



Brochure

ADV – Part 2A

October 2023

This brochure provides information about the qualifications and business practices of Berkshire Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 610-376-6970 and/or support@berkshireadvisors.net.

The information in the brochure has not been approved or verified by the United States Securities and Exchange Commissions or by any state securities authority.

Additional information about Berkshire Advisors, Inc. also is available on the SEC's website at <https://adviserinfo.sec.gov/firm/summary/122389>

Registration does not imply a certain level of skill or training.

Berkshire Advisors, Inc.

Jay R. Kemmerer, Chief Compliance Officer, IAR

2240 Ridgewood Road, Suite 101, Wyomissing, PA 19610

610-376-6970 or 1-800-566-4325

www.BerkshireAdvisors.net

Material Changes

No material changes to our investment and or asset management philosophies.

Berkshire has transitioned over from a Pennsylvania State registered investment advisor to a Federal registered investment adviser with the SEC (Securities and Exchange Commission) pursuant to section 203(c) of the Investment Advisers Act of 1940 as of November 15, 2022.

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Item 1 Advisory Business

Berkshire Advisors, Inc. provides asset management, financial planning, and institutional asset management. Berkshire Advisors, Inc. will provide customized client portfolios, or one of Berkshire's asset allocation models based on each individual client's risk. Clients may impose restrictions on investing in certain types of securities.

Berkshire Advisors, Inc. utilizes third party qualitative and fundamental research in its investment decisions. Berkshire Advisors, Inc. may utilize individual stock, bonds, no load, and load waived mutual funds to create its client's portfolio management.

Berkshire Advisors, Inc. files as a Federal registered investment adviser with the SEC (Securities and Exchange Commission) pursuant to section 203(c) of the Investment Advisers Act of 1940 as of November 15, 2022.

Berkshire Advisors Principals and Investment Advisor Representative's ("IAR") are:

Jay R. Kemmerer – President & CEO, Chief Compliance Officer, Principal

- 34 years of financial experience
- Licensed to sell life insurance in the state of Pennsylvania.

Travis Speelman – Wealth Consultant

- 1 year of financial experience
- Focusing on Broad based Financial Planning, Retirement Planning and Education Retirement Programs

WEBSITE ADDRESSES

Berkshire Advisors, Inc. utilizes the following website addresses and social media platforms:

www.BerkshireAdvisors.net , www.JayKemmerer.com , Twitter, Facebook, Instagram, and LinkedIn.

DESCRIPTION OF THE BERKSHIRE ADVISORS' ASSET MANAGEMENT ACCOUNT PROGRAM

The Berkshire Advisors Asset Management Account Program offers clients an asset management account (hereinafter referred to as "Advisory Account") in which Berkshire Advisors, in its capacity as a registered investment advisor, assists clients in developing a personalized asset allocation program.

Advisory Accounts are designed primarily to assist clients in developing a custom-tailored portfolio of mutual fund shares (including no-load mutual funds and/or loaded funds purchased at net asset value), variable annuities, individual equity securities, individual fixed income securities or a combination of mutual fund shares, variable annuities (including no-load or low-load variable annuity contracts),

Berkshire Advisors will offer the Advisory Account to interested clients. Berkshire Advisors shall obtain the necessary financial data from the client, assist the client in determining the suitability of the Advisory Account and help the client set the appropriate investment objectives and strategies. Each client's Advisory Account will be opened pursuant to a written investment contract in which the client will authorize Berkshire Advisors to purchase and sell various financial instruments that includes no-load and load-waived mutual funds; variable annuity contract sub-accounts (hereinafter referred to collectively as "mutual funds"); individual equities; and individual fixed income securities on a discretionary basis. Berkshire Advisors can liquidate previously purchased mutual funds and other securities pursuant to the investment objectives chosen by the client.

Each client's Advisory Account will consist of a percentage mix of asset classes to assist the client in meeting their needs. The percentage weightings within the asset classes will be based on the client's risk profile, investment objectives, individual preferences, and availability. The portfolio can consist of individual equity securities, individual fixed income securities, and alternative investments including but not limited to: hedge funds, private equity funds, mezzanine funds, venture funds, REITs, REMICs, and privately placed debt and/or equity to achieve their investment objectives. The IARs manage accounts, which may include mutual fund shares, variable annuities, individual equity securities, individual fixed-income securities, or a combination thereof.

As of December 30, 2022, Berkshire Advisors, Inc. managed \$99,481,336.62 dollars of client assets under management on a discretionary basis.

Item 2. Fees, Compensation, and Services

Individual Advisory Services

The Advisory Account is available for individuals, small corporations, and small corporate retirement plans. Investment management fees will be paid according to Schedule A (see below). The minimum asset level required to participate in the Advisory Account is normally \$250,000.00, and the minimum for subsequent investments is normally \$1,000.00. However, at its discretion, Berkshire Advisors may open accounts with less. Accounts opened with less than \$250,000.00 will normally follow the same fee schedule as clients with less than \$500,000.00, subject to negotiation at Berkshire's option.

Institutional, Union and High Net Worth Clients.

Berkshire Advisors can engage institutions, unions, non-profit organizations, and high net worth clients. The Advisors minimum asset level normally available for high net worth separate accounts is \$1 Million. Institutional, union, non-profit, etc. is \$5 Million. However, at its discretion, Berkshire Advisors may open accounts with less. Fee will be paid according to Schedule B with subsequent payments at \$250,000.00. Participants will pay an annualized investment advisory fee in accordance with the schedule below.

Individual Retirement Accounts and IRA Rollovers

Berkshire Advisors will act and disclose our fiduciary capacity as it relates to IRA assets and other retirement accounts and plans. We will include considerations of the retirement client's alternatives, consideration of fees and expenses, consideration of service and investment available in each plan, for the current and proposed plan. In the case of a rollover from another IRA from a commission-based account to a level fee arrangement, we will provide reasons that the arrangement is in the client's best interest, including the services provided for the fee.

* SCHEDULE A

Individual Advisory Services

<u>Account Size</u>	<u>Management Fee</u>
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\$ 250,000 – 499,999	1.25% – 1.50%
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\$ 500,000 – 999,999	1.00% – 1.55%
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Established	
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*For Accounts established after March 31, 2017.

*SCHEDULE B

Institutional, Union, High Net Worth Clients

	<u>Account Size</u>	<u>Management Fee</u>
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First	\$ 2,000,000	1.00%
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Next	\$ 3,000,000	.75%
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Next	\$ 5,000,000	.60%
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Over	\$10,000,000	.50%
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The Annual Account fee is computed and payable in advance as one or three twelfth(s) of the Annual Fee percentage based on the account balance on the last business day of the month or quarter whichever is applicable. The initial fee will be prorated, and the remainder of the months will be billed at the standard fee. Additional deposits of funds and/or securities will be subject to the same billing procedures. The maximum Annual Fee is negotiable by account value and account type. Other methods of fee (flat fee) calculation may be possible depending on client circumstances and account size. Combined family and or related accounts totaling in excess of 10 million dollars may be considered for a flat negotiated monthly fee versus a percentage under management fee. This structure must be agreed upon by both client and Berkshire Advisors. Client authorizes BAI's custodian, Charles Schwab to deduct fees from their accounts. Clients shall pay the Company the fees set forth in Schedule B hereto. Compensation of the Company for its services hereunder shall be billed monthly, at the end of each calendar month and withdrawn directly from the agreed upon account by Charles Schwab. Schedule B may be amended from time to time by the Company upon thirty (30) days prior written notice to Client.

(For accounts opened prior to the third quarter of 1999): The Annual Account Fee is computed and payable monthly in advance as one month of the Annual Fee percentage of the average daily market value of the assets during the previous month. The account size shall be calculated by SCHWAB or Berkshire Advisors on or about the last business day of each month by determining the average fair market value of the securities held in the account during the preceding month. The initial monthly fee will be prorated, and the remainder of the months will be billed at the standard fee. Additional deposits of funds and/or securities will be subject to the same billing procedures. The maximum Annual Fee is negotiable by account value and type.

The annual Fee for accounts with check-writing privileges will be computed based on the account balance on the last business day of the previous month (see above), regardless of when the account was opened. The Account will also be assessed any and all transaction charges (hereinafter referred to as "Transaction Charges") related to activity in the Account. Such Transaction Charges shall be in accordance with Berkshire Advisors then-current transaction fee schedule. A copy of such fee schedule will be provided to the client by Berkshire Advisors at the time the account is opened and at any other time thereafter upon the client's request. BAI does not receive commissions from security transactions in connection with advisory services.

However, Mr. Kemmerer can receive commissions from the broker-dealer, Purshe Kaplan Sterling Investments relating to insurance sales (such as variable annuities).

Transaction charges for mutual fund and equity/bond trades are paid for by client per the SCHWAB Pricing Guide. (See Charles Schwab Pricing Guide.) BAI receives no commission compensation from those security transaction charges.

Financial Planning Services:

Berkshire Advisors may provide financial planning/consulting services relating to general securities advice on topics including, but not limited to; financial organization, cash flow analysis, education funding analysis, insurance needs and policy analysis, income tax planning, investment analysis, financial independence analysis, estate planning coordination and analysis, business and/or retirement plan analysis, employee benefit analysis. Berkshire Advisors can, at BAI's option, utilize a computer-generated program(s) that is offered by certain third-party software vendors for financial analysis to provide general guidance toward accomplishing a stated investment goal. The analysis will only provide generic recommendations and shall not make recommendations for specifically named investments. Generic recommendations utilized will be based on Berkshire Personalized Portfolios – A Disciplined Allocation Process. Below is a description of our financial planning process:

1. **Financial Organization**-Through interviews, review of documents and data collected by the Advisor during in-person meetings with the Client, Advisor will develop the following reports for Client:

- ☐ Statement of Goals & Objectives.
- ☐ Personal balance sheet.
- ☐ Detailed summary of assets and liabilities including ownership designation.
- ☐ Establish a Risk Tolerance via Questionnaire

2. **Cash Flow Analysis**-Advisor will analyze Client's current income and expenses (including income taxes) and recommend a specific course of action with regard to the appropriate savings necessary to fund Client's various financial objectives.

3. **Education Funding Analysis**-Advisor will utilize educational funding computer models in order to determine the amount of savings required to meet Client's goal of funding private school, college and/or graduate school tuition for his or her children and/or grandchildren.

4. **Insurance Needs and Policy Analysis**-Advisor will evaluate Client's insurance needs, including health, life, disability, property/casualty, long term care or other types of insurance and will analyze the ability of Client's current insurance coverage to meet Client's goals in this area. With respect to life insurance, Advisor will determine the dollar amount and type of insurance policy needed to meet the Client's goals and, if appropriate, coordinate with Client's life insurance provider to implement changes in Client's current insurance coverage. If appropriate, Advisor will coordinate Client's life insurance policy with Client's estate plan.

5. **Income Tax Planning**-Advisor will coordinate with Client's accountant and/or tax advisor regarding the projection of the Client's estimated tax liability, withholdings, estimated quarterly payments, etc.

6. **Portfolio Review Investment and Risk Analysis**-Advisor will evaluate the Client's investment goals, concerns, risk profile, current investment portfolio allocations and determine the ability of Client's current strategy to meet Client's goals in that area. Advisor will prepare an asset allocation analysis of Client's current investment portfolio and at the discretion of the advisor create an Investment Policy Statement, which will incorporate the parameters and constraints

that govern the management of the Client's investment portfolio. Advisor will make recommendations and coordinate the implementation of changes made to Client's portfolio needed to meet Client's goals.

7. **Financial Independence Analysis**-Advisor will utilize actuarial-based computer models or Excell Spreadsheets and models to analyze additional savings and investments by Client necessary to achieve his or her financial independence goals. Advisor also will analyze the sensitivity of Client's goals to various rates of return and, if appropriate, assist with coordination of Client's savings plan, asset allocation and investment strategy recommended by Advisor.

8. **Estate Planning Coordination and Analysis**-Advisor will coordinate with Clients estate planning attorney in order to develop and implement a comprehensive estate plan. This plan may involve the implementation of wills, revocable living trusts, irrevocable life insurance trusts, family limited partnerships, durable powers of attorney, health care powers of attorney and other estate planning techniques. This type of planning normally requires significant involvement of Client's attorney and accountant to assure optimal implementation of the plan.

9. **Business and/or Retirement Plan Analysis**-For business employer/owners, Advisor will assist in the development and method of funding an employees' retirement plan. Advisor will also assist a business owner in evaluating the internal costs of their current 401K or retirement provider, to determine internal costs, expenses type and variety of funds, be it passive or active and if applicable will benchmark their plan against other plans in their industry. Buy-sell agreement or other business arrangement in order to meet Client's business and personal financial goals upon retirement. This type of planning normally requires significant involvement of Client's attorney, CPA, accountant, and other M&A Professional to insure optimal implementation of the plan.

10. **Employee Benefit Analysis**-For corporate executive clients, Advisor will analyze available savings plans, stock options, restrictive stock agreements, retirement plans and other employee benefits. Advisor will also develop strategies to utilize these programs to the maximum extent possible in achieving Client's financial goals and will coordinate these employee benefits with Client's overall asset allocation and investment strategy.

11. **Employee 401K Consulting**-Advisor will assist an employee with their employer 401K with fund selection, based upon their Risk Analysis/Profile. Upon completion of the Risk Profile, the advisor will discuss allocation modification as needed. Employee will implement the recommended changes. An annual update will be performed with client using an updated Risk Tolerance Profile. A flat fee of \$500.00 will be charged for this consultation, Advisor, throughout the year, will be available at any time to address any future questions or allocation modifications.

Educational workshops may be provided to non-profit organizations normally on a non-fee basis. Information provided will normally be client approved, educational information and not product specific. Otherwise, an hourly rate may apply. The hourly rate will be \$250.00 per hour unless negotiated differently based on time and place requested by client.

Fees:

Fees are billed at an hourly rate, which may be changed from time to time and/or adjusted to accommodate a particular client's individual circumstances. Fees are billed at the individual IAR's specific rate schedule and are paid in full when services are rendered. Fees may be negotiable; however, in no event shall the fees for this service exceed \$250/hour. The extent of this agreement does not extend beyond the agreed upon services mentioned in said agreement. The client may cancel the consulting agreement in writing within five (5) business days of execution without penalty if the client did not receive Berkshire Advisors' complete ADV brochure and Form CRS at least forty-eight (48) hours prior to execution of such agreement.

Upon the termination of an investment advisory agreement between Berkshire Advisors and a client, any unpaid fees that have been earned by Berkshire Advisors shall be paid within fifteen (15) days of the termination of the agreement. Unearned prepaid fees shall be refunded to the client upon termination for any reason. There is no provision for refunds for work, which has already been performed.

Jay R. Kemmerer, CEO of Berkshire Advisors, serves as an Office of Supervisory Jurisdiction ("OSJ," which is a branch office) manager for the registered representatives of Purshe Kaplan Sterling Investments, located at 80 State Street, Albany, NY 12207.

Berkshire Advisors, Inc.'s relationship with Purshe Kaplan Sterling Investments may be deemed material but they are not related persons. Berkshire Advisors, Inc. has no ownership structure with Purshe Kaplan Sterling Investments. SCHWAB and Purshe Kaplan Sterling are not subsidiaries or holding companies of BAI. Purshe Kaplan Sterling Investments is not a party to the BAI's investment advisory primary business of providing investment advisory services. Purshe Kaplan Sterling Investments is not involved or has any supervisory jurisdiction or management direction in BAI or in any aspects of the business, such as financial planning, investment selection, due diligence, etc.

Purshe Kaplan Sterling Investments registered personnel can receive commissions and 12b1 fees from investments purchased in retail brokerage client accounts and not BAI advisory client accounts, through the Purshe Kaplan Sterling Investments broker dealer, from various open-end mutual funds, stocks, bonds, ETFs and fixed and variable annuities. All open-end mutual funds are sold via prospectus and are fully disclosed to client prior to purchase.

Currently, Jay R. Kemmerer is a registered representative and branch office manager of Purshe Kaplan Sterling Investments.

Berkshire Advisors has implemented policies to maintain physical, electronic and procedural safeguards to protect the confidentiality of the client. Access to personal information is available only to those people who need to know personally identifiable information in order to service financial interests. Should the client's relationship with Berkshire Advisors terminate, Berkshire Advisors will continue to follow the privacy policies described in this notice to the extent that we retain such information. If we no longer need to retain that information, we will dispose of it in a secure manner.

Item 3 Performance-Based Fees and Side-By-Side Management

At this time, Berkshire Advisors, Inc. does not accept performance-based fees and side-by-side management.

Item 4 Types of *Clients*

Berkshire Advisors, Inc. provides investment advice to:

- Individuals
- Banks or thrift institutions
- Investment companies
- Retirement plans and profit-sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

Berkshire Advisors normally requires two hundred fifty thousand dollars (\$250,000) minimum investment in its Advisory Accounts. However, at its discretion, Berkshire Advisors may open and maintain accounts with less.

Item 5 Methods of Analysis, Investment Strategies and Risk of Loss

Berkshire Advisors conducts a review of the services and advisory disclosures. This analysis may include a review of the following characteristics: ownership, asset selection methodology, investment selection methodology, past performance, disclosure reporting and research capabilities. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Berkshire Advisors utilizes fundamental, quantitative and third-party research when developing an asset allocation model for its fee-based clients.

Berkshire Advisors sources of research information may include but is not limited to Charles Schwab, Argus, Morningstar, Credit Suisse, JP Morgan, and Ned Davis.

Securities investments are not guaranteed, and the risk of potential loss of principle. We ask that you work with us to help us understand your tolerance for risk. All investments, including Berkshire Advisors personalized portfolio allocations used involve risk and potential loss of principal. The funds and/or allocation models used may not achieve their risk objective or investment objective. Berkshire Advisor Management looks at the experience and track record of the manager of the mutual fund or

ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio. When redeemed, shares may be worth more or less than their original value. Investors should consider the investment objectives, risks, charges and expenses of any security carefully before investing.

Investments in debt instruments may decline in value as the result of declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other interest rate market conditions.

Investments in foreign markets can involve greater risk and volatility than U.S. investments because of adverse market, economic, industry, political, regulatory, geo-political or other conditions. Geopolitical and other events (e.g., war or terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of an account's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs such as oil may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of an account's investments. War, terrorism and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets.

Berkshire Advisors relies heavily on the services of certain key employees and would likely be impacted if the services of certain key employees were not available.

Item 6 Disciplinary Information

Berkshire Advisors, Inc. has never had a criminal or civil action in a domestic, foreign or military court.

Berkshire Advisors, Inc. was never convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses.

Berkshire Advisors, Inc. has never been the named subject of a pending criminal proceeding that involves an

investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

Berkshire Advisors, Inc. was never the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Berkshire Advisors, Inc. was never found to have caused an investment-related business to lose its authorization to do business.

Item 7 Other Financial Industry Activities and Affiliations

Berkshire Advisors, Inc. also employs registered representatives of Purshe Kaplan Sterling Investments who can earn commissions from surety trading that includes but not limited to stock, bonds, mutual funds, life insurance and limited partnership sales. These activities are conducted through Purshe Kaplan Sterling Investments, located at 80 State Street, Albany, NY 12207. All commissions are fully disclosed.

Jay R. Kemmerer has executed selling agreements with various investment companies through Purshe Kaplan Sterling Investments and variable annuity companies, and therefore, may be deemed to have an arrangement that is material to its advisory business with those investment companies.

Berkshire Advisors' Registered Representatives clear all commission-based security activity through Purshe Kaplan Sterling Investments, a Financial Industry Regulatory Authority ("FINRA") registered broker-dealer since 1989. Purshe Kaplan Sterling Investments has a fully disclosed clearing arrangement with National Financial Service Corporation.

Berkshire Advisors, Inc.'s relationship with Purshe Kaplan Sterling Investments may be deemed material but they are not related persons. Berkshire Advisors, Inc. is not affiliated with Purshe Kaplan Sterling Investments. SCHWAB and Purshe Kaplan Sterling Investments are not affiliated companies of BAI. Purshe Kaplan Sterling Investments is not a party to involved or supervises BAI's investment advisory business, including BIA's business operations, or advisory services offered by BAI such as financial planning, investment selection, due diligence, etc.

Purshe Kaplan Sterling Investments registered representatives may receive commissions and service fees from the retail products they sell. All fees and commissions are disclosed to retail clients.

Jay R. Kemmerer is licensed to sell life insurance in the Commonwealth of Pennsylvania.

The Purshe Kaplan Sterling Investments relationship could be deemed a conflict of interest. Berkshire Advisors, Inc. fully discloses and fully informs verbally and via engagement documents with the client. When a client is engaged with BAI in an investment advisory relationship on a fee basis, the client will usually have Charles Schwab & Co. as their custodian, and not on a commission basis through Purshe Kaplan Sterling Investments.

Item 8 Code of Ethics, Participation of Interest in Client Transactions and Personal Trading

Berkshire Advisors, Inc. has adopted a Code of Ethics under the Investment Advisors Act of 1940, as amended, which state:

This code is intended to establish policies and procedures reasonably designed to ensure that Advisory access personnel do not:

- Use any information concerning the investments or investment intentions of the Company, or his or her ability to influence such investment related information, for personal gain or in a manner detrimental to the interests of the Company; and,
- Engage in activities that result in a conflict of interest, or apparent conflict of interest, between such persons and the Company.

This Code of Ethics acknowledges, supports and is designed to enforce the general principles that persons affiliated or employed with BAI:

- Owe fiduciary obligations to the BAI and our clients;
- Must at all times to place the interests of Company shareholders and BAI clients before their own personal interests;
- Must at all times conduct all their personal securities transactions so as to avoid any actual or potential conflict of interest or abuse of such person's position of Company and responsibility; and,
- Never take inappropriate advantage of their positions in relation to the Company.

BAI or related persons may buy or sell securities that are also recommended to advisory clients.

Berkshire Advisors, Inc. will provide a copy of its Code to any client or prospective client upon request.

Item 9 Brokerage Practices

Berkshire Advisors, Inc. currently recommends Charles Schwab & Co. Inc. as their broker-dealer and custodian for their investment advisory fee-based client transactions. Berkshire Advisors, Inc. has found Charles Schwab to be highly competitive with their client services, fees, technology and favorable execution, financial strength, reputation, execution abilities and pricing provided for the servicing of their clients. A client may pay a commission fee that is higher than other qualified broker-dealer might charge to effect the same or similar transaction. BAI anticipates that SCHWAB will execute almost all client transactions and BAI does not anticipate any "trading away" of client transactions. SCHWAB generally does not charge you separately for custody services but is compensated by charging client accounts commissions on trades that SCHWAB executes, and other fees associated with maintaining a SCHWAB brokerage account. BAI does not

receive or share in commission dollars.

BAI has full discretionary authority to manage the Advisory Accounts, including authority to make decisions with respect to which securities are bought and sold with and without prior consultation with the client, the amount and price of those securities. BAI's authority is limited by its own internal policies, procedures and the client's investment objectives and strategies and if applicable, the Advisory Account's investment management guidelines or restrictions. BAI has the ability to combine or "bunch" client transactions, but is not obligated to do so, when BAI believes it would be in the client's best interest to do so.

Berkshire Advisors, Inc. does not receive any monetary reimbursement from Charles Schwab or Purshe Kaplan Sterling Investments. However, registered representatives of Purshe Kaplan Sterling receive commissions and other broker-dealer related revenue that is not part of BAI's advisory business operations.

Berkshire Advisors, Inc. receives proprietary research, at no cost to themselves or clients. Berkshire Advisors, Inc. utilizes third party vendor research from companies such as Argus, Ned Davis, Reuters, Credit Suisse, Morningstar, Charles Schwab and National Financial.

Item 10 Review of Accounts

Jay R. Kemmerer, Chief Compliance Officer of Berkshire Advisors, Inc. reviews accounts with clients to help monitor the consistency with fair and ethical practices. The frequency of these reviews is based upon the level of client participation. Reviews are conducted by appropriate members of the Berkshire Advisors Inc. Home Office Staff.

The Chief Compliance Officer also conducts regular meetings with other IAR's of the firm and reviews IAR trades for client's accounts to assure the trades are suitable based on the client's goals and objectives.

The client and the IAR review periodically the Advisory Account portfolio and the underlying securities. The review consists of a discussion of the Advisory Account's performance and the client's current circumstances. Appropriate changes made at this time include rebalancing and/or reallocation. The RIA and/or IAR's are available to consult with the client concerning the Advisory Account which is normally on a quarterly, semi-annually, or annual basis, at the client's reasonable request.

In addition, Berkshire Advisors, Inc. will request a Risk Analysis Update, or Review Request on a Semi-Annual basis (normally in January and June) in order to coordinate any client risk or circumstance changes.

Item 11 Client Referrals and Other Compensation

Berkshire Advisors Inc. could compensate persons directly for client referrals via a written solicitation arrangement. Often times these referrals will come from professionals (e.g. attorneys and accountants). Berkshire is aware of the special considerations promulgated under Section 206(4)-3 on the Investment Advisers Act of 1940. Disclosures shall be made, including the nature of the arrangement and the amount of any compensation provided. In addition, any further disclosures required by Federal, or State statutes, regulations or rules will be provided.

At this time, Berkshire Advisors Inc. does not have any solicitation arrangements.

Item 12 Custody

BAI is deemed to have limited custody solely because advisory fees are directly deducted from client's account by the custodian on behalf of BAI.

All client accounts are custodied with Charles Schwab or another qualified custodian. This custodian will send monthly account statements directly to our clients.

Prior to having fees deducted by the qualified custodian, Berkshire Advisors, Inc. will:

- Possess written authorization from the client to deduct advisor fees from an account held by a qualified custodian;
- Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account; and,
- Fees are disclosed on the monthly account statements sent directly to the clients from Charles Schwab or another qualified custodian.

Item 13 Investment Discretion

Berkshire Advisor's investment advisory services may include the discretionary management of investment portfolios and consulting for individuals, investment limited partnerships, pension and profit-sharing plans, trusts, estates, charitable organizations, and business entities in accordance with the investment objective(s) of the client. Berkshire Advisors may provide consulting services on investment-related matters for which Berkshire Advisors may or may not receive additional compensation, as further discussed below.

Berkshire Advisors also may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In so doing, Berkshire Advisors either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued

the variable life/annuity product, which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

Item 14 Voting Client Securities

A proxy on any security represents an important right of ownership for every shareholder in that it is an investment decision with economic implications. Our clients have a right to exercise this right or delegate this to Berkshire Advisors. It is our policy not to vote client proxies without a separate proxy agreement for us to be engaged in that capacity. Berkshire Advisors may from time to time provide clients with advice about voting proxies themselves. If a client chooses to vote proxies, all relevant information will be sent to the client.

Proxies voted by Berkshire Advisors will be handled in a consistent manner to insure that all proxies are voted in favor of the shareholder's interests and plan participant's interest in ERISA related accounts.

The following is our proxy policy.

Publicly Traded Securities

Generally, we support the board of directors' implicit approval in the initial decision to retain or invest in an issuer's security and will generally support their existing articles of incorporation, the issuer's management and their operations. Accordingly, proxy proposals which would change the existing structure of a corporation, will be reviewed carefully, and supported only when it seems clear that the proposed changes are likely to benefit the corporation and its shareholders. Notwithstanding this favorable predisposition, management will be assessed on an ongoing basis both in terms of its business capability and its dedication to the shareholders to ensure that our continue confidence remains warranted. If it is determined that management is acting on its own behalf instead of for the well-being of the corporation and shareholders, we will vote to support the shareholder.

Voting Guidelines

Routine Matters

Routine Proxy proposals are usually proposed by management and usually meet the following criteria:

1. They do not measurably change the structure, management control, or operation of the corporation.
2. They are consistent with industry standards, as well as, the corporate laws of the state of incorporation.

Voting Recommendations

Berkshire Advisors will normally support the following routine proposals.

1. The increase authorized common shares.
2. To increase authorized preferred shares as long as there are not disproportionate voting rights per preferred share.
3. To elect or re-elect directors.
4. To appoint or elect auditors.
5. To approve indemnification of directors and limitations of directors' liability.
6. To establish compensation levels.
7. To establish employee stock purchase or ownership plans.
8. To set time and location of annual meeting.

Social Issues

Typically, proposals in this category involve issues of social conscience that are put forth by shareholders who feel the internal adopted corporate policies are ill advised or misguided.

Voting Recommendations

If our research had determined that management is generally socially responsible, we will generally vote against the following shareholders proposals:

1. To enforce restrictive energy policies.
2. To place arbitrary restrictions on military contracting.
3. To bar or place arbitrary restrictions on trade with other countries.
4. To limit corporate political activities.
5. To bar or restrict charitable contributions.
6. To restrict the marketing of controversial products.
7. To enforce a general policy regarding human rights based on arbitrary parameters.
8. To enforce a general policy regarding employment practices based on arbitrary parameters.
9. To enforce a general policy regarding animal rights based on arbitrary parameters.
10. To place arbitrary restrictions on environmental practices.

Financial/Corporate Issues

Proxy proposals in this category are usually offered by management and seek to change a corporation's legal, business, or financial structure.

Voting Recommendation

We generally vote in favor of the following management proposals provided the position of current shareholders is preserved or enhanced:

1. To change the state of incorporation.
2. To approve mergers, acquisitions, dissolution.
3. To institute indenture changes.
4. To change capitalization.

Shareholder Rights

Both management and shareholders make proposals in this category and generally involve issues, which transfer or realign Board or Shareholder voting power. Based on the general nature of proposals in this category, we should oppose any proposal aimed at thwarting potential takeover offers by requiring, for example, super majority approval. Although we believe stability and continuity promote profitability, we also believe that any proposal in this category must be carefully assessed in the context of their particular circumstances.

Voting Recommendations

We will generally vote for the following management proposals:

1. To require majority approval of shareholders in acquisitions of a controlling share in the corporation;
2. To institute staggered board of directors;
3. To require shareholder approval of not more than 66 2/3% for a proposed amendment of the corporation's by-laws;
4. To eliminate cumulative voting.
5. To adopt anti-greenmail charter or by-law amendments or to otherwise restrict a company's ability to make greenmail payments.
6. To create a dividend reinvestment program.
7. To eliminate preemptive rights.
8. To eliminate any other plan or procedure designed primarily to discourage a takeover or other similar action (commonly known as a "poison pill").

Item 15 Financial Information

Berkshire Advisors, Inc. does have discretionary authority of client funds or securities. We do not require or solicit prepayment of more than \$1,200 in investment management fees per client or six months or more in advance.

No financial condition will impair the ability to meet contractual commitments to clients.

Berkshire's Personalized Portfolios

A Disciplined Allocation Process



- 5% - Large Cap Growth
- 11% - Large Cap Value
- 0% - Mid Cap Equities
- 0% - Small Cap Equities
- 5% - International Equities
- 0% - Emerging Markets
- 10% - Long Term Bonds
- 16% - Inter Term Bonds
- 30% - Short Term Bonds
- 4% - High Yield Bonds
- 0% - International Bonds
- 19% - Short Term Reserves

Berkshire Conservative Portfolio

Investment Objective: The Portfolio seeks to provide income with some growth potential.

Investment Target:

21% Equity 60% Bonds 19% Short Term Reserves
5-15% Alternative Investment Class Consideration Not Reflected



- 8% - Large Cap Growth
- 14% - Large Cap Value
- 6% - Mid Cap Equities
- 3% - Small Cap Equities
- 11% - International Equities
- 0% - Emerging Markets
- 8% - Long Term Bonds
- 13% - Inter Term Bonds
- 19% - Short Term Bonds
- 3% - High Yield Bonds
- 3% - International Bonds
- 12% - Short Term Reserves

Berkshire Balanced Portfolio

Investment Objective: The Portfolio seeks to provide growth of capital and current income.

Investment Target:

42% Equity 46% Bonds 12% Short Term Reserves
5-15% Alternative Investment Class Consideration Not Reflected



- 12% - Large Cap Growth
- 19% - Large Cap Value
- 8% - Mid Cap Equities
- 5% - Small Cap Equities
- 13% - International Equities
- 3% - Emerging Markets
- 6% - Long Term Bonds
- 10% - Inter Term Bonds
- 13% - Short Term Bonds
- 3% - High Yield Bonds
- 3% - International Bonds
- 5% - Short Term Reserves

Berkshire Moderate Portfolio

Investment Objective: The Portfolio seeks to provide growth of capital and a low to moderate level of current income.

Investment Target:

60% Equity 35% Bonds 5% Short Term Reserves
5-15% Alternative Investment Class Consideration Not Reflected



- 17% - Large Cap Growth
- 22% - Large Cap Value
- 10% - Mid Cap Equities
- 7% - Small Cap Equities
- 18% - International Equities
- 4% - Emerging Markets
- 4% - Long Term Bonds
- 7% - Inter Term Bonds
- 8% - Short Term Bonds
- 0% - High Yield Bonds
- 3% - International Bonds
- 0% - Short Term Reserves

Berkshire Moderate Growth Portfolio

Investment Objective: The Portfolio seeks to provide growth of capital and some current income.

Investment Target:

78% Equity 22% Bonds 0% Short Term Reserves
5-15% Alternative Investment Class Consideration Not Reflected



- 19% - Large Cap Growth
- 24% - Large Cap Value
- 13% - Mid Cap Equities
- 11% - Small Cap Equities
- 23% - International Equities
- 5% - Emerging Markets
- 0% - Long Term Bonds
- 5% - Inter Term Bonds
- 0% - Short Term Bonds
- 0% - High Yield Bonds
- 0% - International Bonds
- 0% - Short Term Reserves

Berkshire Aggressive Growth Portfolio

Investment Objective: The Portfolio seeks to provide growth of capital.

Investment Target:

95% Equity 5% Bonds 0% Short Term Reserves
5-15% Alternative Investment Class Consideration Not Reflected