

**Item 1: Cover Page for Part 2A of Form ADV  
Firm Brochure  
October 2012**

**PERMANENT VALUE, INC.  
2221 CAMINO DEL RIO SOUTH #308  
SAN DIEGO, CA 92108**

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**WWW.PERMANENTVALUE.COM**

This brochure provides information about the qualifications and business practices of Permanent Value, Inc. If you have any questions about the contents of this brochure, please contact us by telephone at (619) 682-3834 or email [bdoole@permanentvalue.com](mailto:bdoole@permanentvalue.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 Permanent Value, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD# 118024.

Please note that the use of the term "registered investment adviser" and description of Permanent Value, Inc. and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes to Our Part 2A of Form ADV: Firm Brochure**

Permanent Value, Inc. is required to advise you of any material changes to our Firm Brochure ("Brochure"). We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

Last Annual Amendment Filing: 04/09/2012

We switched from SEC to State registration in October, 2012.

### **Item 3: Table of Contents**

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

A. Description of our advisory firm, including how long we have been in business and our principal owner(s)<sup>1</sup>.

Our firm is dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We particularly specialize in comprehensive portfolio management and financial planning and consulting. Our firm is a corporation that was formed in the state of Delaware and has been in business as an investment adviser since 1999. The firm is owned as follows:

Bruce W. and Susan L. Doole Living Trust 2000 – 100% Owner

B. Description of the Types of Advisory Services We Offer.

(i) Comprehensive Portfolio Management:

PVI provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the individualized needs and investment objectives of the client. Subject to any written guidelines, which the client may provide, the Firm may be granted the discretion and authority to manage the account by the client. Accordingly, PVI is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold, the amount of securities to be purchased/sold, broker or dealer to be used, and commission rates to be paid. Once the portfolio is constructed, PVI provides continuous supervision of the portfolio as changes in market conditions and client circumstances may require.

(ii) Financial Planning and Consulting:

PVI provides a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives.

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<sup>1</sup> Please note that: (1) For purposes of this item, our principal owners include the persons we list as owning 25% or more of our firm on Schedule A of Part 1A of Form ADV (Ownership Codes C, D or E). (2) If we are a publicly held company without a 25% shareholder, we simply need to disclose that we are publicly held. (3) If an individual or company owns 25% or more of our firm through subsidiaries, we must identify the individual or parent company and intermediate subsidiaries. If we are a state-registered adviser, on Form ADV Part 2A Page 2, we must identify all intermediate subsidiaries. If we are an SEC-registered adviser, we must identify intermediate subsidiaries that are publicly held, but not other intermediate subsidiaries.

This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service.

Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

PVI may enter into an engagement with the Client as a financial planner on an hourly fee based on the number of hours the Adviser spends in preparing, presenting, and monitoring the Client's financial plan. An estimate of services, and the time spent on each service, will be provided and agreed upon by both the Client and PVI at the Engagement Meeting. The selection of services provided by the Advisor will be based on training, expertise, and certification. PVI does not offer wrap fee programs.

Clients should be aware that a conflict of interest may exist between our firm and the client, as some recommendations may result in the compensation of our representatives. Clients are under no obligation to act upon our recommendation and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through our firm.

(iii) Pivotal Value Coaching

PVI offers existing clients the opportunity to engage in a monthly call with their personal financial advisor at no extra cost in order to help the client maintain focus and make informed decisions about their financial well-being.

(iv) Newsletters

PVI may periodically provide newsletters to clients via our website regarding market updates and other pertinent economic data at no extra cost.

C. Explanation of whether (and, if so, how) we tailor our advisory services to the individual needs of clients, whether clients may impose restrictions on investing in certain securities or types of securities.

(i) Individual Tailoring of Advice to Clients:

We offer individualized investment advice to clients utilizing the Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing the following services offered by the Financial Planning service.

(ii) Ability of Clients to Impose Restrictions on Investing in Certain Securities or Types of Securities:

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Portfolio Management service. We do not manage assets through our other service.

D. Participation in Wrap Fee Programs.

We do not offer wrap fee programs.

E. Disclosure of the amount of client assets we manage on a discretionary basis and the amount of client assets we manage on a non-discretionary basis as of 10/19/2012.

We manage<sup>2</sup> \$18,460,000 on a discretionary basis and \$840,000 on a non discretionary basis.

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<sup>2</sup> Please note that our method for computing the amount of "client assets we manage" can be different from the method for computing "assets under management" required for Item 5.F in Part 1A of Form ADV. However, we have chosen to follow the method outlined for Item 5.F in Part 1A of Form ADV. If we decide to use a different method at a later date to compute "client assets we manage," we must keep documentation describing the method we use and inform you of the change. The amount of assets we manage may be disclosed by rounding to the nearest \$100,000. Our "as of" date must not be more than three months before the date we last updated our Brochure in response to Item 4.E of Form ADV Part 2A.

## **Item 5: Fees & Compensation**

We are compensated for our advisory services based on the following fee schedules below. Please be aware that lower fees for comparable services may be available from other sources.

A. Description of how we are compensated for our advisory services provided to you.

(i) Comprehensive Portfolio Management:

The current minimum annual investment management fee is \$2,000. \*Our firm's annual fee shall be charged quarterly in arrears and shall be pro-rated for the first quarter of management. No increase in the annual fee shall be effective without prior written notification to the Client.

| <u>Assets Under Management</u> | <u>Quarterly Percentage of Assets Charge:</u> | <u>Annual Percentage of Assets Charge*:</u> |
|--------------------------------|---|---|
| Less than \$500,000            | 0.45%   | 1.80%                                       |
| \$5,000,000 - \$1,000,000      | 0.375%  | 1.5%  |
| \$1,000,000 and above          | 0.313%  | 1.25%                                       |

(ii) Financial Planning & Consulting:

In all cases, we will not require a retainer exceeding \$500 when services cannot be rendered within 6 (six) months. The minimum annual fee, however, is \$2400 and may range up to the flat fee of \$10,000. Should additional hours be required, they will be charged at the hourly rate of \$300. When the scope of the financial planning services has been agreed upon, a determination will be made as to the type and amount of the applicable fee. The final fee, subject to negotiation, is directly dependent upon the facts and circumstances of the client's financial situation and the complexity of the advisory program service(s) requested.

The fees charged for services provided will be detailed in the signed agreement with the Firm. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, PVI will notify the client and may request that the client pay an additional fee.

Either party may terminate the agreement by providing at least twenty-four hours written notice to the other party. The client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the client. Refunds will be given on a pro-rata basis as applicable.

B. Description of whether we deduct fees from clients' assets or bill clients for fees incurred.

(i) Comprehensive Portfolio Management:

Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) We send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) Our invoice includes a legend that urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

\*In rare cases, we will agree to directly bill clients.

(ii) Financial Planning & Consulting:

In all cases, we will not require a retainer exceeding \$500 when services cannot be rendered within 6 (six) months. The ultimate financial planning or consulting fee is billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you.

C. Description of any other types of fees or expenses clients may pay in connection with our advisory services, such as custodian fees or mutual fund expenses.

Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through.

Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client to PVI. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance.



As the client's financial situation, goals, objectives, or needs change, the client must notify PVI promptly. PVI shall never have custody of any client funds or securities, as the services of a qualified and independent custodian will be used for these asset management services.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client (15 U.S.C. §80b-5(a)(1)).

Advice offered by PVI may involve investments in money market funds. Clients are hereby advised that all fees paid to PVI for investment advisory services are separate and distinct from the fees and expenses charged by money market funds (described in each fund's prospectus) to their shareholders. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. PVI does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities.

The client should review all fees charged by money market funds, PVI, and others to fully understand the total amount of fees to be paid by the client.

- D. We must disclose if client's advisory fees are due quarterly in advance. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

We charge our advisory fees quarterly in arrears. If you wish to terminate our services, you need to contact us with at least twenty-four hours written notice and state that you wish to cancel the advisory agreement. Upon receipt of your letter of termination, we will proceed to close out your account and charge you a pro-rata advisory fee(s) for services rendered up to the point of termination.

- E. Commissionable Securities Sales

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so.

#### **Item 6: Performance-Based Fees & Side-By-Side Management**

We do not charge performance-based fees to our clients.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Permanent Value Inc.'s business policy suggests a minimum dollar value of \$250,000 for full investment advisory services. However, this is only a general guideline to identify serious long-term investors. Each client is evaluated on a case-by-case basis.

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

- A. Description of the methods of analysis and investment strategies we use in formulating investment advice or managing assets.

### Methods of Analysis:

- Fundamental

### Investment Strategies we use:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Margin transactions

Your investment portfolio is designed to seamlessly complement your life. We believe it is important to have a balanced portfolio that reflects your main objectives so that you feel at ease today and confident about tomorrow. Often investors get caught up in the short term, rather than viewing their investment performance in the context of their life-long goals. Your investments are chosen specifically around your needs --taking not only your goals and objectives into consideration, but also your risk tolerance and time horizon.

As your investment managers, we strive to build your portfolio while protecting what you have spent a lifetime saving. We follow a structured process that maintains discipline and prudence in our investment decisions. By researching and employing low cost investments that provide diversification across multiple asset classes and industries, we strive to lower your overall risk. As further protection against risk, we utilize customized professional investment analysis tools to form a solid buy/sell discipline. It should come as no surprise that nearly all financial decisions have tax ramifications. As part of our individually tailored investment process we apply strategies to limit your tax liability when possible. Our fee-only investment management services are not only suitable for you, but are customized to your individual needs.

Your portfolio is designed around you and your values; it's designed to endure. This is the value of our personalized, team approach.

**Please note:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

- B. Our practices regarding cash balances in client accounts, including whether we invest cash balances for temporary purposes and, if so, how.

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management.

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

We are required to disclose whether there are 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.

We have determined that our firm and management have nothing to disclose under the aforementioned standard.

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

- A. Our firm or our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The details are as follows:

We have nothing to disclose in this regard.

B. Description of any relationship or arrangement that is material to our advisory business or to our clients, that we or any of our management persons have with any related person<sup>3</sup> listed below. We are required to identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how we address it.

(i) Insurance Agent

Bruce Doole is an insurance agent/broker. He may offer insurance products and receive normal and customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

(ii) Private Equity Fund Disclosure:

*Formation and Name*

BSD Venture Capital, LLC, a Delaware limited liability company, (the “General Partner”) is the general partner of BSD Venture Capital Fund, I, LP (the “Fund”), a Delaware limited partnership, which is managed by the General Partner. The General Partner no longer accepts subscriptions for limited partnership interests in the Fund, but remains responsible for accepting withdrawals of Limited Partners from the Fund, and terminating the Fund. The name of the Fund shall be subject to change by the General Partner upon notice to the Limited Partners. Both the General Partner and the Fund are under common ownership with Permanent Value, Inc.; this poses no conflict of interest with clients.

C. If we recommend or select other investment advisers for our clients and we receive compensation directly or indirectly from those advisers, or we have other business relationships with those advisers, we are required to describe these practices and discuss the conflicts of interest these practices create and how we address them.

We have determined we have nothing to disclose in this regard.

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<sup>3</sup> Our Related Persons are any advisory affiliates and any person that is under common control with our firm. Advisory Affiliate: Our advisory affiliates are (1) all of our officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling or controlled by us; and (3) all of our current employees (other than employees performing only clerical, administrative, support or similar functions). Person: A natural person (an individual) or a company. A company includes any partnership, corporation, trust, limited liability company (“LLC”), limited liability partnership (“LLP”), sole proprietorship, or other organization.

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

Brief description of our Code of Ethics adopted pursuant to SEC rule 204A-1 and offer to provide a copy of our Code of Ethics to any client or prospective client upon request.

#### *Code of Ethics*

Permanent Value has established the following restrictions in order to ensure its fiduciary responsibilities:

- The General Partner's Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of The General Partner shall prefer his or her own interest to that of a Client.
- The General Partner requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Records will be maintained of all securities bought or sold by the Firm, associated persons of The General Partner, and related entities.
- Any individual not in observance of the above may be subject to termination.

The General Partner also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by The General Partner or any person associated with the Firm. A copy of the General Partner's Code of Ethics shall be provided to any client upon request.

#### *Participation or Interest in Client Transactions*

Permanent Value will endeavor to ensure that any conflicts of interest are resolved fairly. Permanent Value and its officers and employees may engage in other securities investment activities and businesses, including the management of trading accounts on their own behalf, conflicts of interest may arise among the Fund and these persons. Permanent Value's other clients may compete with the Fund for the same investment opportunities, which may be limited. Permanent Value is not obligated by contract to buy, sell or recommend any security or other investment that may be bought, sold or recommended for other clients or for the Permanent Value own or related persons' account, but Permanent Value will fairly allocate the investment opportunity or ability to dispose of the investment in the event of an actual conflict.

Permanent Value may recommend trades for such other persons that are different from trading decisions made on behalf of Permanent Value. In addition, Permanent Value and its officers will be free to trade securities for their own accounts, provided that the management of such accounts not interfere with the performance of Permanent Value's obligations and duties to clients.

It is possible that on occasion trades for the Permanent Value or its officers or its other clients could be opposite to those in which clients are participating, because Permanent Value, its officers or its other clients may be trading more aggressively.

Also, securities owned by Permanent Value or its officers or other clients may be bought or sold at different time intervals than the securities owned by clients due to matters such as capital needs, availability of funds for investment and varying investment objectives.

Permanent Value is accountable to clients as a fiduciary and, consequently, must exercise good faith and integrity in managing the client's affairs and in resolving questions involving potential and actual conflicts of interest. This duty exists in addition to the various duties of, and limitations on, the Permanent Value set forth in this Memorandum. Permanent Value will endeavor to conduct the affairs of the company in a manner fully consistent with its fiduciary obligations

## **Item 12: Brokerage Practices**

### **A. Description of the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

Permanent Value does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account. Your assets must be maintained in an account at a "qualified custodian," generally a broker dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when [we/you] instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs").

#### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)

- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

#### Your Brokerage and Custody Costs

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account settled into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

Products and Services Available to Us From Schwab Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

#### Services That Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record keeping, and client reporting

### Services That Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to [recommend/request/require] that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients.



Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. We have over \$20 million in client assets under management, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

#### Additional Compensation

As part of its fiduciary duties to clients, PVI endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by PVI [or its related persons] in and of itself creates a potential conflict of interest.

Schwab also makes available to PVI other products and services that benefit PVI but may not benefit its clients' accounts. Some of these other products and services assist PVI in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of PVI fees from its clients' accounts; and assist with back-office functions, record-keeping and client reporting. Many of these services generally may be used to service all or a substantial number of PVI accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional also makes available to PVI other services intended to help PVI manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to PVI by independent third parties. Schwab Institutional 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 PVI. While as a fiduciary, PVI endeavors to act in its clients' best interests, and PVI recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to PVI of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

#### Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

B. Discussion of whether, and under what conditions, we aggregate the purchase or sale of securities for various client accounts in quantities sufficient to obtain reduced transaction costs (known as bunching). If we do not bunch orders when we have the opportunity to do so, we are required to explain our practice and describe the costs to clients of not bunching.

We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

### **Item 13: Review of Accounts or Financial Plans**

Review of client accounts or financial plans, along with a description of the frequency and nature of our review, and the titles of our employees who conduct the review.

The focus of the company is on the review of stocks and mutual funds held in client's portfolios. Each analysis is centered on a comparison between Permanent Value's intrinsic valuation of a company's stock and the current market valuation. This comparison analysis is the basis for the portfolio manager's recommendations to the client. The results are calculated accordingly:

#### *Reviews*

1. Daily – Transactions posted, account openings, transfers and confirmations received are reviewed for accuracy.
2. Monthly – Selected accounts are reviewed for accuracy and conformance with investment policy. Performance of recommended stocks and mutual funds are reviewed.
3. Quarterly – Every stock and mutual fund held in client's portfolios is reviewed by the investment advisor. A full detailed analysis is performed to assure proper asset allocations, investment guidelines and client-specific strategies are met.
4. Yearly – A full detailed analysis is performed yearly for each stock and mutual fund held in client's portfolio.

#### *Reviewers*

All reviews are initiated automatically by the portfolio manager. Errors, discrepancies or questionable items are logged for resolution and any necessary corrective action to be taken.

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

If someone who is not a client provides an economic benefit to our firm for providing investment advice or other advisory services to our clients, we must generally describe the arrangement. For purposes of this Item, economic benefits include any sales awards or other prizes.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 – Brokerage Practices. The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

#### **Item 15: Custody**

If we have custody of client funds or securities and a qualified custodian as defined in state rules (for example, a broker-dealer or bank) and do not send account statements with respect to those funds or securities directly to our clients, we must disclose that we have custody and explain the risks that you will face because of this.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab’s account statements to the periodic account statements/portfolio reports you will receive from us.

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

If we accept discretionary authority to manage securities accounts on behalf of clients, we are required to disclose this fact and describe any limitations our clients may place on our authority. The following procedures are followed before we assume this authority:

PVI provides discretionary portfolio management services where the investment advice provided is custom tailored to meet the individualized needs and investment objectives of the client. Subject to any written guidelines, which the client may provide, the Firm may be granted the discretion and authority to manage the account by the client. Accordingly, PVI is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased/sold, the amount of securities to be purchased/sold, broker or dealer to be used, and commission rates to be paid.

Once the portfolio is constructed, PVI provides continuous supervision of the portfolio as changes in market conditions and client circumstances may require.

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

If we have, or will accept, proxy authority to vote client securities, we must describe our voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6.

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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

- A. If we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must include a balance sheet for our most recent fiscal year.

We do not require nor do we solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year.

- B. If we are a State-registered adviser and have discretionary authority or custody of client funds or securities, or we require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, we must disclose any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

We have nothing to disclose in this regard.

- C. If we have been the subject of a bankruptcy petition at any time during the past ten years, we must disclose this fact, the date the petition was first brought, and the current status.

We have nothing to disclose in this regard.

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

**Bruce William Doole**

Born: 1966

### Educational Background

1988; Virginia Tech. BA Business / History

1991; Monmouth University; MBA Finance

### Business Background

01/1999 - Present; Permanent Value, Inc.; President and Chief Investment Officer

- A. Description of any business in which we are actively engaged (other than giving investment advice) and the approximate amount of time spent on that business.

Please see Item 10 of this Firm Brochure.

- B. In addition to the description of our fees in response to Item 5 of Part 2A, if our firm or a supervised person is compensated for advisory services with performance-based fees, we must explain how these fees will be calculated. Further, we must disclose specifically that performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

See Item 6 of this Brochure. Additionally, you are hereby advised that performance-based compensation may create an incentive for our firm to recommend an investment that may carry a higher degree of risk to you.

- C. If our firm or a management person has been involved in one of the events listed below, we must disclose all material facts regarding the event.

1. An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

2. An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

- (a) an investment or an investment-related business or activity;
- (b) fraud, false statement(s), or omissions;
- (c) theft, embezzlement, or other wrongful taking of property;
- (d) bribery, forgery, counterfeiting, or extortion; or
- (e) dishonest, unfair, or unethical practices.

We have nothing to disclose in this regard.

D. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.

E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, we must describe any relationship or arrangement that our firm or any of our management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.

We have nothing to disclose in this regard.

F. Conflict of Interest Disclosure.

All material conflicts of interest relating to our firm, representatives, and employees that could be reasonably expected to impair the rendering of unbiased or objective advice are disclosed.