

# *Disclosure Brochure*

## **PATTON ALBERTSON & MILLER, LLC**

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**This brochure provides information about the qualifications and business practices of Patton Albertson & Miller, LLC. If you have any questions about the contents of this brochure, please contact us at (478) 742-5554 or [lisa@pamwealth.com](mailto:lisa@pamwealth.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 Patton Albertson & Miller, LLC also is 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 126145. Registration does not imply any special level of skill or training.**

## Item 2    Material Changes

The information contained in this section relates only to material changes that have occurred since the last update. We define a material change as any change that an average client would consider important to know prior to making an investment decision. The follow are short summaries of the material changes that have occurred since our last update on 03/01/2013 with regard to our services or business operations:

- Item 12 Brokerage Practices – We have added Charles Schwab as a broker and custodian along with information concerning services both brokerage firms may provide to Patton Albertson & Miller.
- Item 14 Client Referrals and Other Compensation – We have added information concerning services brokerage firms may provide to Patton Albertson & Miller.

Consistent with the new 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 business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

To obtain our firm brochure and brochure supplements (information regarding each of our financial advisors), our Code of Ethics, or our Privacy Policy, please visit our website, email us, mail us or telephone us at one of the following:

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Macon, Georgia 31201  
Main Phone: 478.742.5554  
Fax Number: 478.742.5542  
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## **Item 4     Advisory Business**

Patton Albertson & Miller, LLC (hereinafter “PAM”) is an SEC-registered investment adviser with offices in Georgia and Tennessee. PAM began conducting business in 2003.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- John Marc Albertson, Principal and Director of Client Services
- William Press Miller, Principal and Chief Investment Officer
- James Burgess Patton, Managing Principal and Chief Executive Officer

PAM offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., growth, growth with income, balanced, income with growth, income or capital preservation), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio at least annually, and if necessary, rebalance the portfolio, based on the client's individual needs.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Listed Stocks
- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Options contracts on commodities
- Futures contracts on tangibles
- Futures contracts on intangibles
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Tax credit partnerships (including low income housing and/or oil and gas)
- REITs (real estate investment trusts)
- CMOs (collateralized mortgage options)
- ETFs (exchange-traded funds)
- Alternative Investments

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and

objectives. In general, the financial plan can address any or all of the following areas:

- **ASSET ALLOCATION:** We employ a strategy of investing based on a conservative, long term approach, with a custom design based upon client needs and objectives.
- **ASSET MANAGEMENT:** We evaluate and adjust based upon client objective and our research.
- **BUSINESS SUCCESSION PLANNING:** We establish a plan for our client's business, including as appropriate, to increase valuation, minimize taxes, protect transaction proceeds, transfer wealth, merger, acquisition, or sale.
- **CHARITABLE PLANNING:** We create and implement custom donation strategies based upon the client's goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **DIVORCE:** Specialized financial planning with focus on tax law, asset distribution, and short-and long-term planning to achieve settlement.
- **EDUCATION PLANNING:** We work with our clients to define their goals and develop a strategy for education needs.
- **ESTATE PLANNING:** We assist the client in assessing and developing long-term strategies, including as appropriate, trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.
- **GIFT PLANNING:** We craft a custom plan with taxes and client goals considered.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.

- RETIREMENT PLANNING: We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- TAX & CASH FLOW: We analyze the client's income tax and spending for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- "WINDFALL" PLANNING; We analyze the client's goals to develop plans for large financial gain.

Our financial plans are either "comprehensive" or "modular" in structure. A comprehensive plan will focus on all areas listed that are pertinent to the client. A modular plan will focus on only one or two areas of particular interest, such as retirement or education planning. We may review other areas of concern or outsource to other experts for their review (only with the client's prior approval). The financial plan may include specific financial and investment strategies as well as specific product recommendations, including equity, fixed income and insurance products.

We will gather required information through in-depth personal interviews. Information gathered will include the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We may also request the following documents: tax returns, W2s or 1099s, information on current retirement plans and insurance provided by the client's employer, mortgage information, insurance policies, statements reflecting current investments in client's retirement and non-retirement accounts, copies of client's wills or trusts, and other documents that may be deemed pertinent at our request.

Upon receipt of these documents, we will review the client's current financial condition and make recommendations based on client's current financial situation, expectations, investment objectives and time horizon. At the same time the client's risk tolerance (or ability to live comfortably with risk in association with their investments) will be taken into account. A written plan will then be presented to the client along with an outline of suggestions to improve the current financial situation as well as suggested steps to help reach their investment goals. It is the responsibility of the client to notify us of any changes to their financial situation that may impact the focus of the financial plan.

Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at

the client's discretion.

Typically the financial plan is presented to the client within 90 days of the contract date, provided that all information needed to prepare the plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.



## **FAMILY OFFICE AND ADVISORY SERVICES**

PAM offers families with substantial assets customized services tailored to individual needs and situations. PAM begins by evaluating the financial needs and goals of the family (including, where appropriate, multi-generational needs), and then determines an appropriate asset allocation, investment management strategy and financial plan based on a complete understanding of the family objectives and financial situation.

Once the asset allocation strategy is determined, PAM provides a variety of services, including:

- Investment management cash flow and financial management;
- Estate planning;
- Trust administration;
- Coordination with accountants, attorneys and other professionals;
- Managing the purchase and/or sale of homes and real estate
- Insurance recommendation and review;
- Succession planning;
- Mentoring and guiding younger generations on: pre-nuptial agreements; business opportunities; philanthropic involvements; fiscal management and responsibility;
- Mediating family member conflicts and differences;
- Family meeting organization and facilitation; and
- Foundation and charitable giving management.

PAM does not accept discretion over any client investment, and does not assist in the process of buying or selling securities. Implementation of any and all recommendations is entirely at the client's discretion.

PAM also offers custom advisory services such as partnership administration, gifting strategies, cash flow planning, risk management, estate planning and income tax planning on a continual basis.

### **SUB-ADVISORY SERVICE**

PAM has a sub-advisory relationship with River City Bank, a commercial bank unaffiliated with PAM, in which PAM provides investment management and advisory services to River City Bank's trust accounts. For these accounts, PAM serves as a representative office of the bank operating under the name "Provident Trust Company." PAM provides the following services for these accounts: assesses the

appropriate investment objectives of clients, performs investment management, provides periodic performance reports and periodically meets with clients as deemed appropriate or as requested by River City Bank.

Stocks and Bonds held in these accounts will be held in custody through River City Bank at Fifth Third Bank, an unaffiliated, qualified custodian. Fifth Third Bank is a registered broker-dealer.

PAM also has a sub-advisory relationship with Queensborough National Bank & Trust Company ("QNB") in Louisville, Georgia, a commercial bank unaffiliated with PAM, in which PAM provides investment management and advisory services to QNB's trust accounts. PAM provides the following services for these accounts: assesses the appropriate investment objectives of clients, performs investment management, provides periodic performance reports and periodically meets with clients as deemed appropriate or as requested by QNB.

Stock and Bonds held in these accounts will be held in custody through U.S. Bank. U. S. Bank is a registered broker-dealer.

Neither PAM nor its related persons have any other financial industry activities or affiliations.

#### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2012, we were actively managing \$485,929,097 of clients' assets on a discretionary basis plus \$8,835,019 of clients' assets on a non-discretionary basis.

## Item 5 Fees and Compensation

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fee for Investment Supervisory Services is based upon a percentage of assets under management according to the following fee schedule:

<u>Assets under Management</u>	<u>Annual Fee (%)</u>
First \$5,000,000	1.00%
Next \$5,000,000	0.75%
\$10,000,000 and over	0.50%

The minimum fee for managed account programs is \$10,000. This is based on an aggregate of all accounts under management with PAM.

Our fees are billed monthly, in arrears, based upon the average of all daily closing values (market value or fair market value in the absence of market value), of the client's account during the billing period. Fees will be debited from the client's account by the 15th of the following month in accordance with the client authorization in the Client Services Agreement.

***Grandfathering of fee calculation:*** Pre-existing advisory clients are currently billed monthly, in arrears, based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous billing period. Fees will be debited from the client's account by the 15th of the following month in accordance with the client authorization in the Client Services Agreement. We are in the process of migrating existing clients to the daily method of calculating fees. Some clients may remain under the old fee calculation method for an indefinite period of time.

### FINANCIAL PLANNING FEES

Our Financial Planning fees are calculated and charged on an hourly basis at a rate of up to \$250 per hour. The hourly rate charged may vary depending on the complexity of the client's financial situation and the person actually doing the work. For example, a client will pay more for the knowledge and time of a skilled financial professional than for the assistant's administrative skills in putting the plan together.

Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. An agreed upon fee may be established before the financial plan is started. This fee will be based on the approximate number of hours expected to complete the plan. Typically, 50% of the fee is due at the execution of the contract with the remainder due upon delivery of the financial plan. On average, the financial plan is presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

### **FAMILY OFFICE AND ADVISORY SERVICE FEES**

Our annual fee for Family Office Services is based upon a percentage of the client's net worth at an annual rate of 0.15%. The minimum annual fee for this service is \$20,000 and the maximum annual fee is \$120,000.

Family Office Services clients will be billed monthly 1/12 of the agreed-upon annual fee, in arrears.

The advisory services fee will be established based upon the actual services selected and the complexity of the client's individual needs and situation. An agreed upon fee will be established and these fees will be billed monthly or quarterly, in arrears.

### **SUB-ADVISORY SERVICE FEES**

PAM charges River City Bank and Queensborough National Bank an annual fee of 50 basis points on the market value of assets for these accounts for this service. This fee is billed monthly in arrears, based upon the average of all daily closing values (market values or fair market value in the absence of market value), of the client's account during the billing period, and is calculated by dividing the annual basis points fee of 50 by 12 and multiplying the quotient thereof by the average market value of the accounts during the billing period. Some accounts are grandfathered under pre-existing contracts that calculate fees based on the market value of the accounts on the last day of the month.

PAM pays River City Bank a fee for back office services and administrative support on the accounts managed by us through Provident Trust Company.

***Limited Negotiability of Fees:*** Although PAM has established the aforementioned fee schedules, we retain the discretion to negotiate alternative fees on a client-by-client

basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded to the client. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to PAM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** A minimum monthly fee of \$833.33 may be charged on accounts that fall below the \$1,000,000 minimum account size. As a result, our normal 1% annual fee may be exceeded. We retain the discretion to waive this fee on a client-by-client basis.

Also, in addition to our advisory fees, clients are responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the

"Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to PAM's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

***Limited Prepayment of Fees:*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

PAM does not charge performance-based fees.

## **Item 7 Types of Clients**

PAM provides advisory services to the following types of clients:

- Individuals
- Banking or thrift institutions
- Pension and profit sharing plans(other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

The minimum value for a new account is \$1 Million. This is a guideline; all minimum requirements are subject to negotiation at the sole discretion of PAM.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Charting.*** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

***Technical Analysis.*** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

***Cyclical Analysis.*** In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

***Risks for all forms of analysis.*** 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.

## INVESTMENT STRATEGIES

We may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

***Short-term purchases.*** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

***Trading.*** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. Trading strategies are not a significant investment strategy employed by PAM.

***Short sales.*** We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. Short sales are not a significant investment strategy employed by PAM.

***Option writing.*** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.



The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

***Risk of Loss.*** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **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**

Neither PAM nor its related persons have any other financial industry activities or affiliations.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

PAM 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.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

PAM's 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.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [lisa@pamwealth.com](mailto:lisa@pamwealth.com), or by calling us at (478) 742-5554.

PAM and individuals associated with our firm are prohibited from engaging in principal transactions.

PAM and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions,

activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

## **Item 12 Brokerage Practices**

The custodians we recommend typically also serve as your broker-dealer. When given discretion to select the brokerage firm that will execute transactions for your accounts, PAM seeks “best execution” for client trades which is a combination of a number of factors including, but without limitation:

- Reputation, financial strength and stability of the provider
- Quality of execution
- Pricing
- Services and products provided

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including execution capability, commission rates, and responsiveness. Accordingly, while PAM will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client accounts transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client’s accounts.

We may recommend Fidelity Investment through its Institutional Wealth Services Group (“Fidelity”) or Charles Schwab & Company, Inc. (“Schwab”), (together, the “Broker-Dealers”) to serve as the custodian and broker-dealer for your account. The

Broker-Dealer you select will assist us in servicing your accounts. We are independently owned and operated and not affiliated with any Broker-Dealer. Although PAM may recommend that clients establish accounts at Fidelity or Schwab, it is ultimately the client's decision to custody assets with them.

The Broker-Dealers provide PAM with institutional trading and custody services, which includes brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors, so long as PAM maintains a pre-established minimum amount of client assets in accounts at the Broker-Dealers. The Broker-Dealers do not charge separately for holding our clients' accounts, but may be compensated by you through other transaction-related fees associated with the securities transaction it executes for your accounts. The Broker-Dealers may also make available to PAM other products and services that benefit PAM but may not benefit you directly.

These products and services assist us in managing and administering our clients' accounts. They include investment research, both the Broker-Dealer's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at the Broker-Dealers. In addition to investment research, the Broker-Dealers also make available software and other technology that (i) provide access to client account data (such as duplicate trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide pricing and other market data; (iv) facilitate payment of our fees from our clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

The Broker-Dealers also offer other services intended to help us manage and further develop our business enterprise. These services include (i) technology, 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.

The Broker-Dealers may make available, arrange and/or pay third-party vendors to provide the services to PAM. The Broker-Dealers may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. The Broker-Dealers may also provide us with other benefits such as educational events, or occasional business entertainment of our personnel.

We receive economic benefits as a result of our relationship with the Broker-Dealers because we do not have to produce or purchase the products and services listed above.

We may have an incentive to recommend a broker-dealer based on our interest in receiving some of the foregoing products and services and other arrangement as part of the total mix of factors considered and not solely on the nature, cost or quality of custody and brokerage services provided by the Broker-Dealers, which may create a conflict of interest. However, we believe that we act in your best interest to recommend broker-dealers that provide the combination of services and execution which best meet your needs.

Clients may direct PAM to use a particular broker-dealer for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the terms and arrangements for the account with that broker-dealer. A client who directs brokerage should consider whether such designation may result in certain costs or disadvantages to the client, because the client may pay higher commissions or obtain less favorable execution, or it may limit the investment options available.

PAM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. PAM will typically aggregate trades among clients whose accounts can be traded at a given broker. PAM's block trading policy and procedures are as follows:

1. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with PAM, or our firm's order allocation policy.
2. The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
3. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable PAM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light

of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
5. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
6. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
7. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
8. PAM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
9. Funds and securities for aggregated orders are clearly identified on PAM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
10. No client or account will be favored over another.

## Item 13    Review of Accounts

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Once the client's portfolio has been established, we review the portfolio on an annual basis. At this time, accounts and their holdings will be reviewed with the client and the client's risk tolerance, investment objectives and financial situation will be updated if necessary.

These accounts may be reviewed by one or more of the following representatives:

- James B. Patton, Managing Principal and Chief Executive Officer
- William P. Miller, Principal and Chief Investment Officer
- J. Marc Albertson, Principal and Director of Client Services
- John R. Healy, Partner and Senior Portfolio Manager
- Keith A. Jaworski, Senior Portfolio Manager
- Frederick A. Supan, Director & Senior Portfolio Manager
- R. David Maloy, Jr., Partner & Senior Relationship Manager
- John D. Eubanks, Wealth Management Advisor
- Rachel S. Ayres, Wealth Management Advisor
- Bobby Futch, Wealth Management Associate

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **FAMILY OFFICE SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Family Office Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory engagement.

### **SUB-ADVISORY SERVICE**

**REVIEWS:** While the underlying securities within Sub-Advisory Service accounts are continually monitored, these accounts are reviewed at least annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Once the client's portfolio has been established, we review the portfolio on an annual basis. At this time, accounts and their holdings will be reviewed with the client and the client's risk tolerance, investment objectives and financial situation will be updated if necessary.

These accounts may be reviewed by one or more of the following representatives:

- James B. Patton, Managing Principal and Chief Executive Officer
- William P. Miller, Principal and Chief Investment Officer



- J. Marc Albertson, Principal and Director of Client Services
- John R. Healy, Partner and Senior Portfolio Manager
- Keith A. Jaworski, Senior Portfolio Manager
- Frederick A. Supan, Director & Senior Portfolio Manager
- R. David Maloy, Jr., Partner & Senior Relationship Manager
- John D. Eubanks, Wealth Management Advisor
- Rachel S. Ayres, Wealth Management Advisor
- Bobby Futch, Wealth Management Associate

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings to River City Bank and Queensborough National Bank & Trust Company who, in turn, mail them to their clients for whom PAM provides investment management services.

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

Management personnel and other licensed professionals of PAM may refer clients to PAM who may be suitable for the services and advisory programs offered by PAM and may participate in the management of client accounts. In return for referring clients to PAM, we have agreed to compensate them by sharing 10% of the advisory fee with them.

Since their compensation is directly tied to the compensation paid by the client, these individuals have a conflict of interest when referring clients to PAM. All client fees will be commensurate with PAM's fee schedule disclosed in Item 5 regardless of how the client obtained or found PAM's services.

Clients will not pay a higher or lower fee as a result of being referred by any of these individuals.

We may receive some benefits from the Broker-Dealers in the form of support products and services it makes available to us based on the amount of client assets held at the respective Broker-Dealers. Please see *Item 12 – Brokerage Practices* for more information.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. They will be sent to the email or postal mailing address you provided to the custodian.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians,

we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of our clients and in accordance with our established policies and procedures. We have engaged an independent third party, Broadridge, to provide proxy voting services to us. Generally, we will delegate proxy voting authority on behalf of clients to Broadridge, and we will generally follow the recommendations provided by Broadridge unless we believe the recommendations are not in the best interest of the client or the vote would create a conflict of interest.

Should we have material conflicts of interest with a particular company or issue presented to us for a vote, we will disclose those to the client first and receive client's approval for our vote on client's behalf. If possible, we will provide this in writing but if time is short (i.e., less than thirty days), we will contact the client by phone. We will not vote these issues without client's prior approval of our vote. Currently, we are

unaware of any conflicts of interest that would be considered material in nature but of course, this may change as our business continues to grow. We will continue to monitor this.

Broadridge will electronically retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies.

Should you wish to retain authority to vote your own proxies, we will arrange to have all proxy solicitations sent to you at your address of record. We are available to help provide guidance on these issues if you like.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Lisa M. Bryant by telephone at (478) 742-5554. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

## **Item 18   Financial Information**

PAM has no financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

PAM has not been the subject of a bankruptcy petition at any time during the past ten years.