

## Uniform Application for Investment Adviser Registration

### OMB APPROVAL

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Name of Investment Adviser:

**Passive Momentum Asset Advisors**

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code

Telephone Number

**26524 Fisher Drive**

**Carmel**

**CA**

**93923**

**(831)**

**) 626.6103**

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any governmental authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form  
are not required to respond unless the form displays a currently valid OMB control number.**

**1. A. Advisory Services and Fees.** (check the applicable boxes)For each type of service provided, state the approximate  
% of total advisory billings from that service.

(See instruction below.)

**Applicant:**

- |                                     |     |   |            |   |
|-------------------------------------|-----|---|------------|---|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....  | <u>100</u> | % |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services .....  | _____      | % |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above .....  | _____      | % |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....   | _____      | % |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....   | _____      | % |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | _____      | % |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | _____      | % |
| <input type="checkbox"/>            | (8) | Provides a timing service .....   | _____      | % |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above .....   | _____      | % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

- |    |   |                          |                                     |
|----|---|--------------------------|-------------------------------------|
| B. | Does applicant call any of the services it checked above financial planning or some similar term? ..... | Yes                      | No                                  |
|    |   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

## C. Applicant offers investment advisory services for: (check all that apply)

- |                                     |     |  |                          |     |                   |
|-------------------------------------|-----|--|--------------------------|-----|-------------------|
| <input checked="" type="checkbox"/> | (1) | A percentage of assets under management      | <input type="checkbox"/> | (4) | Subscription fees |
| <input type="checkbox"/>            | (2) | Hourly charges                               | <input type="checkbox"/> | (5) | Commissions       |
| <input type="checkbox"/>            | (3) | Fixed fees (not including subscription fees) | <input type="checkbox"/> | (6) | Other             |

## D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of Clients** — Applicant generally provides investment advice to: (check those that apply)

- |                                     |    |                                  |                                     |    |   |
|-------------------------------------|----|----------------------------------|-------------------------------------|----|---|
| <input checked="" type="checkbox"/> | A. | Individuals                      | <input checked="" type="checkbox"/> | E. | Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/>            | B. | Banks or thrift institutions     | <input checked="" type="checkbox"/> | F. | Corporations or business entities other than those listed above |
| <input type="checkbox"/>            | C. | Investment companies             | <input type="checkbox"/>            | G. | Other (describe on Schedule F)                                  |
| <input type="checkbox"/>            | D. | Pension and profit sharing plans |                                     |    |   |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <p>A. Equity securities</p> <p><input checked="" type="checkbox"/> (1) exchange-listed securities</p> <p><input checked="" type="checkbox"/> (2) securities traded over-the-counter</p> <p><input checked="" type="checkbox"/> (3) foreign issuers</p> <p><input type="checkbox"/> B. Warrants</p> <p><input checked="" type="checkbox"/> C. Corporate debt securities (other than commercial paper)</p> <p><input checked="" type="checkbox"/> D. Commercial paper</p> <p><input checked="" type="checkbox"/> E. Certificates of deposit</p> <p><input checked="" type="checkbox"/> F. Municipal securities</p> <p>G. Investment company securities:</p> <p><input type="checkbox"/> (1) variable life insurance</p> <p><input type="checkbox"/> (2) variable annuities</p> <p><input checked="" type="checkbox"/> (3) mutual fund shares</p> | <p><input checked="" type="checkbox"/> H. United States government securities</p> <p>I. Options contracts on:</p> <p><input type="checkbox"/> (1) securities</p> <p><input type="checkbox"/> (2) commodities</p> <p>J. Futures contracts on:</p> <p><input type="checkbox"/> (1) tangibles</p> <p><input type="checkbox"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input type="checkbox"/> (1) real estate</p> <p><input type="checkbox"/> (2) oil and gas interests</p> <p><input checked="" type="checkbox"/> (3) other (explain on Schedule F)</p> <p><input type="checkbox"/> L. Other (explain on Schedule F)</p> |
|--|--|

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |   |
|---|---|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                                 |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical              |   |

B. The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Financial newspapers and magazines               | (5) <input type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input type="checkbox"/> Short term purchases<br>(securities sold within a year)             | (6) <input type="checkbox"/> Option writing, including covered options, uncovered options, or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days)                            | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input type="checkbox"/> Short sales   |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? ..... Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| ● name          | ● formal education after high school               |
| ● year of birth | ● business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☒ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input checked="" type="checkbox"/> (3) other investment adviser   | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? ..... Yes No  
☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? .....

Yes No  
☒ ☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**Please refer to Schedule F, Item 11.A.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**Please refer to Schedule F, Item 11.B.**

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  | Yes                                 | No                       |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? .....               | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? ..... | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? .....                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? .....                         | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients? ..... ☒ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |  |   |
|---|--|---|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... | Yes<br><input checked="" type="checkbox"/> | No<br><input type="checkbox"/>            |
| B. directly or indirectly compensates any person for client referrals? .....  | Yes<br><input type="checkbox"/>            | No<br><input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? ..... ☐ Yes ☒ No

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**Passive Momentum Asset Advisors**

SEC File Number:  
801- **68077**

Date:  
**05/14/2009**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Passive Momentum Asset Advisors**

IRS Empl. Ident. No.:

**77-0516882**

Item of Form (identify)	Answer
	<p><b><u>INTRODUCTION</u></b></p> <p>This brochure provides information about the qualifications and business practices of R.H.S.C. Holdings, Inc. d/b/a Passive Momentum Asset Advisors (hereinafter "PMAA"). Please contact Oscar Silver, Vice President and Chief Operating Officer of PMAA, if you have any questions about the contents of this brochure. 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.</p> <p>Additional information about PMAA is available on the Internet at <a href="http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx">http://www.adviserinfo.sec.gov/IAPD/Content/lapdMain/iapd_SiteMap.aspx</a>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for PMAA is 131906.</p>
<b>1.D.</b>	<p><b><u>INVESTMENT SERVICES</u></b></p> <p>PMAA offers a combination of the following advisory services, where appropriate, to individuals, high net worth individuals, trusts, estates or charitable organizations, and corporations or other business entities.</p> <p><b><u>PORTFOLIO MANAGEMENT SERVICES:</u></b></p> <p>PMAA provides continuous advice to a client regarding 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, PMAA develops a client's personal investment policy and creates and manages a portfolio based on that policy. PMAA will manage advisory accounts on a discretionary basis. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income).</p> <p>PMAA will create a portfolio consisting of one or all of the following: individual equities, bonds, other investment products, and no-load, load-waived, and front-load mutual funds. PMAA will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 1**

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**Passive Momentum Asset Advisors**

SEC File Number:  
801- **68077**

Date:  
**05/14/2009**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Passive Momentum Asset Advisors**

IRS Empl. Ident. No.:

**77-0516882**

Item of Form (identify)	Answer
	<p><b>FEES:</b> The annual fee for Portfolio Management Services for retail clients will be charged as a percentage of assets under management ranging from 0.25% to 0.75% per annum, based on the size and complexity of the account. PMAA will quote an exact percentage to each client based on both the nature and total dollar value of that account.</p> <p>Clients will be invoiced or their account directly debited, as authorized, in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.</p> <p>A minimum account size of \$250,000 is generally required for Portfolio Management Services clients. This account size may be negotiable under certain circumstances. PMAA may group certain related client accounts for the purposes of achieving the minimum account size.</p> <p><b>GENERAL INFORMATION:</b></p> <p><u>Negotiability of Advisory Fees and Minimum Requirements:</u> In certain circumstances, all fees and account minimums may be negotiable.</p> <p><u>Fee Calculation:</u> The fee charged is calculated as described above and is 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 (Section 205(a)(1) of the Advisers Act).</p> <p><u>Termination of Advisory Relationship:</u> A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.</p> <p><u>Mutual Fund Fees:</u> All fees paid to PMAA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds 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 the services of PMAA. In that case, the client would not receive the services provided by PMAA 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 the fees charged by PMAA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**PAGE 2**



(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Passive Momentum Asset Advisors</b>		IRS Empl. Ident. No.: <b>77-0516882</b>
Item of Form (identify)	Answer	
3.K.(3)	<p><b>For California Residents:</b> Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.</p> <p><b><u>TYPES OF INVESTMENTS</u></b></p> <p><b>PRIVATE PLACEMENTS &amp; LIMITED PARTNERSHIPS</b></p> <p>PMAA may recommend to advisory clients investments in private placement offerings and/or limited investment partnerships, such as, hedge funds and other pooled investment partnerships. Additional information about the fees related to such investments is included in the offering documents provided to prospective investors. Because these types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.</p>	
4.A.(5), 4.B.(8) & 4.C.(7)	<p><b><u>METHODS OF ANALYSIS, SOURCES OF INFORMATION, AND INVESTMENT STRATEGIES</u></b></p> <p>Portfolio recommendations and analysis are based upon the findings of Modern Portfolio Theory. PMAA believes in the efficient market theory and primarily invests in passive asset class index mutual funds, U.S. Treasury Bonds, and high-grade tax-free municipal bonds, etc.</p> <p>PMAA receives most of its research from independent academic sources including, but not limited to, The Center for Research on Securities Pricing (CRSP), Ibbotson Inc., Dimensional Fund Advisors, Eugene Fama, Kenneth French, William Sharpe, and Harry Markowitz. All portfolios are designed for long-term investors.</p>	
5.	<p><b><u>EDUCATION AND BUSINESS STANDARDS</u></b></p> <p>Advisory persons associated with PMAA must possess, minimally, a college degree and/or a minimum of five (5) years business experience as investment professionals, and all required licenses. Associated persons must also be free of any current or pending regulatory sanction(s).</p>	

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Passive Momentum Asset Advisors</b>		IRS Empl. Ident. No.: <b>77-0516882</b>
Item of Form (identify)	Answer	
6.	<p><b><u>EDUCATION AND BUSINESS BACKGROUND</u></b></p> <p><b>MATTHEW C. KING</b> <b>BORN: 1960</b></p> <p><b>EDUCATION:</b> Attended Monterey Peninsula College, Monterey, CA</p> <p><b>EMPLOYMENT HISTORY:</b> President, Chief Executive Officer, R.H.S.C. Holdings, Inc. d/b/a Passive Momentum Asset Advisors from 06/99 to Present. Sole Proprietor, King, Matthew C., d/b/a No-Load Asset Management from 03/95 to Present.</p> <p><b>EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:</b> NASAA Series 63, Uniform Securities Agent State Law Examination, 09/86. NASD Series 7, General Securities Representative Examination, 09/86.</p> <p><b>OSCAR A. SILVER</b> <b>BORN: 1949</b></p> <p><b>EDUCATION:</b> Graduated from Ithaca College, Ithaca, NY in 1971 with a BS in General Studies</p> <p><b>EMPLOYMENT HISTORY:</b> Vice President, Chief Operating Officer, R.H.S.C. Holdings, Inc. d/b/a Passive Momentum Asset Advisors from 06/99 to Present.</p> <p><b>EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:</b> NASAA Series 65, Uniform Investment Adviser Law Examination, 10/98. NASD Series 7, General Securities Representative Examination, 06/98.</p>	
7.C., 8.C.(3)	<p><b><u>OTHER BUSINESS ACTIVITIES</u></b></p> <p>Matthew King, President and CEO of PMAA, has also formed a separate registered investment adviser as a sole proprietorship d/b/a No-Load Asset Management (NLAM). Through NLAM, Mr. King provides investment advice that is separate and distinct from the advisory services provided by PMAA. Advisory services provided by NLAM will be for separate and typical compensation. There are no referral arrangements between NLAM and PMAA.</p> <p>No NLAM client is obligated to use the advisory services of PMAA, as no PMAA advisory client is obligated to use the advisory services of NLAM. NLAM may, from time to time, trade the same or similar securities in client portfolios that are traded by PMAA in its client portfolios. When this occurs, NLAM clients may receive a better or</p>	

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**Passive Momentum Asset Advisors**

SEC File Number:  
801- **68077**

Date:  
**05/14/2009**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Passive Momentum Asset Advisors**

IRS Empl. Ident. No.:

**77-0516882**

Item of Form (identify)	Answer
9.E.	<p>worse price or execution than PMAA depending on the order of trade execution, the type of security traded and the broker dealer used. In order to minimize the potential for any systematic disadvantage to clients, when trades are placed in the same security on the same day for both NLAM clients and PMAA clients, Mr. King will seek to rotate the order of execution.</p> <p>As this affiliation with PMAA may present potential conflicts of interest, NLAM has established written policies and procedures for insider trading that prohibit Mr. King, and any other member, officer or employee of NLAM, from buying, selling or recommending the securities of companies bought, sold or recommended by PMAA where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of PMAA to its clients.</p> <p><b><u>PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS</u></b></p> <p>PMAA or individuals associated with PMAA may buy or sell securities identical to or different than those recommended to clients for their personal accounts. 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.</p> <p>It is the expressed policy of PMAA that no person employed by PMAA may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.</p> <p>As these situations represent a conflict of interest, PMAA has established the following restrictions in order to ensure its fiduciary responsibilities:</p> <ol style="list-style-type: none"><li>1) A director, officer or employee of PMAA shall not buy or sell securities for his or her personal portfolio(s) where such decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of PMAA shall prefer his or her own interest to that of the advisory client.</li><li>2) PMAA maintains a list of all securities holdings for itself, and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by Oscar Silver, Vice President of PMAA, or another appropriate officer/individual of PMAA.</li><li>3) PMAA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.</li><li>4) Any individual not in observance of the above may be subject to termination.</li></ol>

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>Passive Momentum Asset Advisors</b>		IRS Empl. Ident. No.: <b>77-0516882</b>
Item of Form (identify)	Answer	
10.	<b><u>CONDITIONS FOR MANAGING AN ACCOUNT</u></b>  <b>PORTFOLIO MANAGEMENT SERVICES:</b>  PMAA requires a minimum account of \$250,000 for Portfolio Management Services clients. This account size may be negotiable under certain circumstances. PMAA may group certain related client accounts for the purposes of achieving the minimum account size.  Please refer to Item 1.D. of this Schedule F narrative for complete detail.	
11.A. & 11.B.	<b><u>REVIEWS AND REPORTS OF ACCOUNTS</u></b>  <b>REVIEWS:</b> While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are reviewed at least monthly by Matthew King and/or Oscar Silver, President and Vice President respectively of PMAA. 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.  <b>REPORTS:</b> In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker dealer, PMAA will provide quarterly reports summarizing account performance, balances and holdings.	
12.A.(1) & 12.A.(2)	<b><u>INVESTMENT DISCRETION</u></b>  For discretionary clients, PMAA requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold.  Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.	
12.A.(3), 12.A.(4) & 12.B.	<b><u>BROKERAGE DISCRETION/BROKERAGE RECOMMENDATIONS</u></b>  PMAA requests that it be provided written authority to determine the broker dealer to use for client transactions and the commissions costs that will be charged to our clients for these transactions.  Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.	

**Schedule F of  
Form ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**Passive Momentum Asset Advisors**

SEC File Number:  
801- **68077**

Date:  
**05/14/2009**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

I. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Passive Momentum Asset Advisors**

IRS Empl. Ident. No.:

**77-0516882**

Item of Form (identify)	Answer
	<p>When granted brokerage discretion, PMAA will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help PMAA in providing investment management services to clients. PMAA may, therefore recommend or use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.</p> <p>Brokers or dealers that PMAA selects to execute transactions may from time to time refer clients to PMAA. PMAA will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and PMAA's interest in receiving future referrals.</p> <p>Clients not granting the discretionary authority to determine the broker dealer to be used or the commission rates to be paid will be required to direct the use of a particular broker dealer. Some clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker and they will instruct PMAA to execute all transactions through that broker. For clients wishing to direct the use of a particular broker dealer but that do not have a pre-established brokerage relationship, PMAA will typically recommend the use of Charles Schwab &amp; Company, Inc. (hereinafter "Schwab"), a FINRA registered broker dealer unaffiliated with PMAA, for both custodial and brokerage services. Clients should note that PMAA participates in the Schwab Institutional ('SI') services program offered to independent investment advisers by Schwab. As part of the SI program, PMAA receives certain benefits that it would not receive if it did not offer investment advice (See Item 13.A. of this Schedule F).</p> <p>In the event that a client directs PMAA to use a particular broker or dealer, it should be understood that under those circumstances PMAA will not have authority to negotiate commissions or to necessarily obtain volume discounts and best execution may not be achieved. In addition, under these circumstances, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients.</p> <p>Clients may request that brokerage transactions be directed to a particular broker or dealer, however, if PMAA believes that the use of that broker dealer would hinder PMAA in meeting its fiduciary obligations, PMAA will not be able to accept the account.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

**Passive Momentum Asset Advisors**

IRS Empl. Ident. No.:

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Item of Form (identify)	Answer
13.A.	<p><b><u>ADDITIONAL BENEFITS</u></b></p> <p>As disclosed at Item 12.B. of this Schedule F, PMAA may recommend the use of Schwab for brokerage services to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides PMAA with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional. Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to PMAA other products and services that benefit PMAA but may not benefit its clients' accounts. Some of these other products and services assist PMAA 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, provide research, pricing information and other market data, facilitate payment of PMAA's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PMAA's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide PMAA with other services intended to help PMAA manage and further develop its business enterprise. These services may include consulting, publications and presentations 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 to PMAA 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 PMAA. The availability to PMAA of the foregoing products and services is not contingent upon PMAA committing to Schwab Institutional any specific amount of business (assets in custody or trading).</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

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