

# PRINCETON GLOBAL ASSET MANAGEMENT, LLC

## FORM ADV Part 2A: Firm Brochure

### Item 1: Cover Page

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| Name of Investment Manager: | Princeton Global Asset Management, LLC                 |
| Address:                    | 28 Talbot Lane, Princeton, New Jersey 08540            |
| Telephone:                  | (609) 945-1781 Office                                  |
| Website:                    | <a href="http://www.PGAM-LLC.com">www.PGAM-LLC.com</a> |
| Date:                       | March 27, 2014   |

This brochure provides information about the qualifications and business practices of Princeton Global Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 609-945-1781. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Princeton Global Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Item 2: Material Changes

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There are no material changes to Princeton Global Asset Management since our last annual update.

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

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This document describes in narrative form the operations and policies of Princeton Global Asset Management, LLC (“PGAM” or “we”) with respect to its separately managed account programs and is provided to our Clients and prospective Clients in conformity with SEC rules. If it raises any questions or does not provide answers to any other questions you might have, please contact us to discuss such matters.

Walter Russyk and Paul J. Gerard founded PGAM on January 31, 2008. PGAM has been principally owned by Adolf L. Herst and Paul J. Gerard since January 31, 2009. Adolf L. Herst is the President of Princeton Global Asset Management and has over 40 years of investment experience. Adolf earned a

B.S. degree from Wilkes University in 1963. He was President of A.L. Herst Associates, Inc., a Princeton New Jersey based investment advisory firm he founded in 1972, which was acquired in 1992 by The Glenmede Corporation which established the Glenmede Trust Company of New Jersey. He initially served as the President of the Trust Company, and then in 1995 became Chairman of the Board. In 1992 he founded First Princeton Asset Management LLC. In 1998 Adolf retired from Glenmede but he has continued to be active in a variety of businesses, money management, and charitable endeavors.

Paul Gerard is Chairman of Princeton Global Asset Management and has over 35 years of investment experience. Paul earned a B.S. from the University of California, Berkeley, and an M.B.A. from New York University Graduate School of Business Administration. He is a CFA® Charterholder and has passed the Series 7, 63 and 65 Examinations. He also holds memberships in the CFA Institute and the New York Society of Security Analysts (NYSSA). Prior to forming Princeton Global Asset Management, Paul was a Managing Director and Senior Portfolio Manager for BlackRock/Merrill Lynch Investment Management from 1986 to 2007. (Merrill Lynch Investment Management (MLIM) combined with BlackRock in 2006.) Paul was a member of the domestic Investment Policy and Strategy Committee and served as Chairman of the International Policy and Strategy Committee. Before joining MLIM in 1986, Paul was associated with Equitable Investment Management Corporation in New York for 13 years.

PGAM furnishes “investment supervisory services,” defined as giving continuous advice to Clients as to the investment of their funds based on the individual needs of each Client. We provide US, International and Global investment strategies that are customized to our Clients’ investment objectives and needs through equity, fixed income and balanced accounts. Our customization considers risk tolerance, time horizon, liquidity needs, tax considerations, and client directed restrictions such as, but not limited to, social concerns, and all other pertinent issues of our Clients. PGAM does not participate in wrap fee programs.

We provide investment advice based on information Clients provide us about personal, financial and tax statuses, and investment objectives and policies, as well as any updates or changes to their information. We impose no restrictions on the ability of Clients to contact and consult with us.

As of December 31, 2013, our client assets under management on a discretionary basis totaled \$100,300,000 and none on a non-discretionary basis.

## Item 5: Fees and Compensation

PGAM’s fees are generally charged in arrears on a quarterly basis as a percentage of assets under management. However, upon agreement between a Client and PGAM, fees may also be charged in advance, on a schedule other than quarterly, or as a fixed rate. When charged as a percentage of assets under management, fees are calculated based on the quarter end’s market value as determined by the Client’s custodian. This market value is multiplied by the agreed upon Annual Fee percentage. One quarter (1/4) of this Annual Fee will then be charged. Fees are usually deducted from the Client’s account by the custodian with the Client’s prior authorization upon receipt of an invoice from PGAM and transferred to PGAM. However, other methods of payment, such as payment from another account, are possible.

Clients may also pay brokerage commissions, other trade-related fees, custodian fees, and fees associated with any investment company securities (e.g., closed- or open-end mutual funds and ETFs) their accounts may contain. Clients also have the option to purchase investment products that PGAM recommends through other brokers or agents that are not affiliated with PGAM. Further details about our brokerage practices can be found in Item 12: Brokerage Practices.

Fees generally conform to the schedule on the following page, but may be negotiated based on a number of factors including, but not limited to, the size and type of account, securities held, strategies implemented, and the number and types of Client restrictions applied.

| <b>Standard PGAM Equity/Balanced Fees:</b> | <b><u>Valuation</u></b>         | <b><u>Annual Rate</u></b> |
|--|---------------------------------|---------------------------|
|  | First \$1,000,000               | 1.25%                     |
|  | Next \$4,000,000                | 1.0%                      |
|  | Next \$5,000,000                | 0.75%                     |
|  | Value in excess of \$10,000,000 | negotiable                |

| <b>Standard PGAM Fixed Income Fees:</b> | <b><u>Valuation</u></b>         | <b><u>Annual Rate</u></b> |
|---|---------------------------------|---------------------------|
|   | First \$5,000,000               | 0.40%                     |
|   | Next \$15,000,000               | 0.20%                     |
|   | Next \$30,000,000               | 0.15%                     |
|   | Value in excess of \$50,000,000 | negotiable                |

Clients can terminate their Discretionary Management Agreement with PGAM at any time. In the event an Agreement includes a fee paid in advance and is terminated before a fee period's end, the fee paid between termination and the fee period's end will be returned to the Client on a pro rata basis by a mutually agreed upon method.

Neither PGAM nor any of our Investment Adviser Representatives accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

PGAM and our Investment Adviser Representatives have not yet but may accept performance based fees, which are fees based on capital appreciation of assets of a Client. Item 5 explains our existing fee schedules in detail. PGAM recognizes the potential for conflicts of interest in managing accounts with performance based fees side-by-side with accounts with fixed or as-a-percentage-of-assets under management fee schedules. For example, PGAM may have an incentive to favor performance based fee accounts over fixed or as-a-percentage-of-assets under management fee accounts in terms of effort, resources or trading. PGAM feels that this potential for conflicts is addressed in general by our Compliance Policies and Procedures and in particular by our procedures regarding reviewing and trading client accounts.

## **Item 7: Types of Clients**

PGAM services individual Clients, and may include their investment, pension, retirement and profit sharing plan accounts, and their foundations, partnerships, trusts, holding companies, Keogh and IRA rollover accounts. PGAM has a minimum dollar value of \$1 million for an account and reserves the right to negotiate this and other conditions for starting or maintaining an account. We also reserve the right not to provide investment advisory services to a Client when it is not in the Client's or our best interests. PGAM's investment management agreement generally is effective, and the Client's first billing period generally commences, upon PGAM's actual management of assets under the signed agreement. Either party may terminate the agreement upon written notice as set forth in the contract.

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

PGAM's primarily method of analysis is fundamental analysis. We also consider global market conditions, country and regional fiscal and monetary policies, macro-economic developments, currency trends, and geo-political environments. Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials provided by others, corporate rating services, and companies' press releases, annual reports, prospectuses, and filings with the Securities and Exchange Commission. We also utilize local and global general news sources, internet based services, and academic, governmental, and international organizations' research and reports. However, PGAM cannot assure the accuracy of any of this information.

The types of investments and investment strategies utilized by PGAM vary depending on the particular investment objectives and restrictions selected by our Clients. We provide US, International and Global investment strategies that are customized to our Clients' investment objectives through diversified equity, fixed income and balanced separately managed accounts. We consider a US investment strategy to invest primarily in US domiciled entities. We consider an International investment strategy to invest primarily in non-US domiciled entities, and a Global investment strategy to invest in a mix of both US and non-US domiciled entities.

To execute these strategies, we may purchase exchange-listed securities, including American Depositary Receipts ("ADRs") and Exchange Traded Funds ("ETFs"), securities traded over-the-counter, securities issued by Foreign Issuers, warrants, corporate debt securities, certificates of deposits, municipal securities, mutual fund shares, United States government securities, and foreign bonds issued or guaranteed by foreign governments and international organizations.

International and Global investment strategies contain special risks and circumstances involved in investing in foreign securities, including but not limited to currency fluctuations, political and economic instability, and expropriation, confiscatory or withholding taxation by foreign governments. There may also be reduced availability of public information about issuers, including but not limited to less accounting and financial reporting. Foreign financial markets may be less liquid and more volatile, and may be subject to less regulation than US markets. Investing in foreign markets may also involve settlement delays and higher commission and transaction costs.

An International Equity or Balanced Investment Strategy, and the non-US securities component of a Global Equity or Balanced Investment Strategy, are invested primarily in American Depositary Receipts ("ADRs"). The number of ADRs available with respect to a given country or region may not be representative of that country or region's proportionate share of the world securities market. Direct investments in some non-US securities may be prevented or made impractical by factors including federal, state or local country law or regulation. In addition, these strategies may not be diversified across industry sectors.

Trading in Client accounts may be long-term or short-term. Depending on the investment objective selected, and the level of customization involved, annual portfolio turnover of an account may be minimal or substantial.

PGAM does not guarantee the future performance of any investment strategy or any specific level of performance, the success of any investment recommendation or strategy, or the success of PGAM's overall management of a strategy. PGAM's investment recommendations are subject to various market, currency, economic, political and business risks. Past performance is not a guarantee of future results and our investment decisions and strategies will not always be profitable.

## Item 9: Disciplinary Information

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There are no legal or disciplinary events associated with PGAM or our Registered Investment Advisers.

## Item 10: Other Financial Industry Activities and Affiliations

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Adolf L. Herst is the Managing Member of First Princeton Asset Management, LLC, which is the General Partner of First Princeton Partners, LP, a limited investment partnership. This relationship does not create a conflict of interest with PGAM Clients.

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

PGAM will provide complete copies of our Proxy Policy and Procedures, Insider Trading Policy, Compliance Manual of Policies and Procedures which includes our Code of Ethics, and Privacy Policy to Clients and prospective Clients upon request.

PGAM enforces Compliance Policies and Procedures which include Insider Trading and Personal Trading Policies. These policies require pre-clearance procedures, and transaction, holdings and account monitoring that are designed to prevent potential conflicts of interest and the infringement of statutory and other rules relating to trading and similar activities. Each employee who makes investment recommendations or decisions for Clients, who participates in the determination of such recommendations or decisions, or who, in connection with their duties, obtains information concerning which securities are being purchased or sold or recommended for such action, must comply with the applicable requirements and restrictions of our Compliance Manual of Policies and Procedures.

Among other restrictions, our employees' personal trading may not be executed on the basis of information that is not generally available to the investing public. In addition, our employees are prohibited from trading securities which are under consideration for purchase or sale by PGAM's Investment Committee before the Committee's decision to purchase or sell the securities is made. These and other restrictions are designed and enforced in order to establish and maintain the primacy of our Clients' interests above all else.

PGAM's Code of Ethics is intended to reflect fiduciary principals that govern the conduct of PGAM Employees in general and in those situations where PGAM provides investment advice to Clients in particular. Our Compliance Manual consists of policies and procedures regarding several key areas: standards of conduct and compliance with laws, rules and regulations, protection of material non-public information, insider trading, personal securities trading and our Code of Ethics.

PGAM maintains and enforces a Privacy Policy. PGAM respects our Clients' right to keep their personal information confidential and understands their desire to avoid unwanted solicitations. Unless compelled by a validly issued and enforceable subpoena or summons, PGAM will not disclose personal information about our Clients or former Clients to anyone without their authorization. We also restrict access to non-public personal information about our Clients to employees of our firm and other parties who must use that information to provide services to our Clients. Our complete Privacy Policy is on the next page.

# **Princeton Global Asset Management, LLC**

## **Privacy Policy**

Federal law requires Princeton Global Asset Management, LLC (“PGAM”), and other financial institutions, to disclose our Privacy Policy. PGAM respects our Clients’ right to keep their personal information confidential and understands their desire to avoid unwanted solicitations. We hope that by taking a few moments to read our Policy, our Clients will have a better understanding of what we do with the information you provide us.

PGAM generally does not disclose personal information about our Clients or former Clients to anyone. We will disclose personal information about our Clients with their authorization. Except as otherwise described in this Policy, we restrict access to nonpublic personal information about you to employees of our firm and other parties who must use that information to provide services to you.

- We limit the collection, use and retention of Client information to what we reasonably believe will help us deliver superior service, fulfill our fiduciary responsibilities, to administer our business, manage our risks, market our services and products, and to meet applicable laws and regulations.
- We provide Clients with relevant and appropriate choices regarding the sharing of information with our affiliates and others. We will give Clients choices regarding the sharing of information with affiliates and third parties in accordance with applicable law and their agreements with us.
- We comply with the USA Patriot Act, Section 326. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open an account, we will ask for your name, address, date of birth (for individuals), and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents.

We may disclose certain nonpublic information about you for the following reasons:

- To comply with a validly issued and enforceable subpoena or summons.
- In the event of a prospective purchase, sale, or merger, provided that we take appropriate precautions (for example, through a written confidentiality agreement) so the prospective purchaser or merger partner does not disclose information obtained in the course of the review.
- We may disclose information we have about Clients as permitted by law. For example, we may share information with regulatory authorities and law enforcement officials who have jurisdiction over us or if we are required to do so by applicable law and to provide information to protect against fraud.
- As a part of any actual or threatened legal proceedings or alternative dispute resolution proceedings either initiated by or against us, provided we disclose only the information necessary to file, pursue, or defend against the lawsuit and take reasonable precautions to ensure that the information disclosed does not become a matter of public record.
- To provide information to affiliates of the firm and nonaffiliated third parties who perform services or functions for us in conjunction with our services to you, but only if we have a contractual agreement with the other party that prohibits them from disclosing or using the information other than for the purposes for which it was disclosed.

We can also use the information collected under this Policy to perform services within the scope of our Agreement with you. We also collect information about financial transactions that you have carried out, such as the buying or selling of any securities through us, our affiliates or other parties; we may also receive information from a consumer reporting agency. We apply the same privacy policies and practices to our former Clients that we do to our existing Clients. All collected information is retained in accordance with Federal law.

## Item 12: Brokerage Practices

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PGAM may select brokers which provide us with research or other transaction-related services. However, PGAM does not participate in “soft-dollar” arrangements with any broker. That is, PGAM does not accumulate soft dollar credits with any broker, and any benefits PGAM may receive from any broker, such as obtaining research or any other goods or services, is not contingent upon any level of commission generation or trading activity.

PGAM recommends custodians and/or brokers that we reasonably believe will provide the best execution of services, including trading. PGAM generally will seek competitive commission rates but will not necessarily attempt to obtain the lowest possible commission for transactions. In selecting brokers for a particular transaction, PGAM may consider all relevant factors, including the execution capabilities required by the transaction, the importance of speed, efficiency or confidentiality, familiarity with sources from whom or to whom particular securities might be purchased or sold, as well as any other relevant matter.

Consistent with obtaining best execution, transactions for a Client’s account are directed to brokers that furnish PGAM with research or other services regardless of the amount of commissions and trade activity generated by the relationship between PGAM and the broker. Such research or other services benefit all of PGAM’s Clients and brokerage commissions paid by a particular Client for a particular transaction do not benefit that particular Client but all of PGAM’s Clients. PGAM may, in its discretion, cause a Client to pay brokers a commission greater than another qualified broker might charge to effect the same transaction where PGAM determines in good faith that the commission is reasonable in relation to the value of the brokerage services received.

It is also usual for custodians to provide certain products and services to investment advisers in order to facilitate the business between them. For example, custodians may provide PGAM with software for downloading information into our portfolio management and accounting systems, and submitting client trades. They may also provide us with services such as practice management and compliance assistance. PGAM may also utilize any custodian’s research products and services.

PGAM does not accept Client referrals from brokers or custodians in consideration for selecting brokers or custodians for services.

PGAM may recommend custodians and/or brokers to Clients and Clients may designate their own if PGAM agrees. It is usually anticipated that all or a significant amount of brokerage transactions for a Client’s account will be placed through the custodian of the Client’s account if the custodian is also the broker and the account is a retail brokerage account. In the event a Client directs PGAM to use a particular custodian and/or broker, it is made clear to the Client in writing that PGAM may not have the authority to negotiate commissions, obtain volume discounts, aggregate that Client’s orders or ensure best execution, and that there may be a disparity in commission charges with other Clients.

Transactions for each Client generally will be effected independently on a rotational allocation basis. To the extent permitted by law, PGAM shall also be permitted to, but is not obligated to, combine trade orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among PGAM’s Clients. Clients may experience differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transaction prices and costs are shared equally on a pro-rata basis between all accounts in any such combined trade order.



## Item 13: Review of Accounts

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Under the direction of the Chief Investment Officer, members of the PGAM Investment Committee review select accounts on a daily basis for cash flows, security additions or withdrawals, trade settlement, corporate action processes, trading to model, and other account-appropriate operational processes. Selection of accounts is based on several factors such as its status of bringing the account to model or restrictions, account specific circumstances such as expected inflows or outflows of securities and/or cash, or any other circumstances unique to the account. All accounts are reviewed on a monthly basis for cash flows, security additions or withdrawals, trade settlement, corporate action processes, and trading to model.

They are reviewed on a quarterly basis for adherence to investment objective, asset allocation, stage of implementation of investment strategy, and other account-appropriate portfolio management requirements. The Chief Operating Officer is also responsible for monitoring accounts for cash flows, security additions or withdrawals, trade settlement, corporate action processes, and other account-appropriate operational processes. Unscheduled reviews are triggered by changes to a holding's fundamentals, or a Client's circumstances such health, employment, family, etc.

At a minimum, each PGAM Client receives on a quarterly basis a written report of account holdings, market value and advisory fees. Clients may also receive interpretive comments on investment positions and the general investment environment. Such reports and commentaries are always provided to Clients upon request. Clients may also receive transaction confirmations and monthly, or on another frequency, statements from brokers and their custodians.

## Item 14: Client Referrals and Other Compensation

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PGAM has not yet but may in future compensate other individuals and organizations for referring clients. Payments for such referrals may be either a percentage of the client's annual fee or a fixed fee. All referral compensation arrangements are fully disclosed in writing to and acknowledged in writing by those Clients affected by the arrangement either prior to or upon entering into an advisory agreement with PGAM.

## Item 15: Custody

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To ensure that PGAM has no conflict of interest, we will not serve as a custodian for any Client, and PGAM will not accept authorization to withdraw any money, securities, or other property in the name of any Client. However, Clients generally authorize the custodian of their account to withdraw and transfer PGAM's quarterly fee from their account to PGAM upon their authorization.

At a minimum, each PGAM Client receives on a quarterly basis a written report of account holdings, market value and advisory fees. Clients may also receive interpretive comments on investment positions and the general investment environment. Such reports and commentaries are always provided to Clients upon request. Clients may also receive transaction confirmations and monthly, or on another frequency, statements from brokers and their custodian.

PGAM urges all Clients to compare both custodian and PGAM account statements and reports. Clients are also advised with each PGAM account statement and report that the custodian statement is the official record of their account and PGAM's account statements and reports are for informational purposes only. Our account statements and reports contain data based on information derived from sources PGAM believes to be accurate. However, PGAM cannot assure the accuracy of the data. Our statements and

reports reflect our records regarding only those assets under our management, and are not statements or reports of physical custody of Clients' assets.

## Item 16: Investment Discretion

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Clients usually grant PGAM complete and unlimited discretionary trading authorization and appoint PGAM as agent and attorney-in-fact with respect to their accounts. However, if agreed in writing, Clients may impose investment restrictions or other special instructions as described in Item 4: Advisory Business. When necessary and appropriate, Clients agree to sign a "Limited Powers of Attorney" or "Trading Authorization" as may be required by their custodian and/or broker. Pursuant to such an authorization, PGAM may, in its sole discretion purchase, sell, exchange, convert and otherwise trade in the securities and other investments in the Client's account, as well as arrange for the delivery and payment in connection with the above, and act on behalf of the Client in all other matters necessary or incidental to the handling of the Client's account.

PGAM will not serve as a custodian for any Client, and PGAM will not accept authorization to withdraw any money, securities, or other property in the name of any Client. Clients generally grant prior authorization to the custodian of their account to withdraw and transfer PGAM's quarterly fee to PGAM upon the custodian's receipt of an invoice from PGAM.

Before executing any investment discretion on a Client's behalf, PGAM reviews and verifies all governing documents through our Account Opening Procedures found in our Compliance Manual of Policies and Procedures. These include, but are not limited to, Powers of Attorney, custodian agreements, the PGAM investment management agreement, and any investment policies and restrictions.

## Item 17: Voting Client Securities

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Generally, PGAM will not vote proxies of securities in Client accounts. If PGAM agrees to a Client's request for PGAM to vote proxies, PGAM will vote proxies in accordance with our Proxy Policy and Procedures. In general, PGAM will act prudently, taking into consideration those factors that may affect the value of the security, and will vote such proxies in a manner that, in our opinion, is in the best interest of the Client. Information about how PGAM voted proxies will be available to the Client upon request. PGAM will provide a copy of our Proxy Policy and Procedures upon request.

## Item 18: Financial Information

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PGAM is not required to provide a balance sheet for our most recent fiscal year as we do not require or solicit prepayment of more than \$1,200 in fees per Clients six months or more in advance.

## Item 19: Requirements for State-Registered Advisers

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Our principal executive officers are identified in Item 4 and any affiliations or other business interests are identified in Item 10. PGAM is not engaged in any business other than giving investment advice as described in Item 4. Neither PGAM nor any of its management persons has ever been found liable in an arbitration claim, or civil, self-regulatory organization or administrative proceeding. In addition, neither PGAM nor any of its management persons has any relationship or arrangement with any issuer of securities.