### **Item 12: Brokerage Practices**

PGAM may select brokers which provide us with research or other transaction-related services. However, PGAM does not participate in "soft-dollar" arrangements with any broker. That is, PGAM does not accumulate soft dollar credits with any broker, and any benefits PGAM may receive from any broker, such as obtaining research or any other goods or services, is not contingent upon any level of commission generation or trading activity.

PGAM recommends custodians and/or brokers that we reasonably believe will provide the best execution of services, including trading. PGAM generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions. In selecting brokers for a particular transaction, PGAM may consider all relevant factors, including the execution capabilities required by the transaction, the importance of speed, efficiency or confidentiality, familiarity with sources from whom or to whom particular securities might be purchased or sold, as well as any other relevant matter.

Consistent with obtaining best execution, transactions for a Client's account are directed to brokers that furnish PGAM with research or other services regardless of the amount of commissions and trade activity generated by the relationship between PGAM and the broker. Such research or other services benefit all of PGAM's Clients and brokerage commissions paid by a particular Client for a particular transaction do not benefit that particular Client but all of PGAM's Clients. PGAM may, in its discretion, cause a Client to pay brokers a commission greater than another qualified broker might charge to effect the same transaction where PGAM determines in good faith that the commission is reasonable in relation to the value of the brokerage services received.

It is also usual for custodians to provide certain products and services to investment advisers in order to facilitate the business between them. For example, custodians may provide PGAM with software for downloading information into our account management and accounting systems and submitting client trades. They may also provide us with services such as practice management and compliance assistance depending on the total value of Client assets held with the custodian. PGAM may also utilize any custodian's research products and services.

PGAM does not accept Client referrals from brokers or custodians in consideration for selecting brokers or custodians for services. PGAM may recommend custodians and/or brokers to Clients and Clients may designate their own if PGAM agrees.

It is usually anticipated that all or a significant amount of brokerage transactions for a Client's account will be placed through the custodian of the Client's account if the custodian is also the broker and the account is a retail brokerage account. In the event a Client directs PGAM to use a particular custodian and/or broker, it is made clear to the Client in writing that PGAM may not have the authority to negotiate commissions, obtain volume discounts, aggregate that Client's orders or ensure best execution, and that there may be a disparity in commission charges with other Clients.

Transactions for each Client generally will be effected independently on a rotational allocation basis. To the extent permitted by law, PGAM shall also be permitted to, but is not obligated to, combine trade orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among PGAM's Clients. Clients may experience differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transaction prices and costs are shared equally on a pro-rata basis between all accounts in any such combined trade order.

### **Item 13: Review of Accounts**

Under the direction of the Chief Investment Officer, members of the PGAM Investment Committee review select accounts on a daily basis for cash flows, security additions or withdrawals, trade settlement, corporate action processes, trading to model, and other account-appropriate operational processes. Selection of accounts is based on several factors such as its status of bringing the account to model or restrictions, account specific circumstances such as expected inflows or outflows of securities and/or cash, or any other circumstances unique to the account. All accounts are reviewed on a monthly basis for cash flows, security additions or withdrawals, trade settlement, corporate action processes, and trading to model.

They are reviewed on a quarterly basis for adherence to investment objective, asset allocation, stage of implementation of investment strategy, and other account-appropriate management requirements. The Chief Operating Officer is also responsible for monitoring accounts for cash flows, security additions or withdrawals, trade settlement, corporate action processes, and other account-appropriate operational processes. Unscheduled reviews are triggered by changes to a holding's fundamentals, or a Client's circumstances such health, employment, family, etc.

At a minimum, each PGAM Client receives on a quarterly basis a written report of account holdings, market value and advisory fees. Clients may also receive interpretive comments on investment positions and the general investment environment. Such reports and commentaries are always provided to Clients upon request. Clients may also receive transaction confirmations and monthly, or on another frequency, statements from brokers and their custodians.

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

PGAM is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. PGAM may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12, Brokerage Practice, see above.

PGAM currently has one contractual engagement with a solicitor. In the event PGAM receives any such referrals, these clients will receive a solicitor disclosure statement disclosing this referral arrangement and related conflicts.

### **Item 15: Custody**

PGAM does not maintain physical custody of client assets. All client assets are custodied with nationally recognized, SEC registered and FINRA member broker-dealer/custodians. Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian of the client accounts. PGAM provides a report summarizing account activity, positions and performance. Clients are advised that the custodian statement is the official record of their account(s) and PGAM's reporting is for informational purposes only.

PGAM is deemed to have custody of client funds solely because it has the ability to authorize the custodians to debit its Advisory Fee but otherwise PGAM has no ability to access client funds.

### **Item 16: Investment Discretion**

Clients usually grant PGAM discretionary trading authorization and appoint PGAM as agent and limited attorney-in-fact with respect to their accounts. However, Clients may impose investment restrictions or other special instructions as described in Item 4: Advisory Business. When necessary and appropriate, Clients agree to sign a "Limited Powers of Attorney" or "Trading Authorization" as may be required by their custodian and/or broker. Pursuant to such agreement(s), PGAM is authorized to purchase, sell, exchange and otherwise trade in the securities and other investments in the Client's account(s) and act on behalf of the Client in all other matters necessary or incidental to the handling of the Client's account.

### **Item 17: Voting Client Securities**

Generally, PGAM will not vote proxies of securities in Client accounts. If PGAM agrees to a Client's request for PGAM to vote proxies, PGAM will vote proxies in accordance with our Proxy Policy and Procedures. In general, PGAM will act prudently, taking into consideration those factors that may affect the value of the security, and will vote such proxies in a manner that, in our opinion, is in the best interest of the Client. Information about how PGAM voted proxies will be available to the Client upon request. PGAM will provide a copy of our Proxy Policy and Procedures upon request.

### **Item 18: Financial Information**

PGAM is not required to provide a balance sheet for our most recent fiscal year as we do not require or solicit prepayment of more than \$1,200 in fees per Client six months or more in advance