



## **FORM ADV FIRM BROCHURE**

### **PART 2A**

### **PART 2B BROCHURE SUPPLEMENT**

*YEAR ENDING 12/31/2012*

## **WATERMARK ASSET MANAGEMENT, INC.**

*2010 CROW CANYON PLACE  
SUITE. 210  
SAN RAMON, CA 94583*

**TELEPHONE: 925-648-4730**

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This brochure provides information about the qualifications and business practices of Watermark Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 925-648-4730, or [advisors@watermarkasset.com](mailto:advisors@watermarkasset.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 Watermark Asset Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 108407.

**September 1, 2013**

## **ITEM 2 MATERIAL CHANGES**

This Firm Brochure, dated September 1, 2013, is our disclosure document, prepared according to the SEC's requirements and rules.

### **ANNUAL UPDATE AND MATERIAL CHANGES**

This section is used to provide our clients with a summary of new and or updated information. We will inform you of any revisions based on the nature of updated information. We will also reference the date of our last annual update.

### **MATERIAL CHANGES**

In compliance with SEC regulations, Watermark Asset Management, Inc., would like to highlight the following material change since our previous filing on March, 28, 2013. Watermark has added Pershing Advisor Solutions (PAS) LLC of One Pershing Plaza, 95 Christopher Columbus Drive, Jersey City, New Jersey 07399, a FINRA registered broker-dealer, member SIPC as an additional custodial platform for Watermark clients. Although Watermark Asset Management may recommend/require that clients establish accounts at PAS, it is the client's decision to custody assets with Pershing Advisor Solutions LLC. Watermark Asset Management is independently owned and operated and not affiliated with PAS.

On September 5, 2013 Ted Lew joined our staff as an investment advisor. Additional information concerning Ted's background is available on Form ADV Part 2B Supplement, included in this update.

### **HOW TO OBTAIN A COPY**

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

You may request a complete copy of our brochure by contacting Watermark Asset Management, Inc. at 925-648-4730, or by visiting our website at [www.watermarkasset.com](http://www.watermarkasset.com) or by searching the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### ITEM 3      TABLE OF CONTENTS

ITEM 1 COVER PAGE .....	1
ITEM 2 MATERIAL CHANGES .....	2
ITEM 3 TABLE OF CONTENTS.....	3
ITEM 4 ADVISORY BUSINESS .....	4
ITEM 5 FEES AND COMPENSATION.....	6
ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	8
ITEM 7 TYPES OF CLIENTS.....	9
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....	9
ITEM 9 DISCIPLINARY INFORMATION .....	10
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	11
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	11
ITEM 12 BROKERAGE PRACTICES.....	12
ITEM 13 REVIEW OF ACCOUNTS.....	14
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION .....	15
ITEM 15 CUSTODY .....	15
ITEM 16 INVESTMENT DISCRETION.....	16
ITEM 17 VOTING CLIENT PROXIES .....	16
ITEM 18 FINANCIAL INFORMATION .....	16
<b>FORM ADV PART 2B BROCHURE SUPPLEMENT .....</b>	<b>18-25</b>

## **ITEM 4     ADVISORY BUSINESS**

Watermark Asset Management, Inc. is an independent registered investment advisory firm. Established in 1997, we are a fee only practice serving investors seeking professional advice. We value the relationships we share with our clients. As personal advisors, we know our clients and can recommend investments that fit individual needs.

Our firm is owned by our principals:

Mark I Miller, Barbara L Miller:	25% but less than 50% ownership
Eric T Lai:	less than 10% ownership

## **PORTFOLIO MANAGEMENT**

Investment management is a relationship business. Investment management involves working with a professional who will collaborate with you on the planning and work needed to secure your financial future. From our perspective, the first step toward establishing a good relationship is to know our client. That means gathering personal and financial information, identifying your needs and constraints, and establishing realistic long term goals. From your perspective, it means being comfortable with the individuals you are working with and confident in the integrity of the firm.

Next we mutually define expectations. Together, we develop a frame of reference regarding investment performance. Investment returns should be based on your requirements, not necessarily the performance of a stock market index. We clearly communicate our investment philosophy. Then, we develop an investment objective and formalize it as an investment policy.

With clear objectives and expectations, we manage your money. Portfolios, designed using Modern Portfolio Theory, accommodate your tax situation, tolerance for risk, and short and long term objectives. Individual investments face several screens including long term performance and style consistency. We invest in a variety of financial instruments including exchange-traded and no load mutual funds, and always seek to use the lowest cost class of shares available, preferring institutional funds to retail shares. We are not affiliated with a brokerage firm, insurance company or mutual fund provider and are able to develop portfolios using a best-in-class approach. Strategies involving various types of fixed income securities, equities, options, private placements and structured notes may be utilized as appropriate for various client portfolios. Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives,

tolerance for risk, liquidity and suitability.

Once we have your agreement, Watermark implements the investment strategy. We manage accounts on a discretionary basis. Clients may impose reasonable restrictions on investing in certain securities, types of securities or industry sectors. Changes are made to the portfolio when market conditions warrant and when allocations are no longer appropriate to your changing objectives. We review and report on portfolios on an ongoing basis with clients receiving paper or electronic reports at least quarterly.

## **ASSETS UNDER MANAGEMENT**

As of December 31, 2012, Watermark Asset Management, Inc. had approximately \$216,500,000 under discretionary management representing 345 clients and 930 investment accounts.

## **FINANCIAL PLANNING**

Financial planning examines investments within the context of a client's total financial profile. With the client's authorization Watermark may at times, consult with CPA firms, attorneys, insurance agents/brokers and other financial professionals in preparation of the client's financial plan. A comprehensive financial plan looks to the future in the areas of retirement, college funding, wealth transfer, tax planning and insurance. The client's financial plan becomes a living document designed to provide direction toward achieving agreed upon goals. Financial plans are designed for Watermark clients in conjunction with the development of portfolio management strategies.

Watermark may provide comprehensive financial planning services to certain clients on a stand-alone hourly basis, separate from portfolio management. Clients purchasing this service receive a written report providing them with a detailed financial plan designed to assist them in achieving their financial goals and objectives. Should the client choose to implement the recommendations contained in the plan, we suggest he or she work directly with his or her attorney, accountant, insurance agent and other professionals. Implementation of the financial plan is at the client's discretion. Neither Watermark Asset Management, Inc., nor its affiliated persons receive fees or other compensation from the sale of securities or other products or services recommended in the financial plan.

## ITEM 5 FEES AND COMPENSATION

### PORTFOLIO MANAGEMENT

Our annual fee for investment management is based upon a percentage of assets under management. Accounts are invoiced quarterly, in arrears, with fees debited directly through the custodians. Invoices are calculated according to the following schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
The first \$1,000,000	1.00%
Next \$1,000,000	0.50%
Above \$2,000,000	0.25%

Although Watermark Asset Management, Inc. has an established fee schedule, we retain the ability to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are to be considered in determining the fee schedule. These include the complexity of the client's situation, assets to be placed under management, anticipated future assets, related accounts, portfolio style, account composition, and reporting requirements, among other factors. The specific annual fee schedule is identified in the contract between the advisor and each client.

We may group certain related client accounts for the purposes of achieving minimum size requirements and determining the annualized fee. Discounts not generally available to our advisory clients may be offered to family members and employees of our firm.

### FOR CALIFORNIA RESIDENTS

Subsection (j) of Rule 260.238 of the California Corporations Code requires that investment advisors disclose to their advisory clients that lower fees for comparable services may be available from other sources.

### FINANCIAL PLANNING

Watermark's Financial Planning fees are determined by the nature of the services being provided, and the complexity of each client's circumstances. The advisor will not charge for introductory informational meetings. Financial plans will be prepared for an hourly fee ranging from \$150 to \$250 per hour. Although length of time required to prepare a Financial Plan will depend on each client's situation, Watermark will provide an estimate of the total required hours at the start of the advisory relationship. All fees are agreed

upon prior to entering into a contract with any client.

Watermark Asset Management, Inc. reserves the right to reduce or waive the hourly fee if a financial planning client chooses to engage us for Portfolio Management services. Clients are invoiced upon plan completion for actual hours accrued.

## **TERMINATION OF ADVISORY RELATIONSHIP**

The Advisory Agreement between Watermark and the client shall automatically terminate upon written notice to the advisor of the death, legal disability or bankruptcy of a client. Notice shall be deemed given on the close of business on the day such notice is actually received by the advisor. In addition, either party may terminate the Agreement by giving the other written notice prior to the expiration of the initial or any renewal term that the party elects to terminate the Agreement. Termination shall be effective on the date such written notice is deemed given pursuant to Section 24 of the Agreement. Advisory fees payable to the advisor will be calculated as if the date of termination were the end of the quarter and pro-rated accordingly.

## **MUTUAL FUND FEES**

All fees paid to Watermark for investment advisory services are separate and distinct from the fees and expenses charged by mutual fund and other investment companies. These fees and expenses are described in each fund's prospectus and will generally include a management fee, other fund expenses and a possible distribution fee. The client should review these fees and our fees to fully understand the costs associated with the investment and to evaluate the advisory services being provided.

## **WRAP AND SEPARATELY MANAGED ACCOUNT FEES**

Watermark may utilize separately managed account programs for the investment allocation of client assets. Clients participating in these programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fee of the independent advisor, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement like this. In evaluating such an arrangement, the client should consider the amount of portfolio activity as well as other service factors.

The wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review all separately managed account program fees with clients in advance of enrollment.

## **ADDITIONAL FEES AND EXPENSES**

In addition to our advisory fees, clients are responsible for the fees and expenses charged by custodians and broker-dealers including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment advisor effects transactions from the client's account/s. Please refer to the "Brokerage Practices" section (item 12) of this Form ADV for additional information.

## **ERISA ACCOUNTS**

Watermark Asset Management, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRA) pursuant to the Employee Retirement Income and Securities Act (ERISA), and regulations under the Internal Revenue Code of 1986 (the Code). As such, our firm is subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Watermark Asset Management, Inc. may only charge fees for investment advice about products for which our firm and our related persons do not receive any commissions or 12b-1 fees.

## **LIMITED PREPAYMENT OF FEES**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Watermark Asset Management, Inc. does not charge performance-based fees.



## **ITEM 7    TYPES OF CLIENTS**

Watermark Asset Management, Inc. provides advisory services to individuals, high net worth individuals, pension and profit sharing plans (other than plan participants), charitable organizations, corporations and other businesses, and state government entities.

Watermark does not have a minimum account size requirement. Each relationship is evaluated on the basis of client need and Watermark's ability to provide value.

## **ITEM 8    METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Watermark utilizes a variety of analytical methods to determine investment strategy and to formulate advice. Securities and asset classes may be evaluated through the use of both fundamental and technical analysis. We may utilize investment performance charts to recognize trends as well as cyclical analysis to measure a particular investment against the overall market.

In evaluating mutual and exchange-traded funds (ETF), we look at the experience and track record of the manager of the fund or ETF to determine if that manager has demonstrated a superior ability to invest over various periods of time and under differing economic conditions. We evaluate the underlying assets held in the fund or ETF for potential investment overlap in client portfolios. Funds are measured for style consistency as well as adherence to a stated investment objective so that they may be properly allocated in client accounts. Watermark further screens funds for performance relative to peers, tax efficiency and expenses.

If Watermark utilizes a third-party manager in a separate account arrangement, we evaluate the experience, expertise, investment strategy and past performance of that manager. We monitor the account holdings and strategy as part of our overall periodic risk assessment. A primary risk of investing with a third-party manager or in a mutual fund is that past performance does not guarantee future results.

Watermark further manages market and security risk by utilizing a strategy of asset allocation. By focusing on the appropriate ratio of securities, fixed income and cash, suitable to the client's investment goals and risk tolerance, we seek to gain the optimal return for a given level of risk. By design, securities representing certain asset classes in a client portfolio may not perform equally. Allocations are monitored and rebalanced

as necessary to manage account and market risk and to conform to the client's Investment Policy Statement.

## **INVESTMENT STRATEGIES**

Watermark utilizes a variety of strategies to manage risk, investment objectives and time horizon requirements for client accounts. We purchase securities with the intention of holding them for a year or longer. Typically we do this because we believe the securities to be undervalued when we purchase them and or we want exposure to a particular asset class over time. The risks in holding a security over long periods of time include the failure to take advantage of short-term gains, and the possibility that a security may decline sharply in value before we decide to sell it.

Watermark will not ordinarily utilize margin to purchase securities for investment. We may, however, utilize margin availability for short-to-intermediate term borrowing needs of the client. Each margin transaction is evaluated and monitored on a case-by-case basis.

We may use options as an investment strategy in client accounts. Generally, we use options to limit the potential upside and downside of a security held in a client portfolio. We use "covered calls" in which we sell an option on a security a client owns. In this strategy, the client receives a fee for making the option available, and the investor purchasing the option has the right to buy the security at an agreed-upon price.

## **RISK OF LOSS**

Investing in securities involves risk of loss that clients should understand and be prepared to bear. It is imperative that Watermark and its clients understand and acknowledge the level of risk inherent in each portfolio strategy.

## **ITEM 9 DISCIPLINARY INFORMATION**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business, or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

## **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Watermark Asset Management, Inc. has adopted a Code of Ethics setting forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Our firm and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.

Our Code includes policies and procedures for the ongoing review of securities transactions and holdings by the firm's access persons. We require prior approval of any security purchased in a limited offering (e.g., private placement) or initial offering. The Code provides for oversight, enforcement and recordkeeping provisions.

The Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

We require delivery and acknowledgment of the Code of Ethics by each supervised person in our firm. Further, we have established policies requiring the reporting of Code violations to our senior management. Any individual who violates the restrictions of the Code of Ethics may be subject to termination.

A copy of our Code of Ethics is available on our website at [www.watermarkasset.com](http://www.watermarkasset.com) or may be obtained by contacting us at 925-648-4730, or

[advisors@watermarkasset.com](mailto:advisors@watermarkasset.com).

## **ITEM 12    BROKERAGE PRACTICES**

Watermark Asset Management, Inc. recommends and facilitates the opening of client accounts with Charles Schwab & Co., Inc. (Schwab), TD Ameritrade (Ameritrade) and Pershing Advisor Services (PAS). Schwab, Ameritrade and PAS are FINRA registered broker-dealers, members SIPC. All three firms function as custodians of client accounts effecting trades on behalf of Watermark and its clients. Watermark is independently owned and operated and is not affiliated with Schwab, Ameritrade or PAS.

### **CHARLES SCHWAB & CO, INC**

Schwab provides Watermark with access to its institutional and custody services. These services are available to independent registered investment advisors on an unsolicited basis, and at no charge, as long as the advisor maintains a balance of at least \$10 million in client assets with Schwab Institutional. Schwab's brokerage services include the execution of securities transactions, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors, or would require a significantly higher minimum initial investment.

Excepting certain non-standard assets such as limited partnerships or private placements, Schwab does not charge separately for custody services. Rather, the firm is compensated by account holders through trading commissions and other transaction-related or asset-based fees for securities trades executed through Schwab, or that settle in Schwab accounts.

Schwab Institutional provides products and services that benefit Watermark Asset Management, Inc. but may not directly benefit our clients' accounts. Many of these products and services may be used by Watermark to service all or some substantial number of our accounts, including those not maintained at Schwab.

Through the use of software and other technology, Schwab may provide Watermark with access to client account data including account statements and trade confirmations. They may facilitate trade execution including the allocation of aggregated trade orders for multiple client accounts. Additionally, Schwab provides access to institutional research, pricing and other market data. They facilitate the payment of fees directly from client accounts and assist our back-office with recordkeeping and client reporting. Schwab Institutional offers services in compliance, legal and business succession planning, all designed to help us manage and develop our business.

In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services, as well as other arrangements as part of the total mix of factors we consider, and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab. This may create a potential conflict of interest.

## **TD AMERITRADE**

Watermark Asset Management, Inc. participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional (Ameritrade) is a division of TD Ameritrade, Inc., and offers services to independent advisors including custody of securities, trade execution, and clearance and settlement of transactions. Watermark benefits from its relationship with Ameritrade through our participation in its program.

These benefits and services are provided without cost and may include duplicate client statements and confirmations; research related products and tools; access to a trading desk serving advisors; access to block trading for client accounts; the ability to deduct advisory fees directly from client accounts; access to an electronic communications network for client order entry and account information; access to certain mutual and exchange-traded funds without transaction fees; and access to research, technology and practice management services available to Watermark through third party vendors.

As in our relationship with Schwab, when we evaluate whether to recommend or require that clients custody their assets at Ameritrade, we may take into account the availability of some of the foregoing products and services, as well as other arrangements, as part of the total mix of factors we consider, and not solely on the nature, cost or quality of custody and brokerage services provided by Ameritrade. This may create a potential conflict of interest.

## **PERSHING ADVISOR SOLUTIONS (PAS)**

Watermark Asset Management, Inc., may recommend that clients establish brokerage accounts with Pershing Advisor Solutions LLC of One Pershing Plaza, 95 Christopher Columbus Drive, Jersey City, New Jersey 07399, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we may recommend/require that clients establish accounts at PAS, it is the client's decision to custody assets with PAS. Watermark Asset Management is

independently owned and operated and not affiliated with PAS.

For our client accounts maintained in its custody, PAS generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through PAS or that settle into PAS accounts.

Pershing Advisor Solutions LLC also makes available other products and services that benefit Watermark, but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of our firm's accounts, including accounts not maintained at PAS.

PAS' products and services that assist our firm in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Watermark Asset Management, Inc., fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Pershing Advisor Solutions LLC also offers other services intended to help our firm manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. PAS may make available, arrange and/or pay third-party vendors for the types of services rendered to our firm. Pershing Advisor Solutions LLC may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Watermark. Pershing Advisor Solutions LLC may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at PAS, Watermark Asset Management, Inc., may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by PAS, which may create a potential conflict of interest.

## **ITEM 13      REVIEW OF ACCOUNTS**

Client assets and accounts are supervised and reviewed on a continuous basis. The Watermark Investment Committee is responsible for quarterly reviews of allocations and

underlying investment securities. Accounts are reviewed within the context of client investment objectives and guidelines. More frequent reviews may be triggered by material changes in the client's circumstances, the markets or the political or economic environment.

In addition to the statements and confirmations provided by the custodians, Watermark issues quarterly report packages illustrating account performance, balances, management fees and holdings.

Financial Plan only clients receive a completed financial plan at the conclusion of our work. Additional reports are not provided unless requested and contracted by the client.

#### **ITEM 14      CLIENT REFERRALS AND OTHER COMPENSATION**

Watermark Asset Management, Inc. does not engage solicitors or pay non-related persons for referring potential clients to our firm. It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes from a non-client in conjunction with the advisory services we provide to our clients.

#### **ITEM 15      CUSTODY**

Watermark does not have actual or constructive custody of client accounts or assets.

As disclosed previously in Item 5, Watermark directly debits fees from client accounts. As part of the billing process, the client's custodian is advised of the amount of the fee to be deducted from each account. At least quarterly, the custodian is required to send the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the fee that is deducted, clients should carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact us immediately if they believe that there may be an error on their statement.

Watermark provides its clients with a quarterly report package that should be compared to the periodic statement issued by the custodian. In addition to account information, Watermark provides clients with a quarterly invoice showing the investment management fee, how it was calculated and whether or not it has been paid.

## **ITEM 16      INVESTMENT DISCRETION**

Watermark Asset Management, Inc. is a discretionary investment advisor. Clients grant us discretionary authority to determine the securities to buy or sell, as well as the quantity of the securities to buy or sell. This authority is provided to us by the client through the Watermark Investment Advisory Agreement. As a discretionary manager, Watermark is not required to contact the client to seek permission prior to placing each trade. Clients may ask Watermark to limit this authority and Watermark may choose to accept the limitation through written and acknowledged instructions.

## **ITEM 17    VOTING CLIENT PROXIES**

Watermark will vote proxies on behalf of its clients; however, the client may always retain the right to vote his or her own proxy. Clients may retain the right to vote proxies by withholding written authority authorizing Watermark to vote on their behalf.

We will vote proxies in the manner we perceive to be in the best interest of our clients, and in accordance with our established policies and procedures. Our firm retains all proxy voting records for the requisite period of time, including a copy of each proxy statement received and a record of each vote cast. We will retain a copy of each written client request for information on how we voted a proxy. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and seek his or her voting preference.

Watermark will vote proxies for ERISA accounts unless the Plan Documents specifically reserve the plan fiduciary's right to vote proxies.

Clients may obtain our complete proxy policies and procedures or how we voted proxies for his or her account/s by contacting us at 925-648-4730 or

[advisors@watermarkasset.com](mailto:advisors@watermarkasset.com).

## **ITEM 18    FINANCIAL INFORMATION**

Advisory firms with discretionary investment authority are required to disclose any financial condition that may reasonably impair its ability to meet its contractual obligations. Further, if the advisor serves as a custodian for client securities or requires the payment of \$1,200 per client more than six months in advance of services rendered, additional requirements may apply.



Watermark Asset Management, Inc. does not take custody of client assets and does not solicit or require the advance payment of \$1,200 per client. We have not been the subject of a bankruptcy petition at any time during the past ten years.

Watermark has no financial conditions that would impair our ability to meet our contractual and fiduciary obligations to our clients.

# FORM ADV PART 2B

## Brochure Supplement

This Part 2B provides information about Mark Miller, Eric Lai, John Wenzel, Lyle Brandt, and Ted Lew supplementing the Watermark Asset Management, Inc. brochure. Please contact us at 925-648-4730 or [advisors@watermarkasset.com](mailto:advisors@watermarkasset.com) if you would like to receive Watermark Asset Management Inc.'s brochure, or if you have any questions about the contents of this supplement.

Additional information about Watermark's supervised persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### EDUCATION AND BUSINESS STANDARDS

Watermark Asset Management, Inc. requires supervised persons to have at least a four-year college degree, five years business experience in the investment field, or equivalent experience, and or completion of the Uniform Investment Advisor Law Examination (Series 65). The firm requires its advisors to remain current on investment management, tax and financial planning matters.

### EDUCATION AND BUSINESS BACKGROUND

#### MARK I MILLER

Year of birth: 1954

Education:

- College for Financial Planning, Master of Science Degree in Financial Planning 2003
- California State University, graduate study in English 1983
- University of Santa Clara, graduate study in Business Administration 1982
- Stanford University, AB Degree in English 1980

Business Experience:

- Watermark Asset Management, Inc., President and Chief Compliance Officer, since 1997

Disciplinary Information:

- Mark I Miller has no reportable disciplinary history

Other Business Activities:

Mark I Miller

- is not engaged in any other investment-related activities
- does not receive commissions, bonuses or other compensation on the sale of securities or other investments
- is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of time

Additional Compensation:

- None

Supervision:

- Self supervised

**ERIC T LAI**

Year of birth: 1978

Education:

- UCLA Anderson School of Management, MBA 2010
- College of Financial Planning, CFP® Certification Professional Education Program, CERTIFIED FINANCIAL PLANNER™ Certificant 2006
- California School of Culinary Arts, Le Cordon Bleu Culinary Arts Associate of Occupational Studies Degree 2002

- University of California Los Angeles, BA Degree in Economics with Specialization in Computing 2000

Business Experience:

- Watermark Asset Management, Inc., Vice President and Corporate Secretary, since 2003

Designations:

- CERTIFIED FINANCIAL PLANNER™ (CFP®)

This program is administered by the Certified Financial Planner Board of Standards, Inc. Those with the CFP® designation have demonstrated competency in all areas of finance related to financial planning. Candidates complete studies on over 100 topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. In addition to passing the CFP® certification exam, candidates must also complete qualifying work experience and agree to adhere to the CFP® Board's code of ethics and professional responsibility and financial planning standards.

Disciplinary Information:

- Eric T Lai has no reportable disciplinary history

Other Business Activity:

Eric T Lai

- is not engaged in any other investment-related activities
- does not receive commissions, bonuses or other compensation on the sale of securities or other investment products
- is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time

Additional Compensation:

- None

Supervision

- Eric T Lai is supervised by Mark Miller, Chief Compliance Officer, through regular, daily interaction and observation. In addition, emails and client communications are logged, reviewed and archived on an ongoing basis
- Mr. Miller may be contacted at 925-648-4730 or via email at [mark@watermarkasset.com](mailto:mark@watermarkasset.com)

**JOHN R WENZEL**

Year of birth: 1985

Education:

- CERTIFIED FINANCIAL PLANNER™ Certificant 2010
- San Diego State University, BA Degree in Financial Services; Personal Financial Planning Certificate, 2007

Business Experience:

- Watermark Asset Management, Inc., since 2007
- First Command Financial Planning, Intern 2006-2007

Designations:

- CERTIFIED FINANCIAL PLANNER™ (CFP®)

This program is administered by the Certified Financial Planner Board of Standards, Inc. Those with the CFP® designation have demonstrated competency in all areas of finance related to financial planning. Candidates complete studies on over 100 topics, including stocks, bonds, taxes, insurance, retirement planning and estate planning. In addition to passing the CFP® certification exam, candidates must also complete

qualifying work experience and agree to adhere to the CFP® Board's code of ethics and professional responsibility and financial planning standards.

- California Department of Insurance License #OF60526, Accident and Health, Life Only

Disciplinary Information:

- John R Wenzel has no reportable disciplinary history

Other Business Activity:

John R Wenzel

- is not engaged in any other investment-related activities
- does not receive commissions, bonuses or other compensation on the sale of securities or other investment products
- is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time

Additional Compensation:

- None

Supervision:

- John R Wenzel is supervised by Mark Miller, Chief Compliance Officer, through regular, daily interaction and observation. In addition, emails and client communications are logged, reviewed and archived on an ongoing basis.
- Mr. Miller may be contacted at 925-648-4730 or via email at [mark@watermarkasset.com](mailto:mark@watermarkasset.com)

## **LYLE J BRANDT**

Year of birth: 1954

Education:

- UC Santa Barbara Business Economics Major, BA Degree 1976

Business Experience:

- Watermark Asset Management, Inc. since 2011.
- Peak Capital Management, Inc., President, CEO, CCO, and CFO 1998 – 2011

Disciplinary Action:

- Lyle J. Brandt has no reportable disciplinary history

Other Business Activity:

Lyle J Brandt

- is not engaged in any other investment-related activities,
- does not receive commissions, bonuses or other compensation on the sale of securities or other investment products
- is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time

Additional Compensation:

- None

Supervision:

- Lyle J Brandt is supervised by Mark Miller, Chief Compliance Officer, through regular, daily interaction and observation. In addition, emails and client communications are logged, reviewed and archived on an ongoing basis.
- Mr. Miller may be contacted at 925-648-4730 or via email at [mark@watermarkasset.com](mailto:mark@watermarkasset.com)

## **THEODORE “TED” LEW**

Year of birth: 1957

Education:

- Florida State University, Master of Science (MSM), Risk Management and Insurance 2008
- St. Mary’s College of California, BA Management 2004

Business Experience:

- Watermark Asset Management, Inc. since 2013.
- VALIC , Financial Advisor 2011- 2013
- Principal Financial Group, Financial Services Representative 2009 - 2011
- Allstate Insurance Company, 1997- 2008

Disciplinary Action:

- Ted Lew has no reportable disciplinary history

Other Business Activity:

Ted Lew

- is not engaged in any other investment-related activities,
- does not receive commissions, bonuses or other compensation on the sale of securities or other investment products
- is not engaged in any other business or occupation that provides substantial compensation or involves a substantial amount of his time

Additional Compensation:

- None

Supervision:

- Ted Lew is supervised by Mark Miller, Chief Compliance Officer, through regular, daily interaction and observation. In addition, emails and client communications are logged, reviewed and archived on an ongoing basis.



- Mr. Miller may be contacted at 925-648-4730 or via email at [mark@watermarkasset.com](mailto:mark@watermarkasset.com)