

Pacific Asset Management

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Pacific Asset Management. If you have any questions about the contents of this brochure, please contact us at (253) 649-4600 or by email at: compliance@pacificasset.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 Pacific Asset Management is also available on the SEC's website at www.adviserinfo.sec.gov. Pacific Asset Management's CRD number is: 115157.

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Registration as an investment adviser does not imply a certain level of skill or training.

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Item 2: Material Changes

There have been no material changes to this document since our last update, February 27, 2020.

Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes.....	ii
Item 3: Table of Contents.....	iii
Item 4: Advisory Business	2
Item 5: Fees and Compensation.....	4
Item 6: Performance-Based Fees and Side-By-Side Management	6
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies, & Risk of Loss	7
Item 9: Disciplinary Information.....	10
Item 10: Other Financial Industry Activities and Affiliations.....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12: Brokerage Practices	12
Item 13: Review of Accounts.....	13
Item 14: Client Referrals and Other Compensation.....	14
Item 15: Custody	15
Item 16: Investment Discretion.....	15
Item 17: Voting Client Securities (Proxy Voting)	15
Item 18: Financial Information.....	16

Item 4: Advisory Business

A. Description of the Advisory Firm

Pacific Asset Management (hereinafter "PAM") is a Limited Liability Company organized in the State of Washington. The firm was formed in November 1998, and the principal owners are Joshua A. Morin, Donald F. Cox and Brian W. Cox.

B. Types of Advisory Services

Portfolio Management Services

PAM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. PAM creates an Investment Policy Statement for each client, which outlines the client's current situation (which may include income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

PAM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. PAM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

PAM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of PAM's economic, investment or other financial interests. To meet its fiduciary obligations, PAM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, PAM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is PAM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Pension Consulting Services

PAM provide pension consulting services to employer plan sponsors in the capacity of a 3(21) and 3(38) advisor. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, selection and/or monitoring of investment

alternatives (generally open-end mutual funds) and reviewing their company's participant-directed retirement plan. To the extent requested by the plan sponsor, PAM may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and the conditions of the engagement shall generally be set forth in the advisory agreement between the plan sponsor and PAM.

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

Services Limited to Specific Types of Investments

PAM generally limits its investment advice to mutual funds, fixed income securities, equities and ETFs, although PAM primarily recommends asset class investing via mutual funds and ETFs. PAM may use other securities as well to help diversify a portfolio when applicable.

Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If PAM recommends that a client roll over their retirement plan assets into an account to be managed by the PAM, such a recommendation creates a conflict of interest if PAM will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by PAM.**

Portfolio Activity

PAM has a fiduciary duty to provide services consistent with our client's best interest. As part of its investment advisory services, PAM will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when PAM determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

C. Client Tailored Services and Client Imposed Restrictions

PAM will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that

will be executed by PAM on behalf of the client. PAM may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent PAM from properly servicing the client account, or if the restrictions would require PAM to deviate from its standard suite of services, PAM reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. PAM does not participate in wrap fee programs.

E. Assets Under Management

PAM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$195,870,000	\$4,950,000	December 31, 2020

Item 5: Fees and Compensation

A. Fee Schedule

Portfolio Management Fees (New Clients):

Total Assets Under Management	Annual Fees
\$1 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.75%
\$2,000,001 - and up	0.50%

Existing clients are grandfathered into their original fee structure that was memorialized in their investment advisory agreement.

The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a

full refund of PAM 's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

Pension Consulting Services Fees (New Clients)

Asset-Based Fees for Pension Consulting

Total Assets Under Management	Annual Fee
\$1 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.75%
\$2,000,001 - and up	0.50%

Existing clients our grandfathered into their original fee structure that was memorialized in their investment advisory agreement.

The advisory fee is calculated using the value of the assets on the last business day of the prior billing period

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement.

Clients may terminate the agreement without penalty for a full refund of PAM 's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement generally with 30 days' written notice. PAM bills based on the balance on the first day of the billing period

B. Payment of Fees

Payment of Portfolio Management Fees

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

Payment of Pension Consulting Fees

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in advance.

C. Client Responsibility For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by PAM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

PAM collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate* times the number of days elapsed in the billing period up to and including the day of termination. (*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

E. Outside Compensation For the Sale of Securities to Clients

Neither PAM nor its supervised persons accept any compensation for the sale of 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

PAM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

PAM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Corporations or Business Entities

There is a \$250,000 account minimum for any of PAM's services. Account Minimums may be waived or altered on a case by case basis.

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

A. Methods of Analysis and Investment Strategies

Before making any recommendations, a PAM advisor will meet with a prospective client in order to understand what the goals and objectives are. This task is generally accomplished using software to incorporate investable assets, social security, pensions, other sources of income and other investments with their expectation for future spending. The process also requires assumptions regarding inflation, potential rates of return and life expectancies.

Once we have helped the prospective client incorporate their goals and objectives into an investment plan as described above, we then make specific recommendations, with respect to investments, necessary to maximize the chance of achieving such goals. We have always stood firm in our conviction that evidence based investing that seeks to gain insight on market returns provides a better investment outcome for our clients over the long term.

We primarily practice passive investment management. Passive investing involves building portfolios that are comprised of various distinct asset classes. The asset classes are weighted in a manner to achieve a desired relationship between correlation, risk and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio. The funds that are used to build portfolios are typically index or index like mutual funds or exchange traded funds (ETFs).

Passive investment management is characterized by low portfolio expenses (i.e. the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal).

In contrast, active management involves a single manager or managers who employ some method, strategy or technique to construct a portfolio that is intended to generate returns that are greater than the broader market or designated benchmark.

Our investment strategy includes the use of low cost, custom designed index funds designed to seek out premium returns across a globally diversified portfolio. In other words, we will recommend that our clients own large stocks, small stocks, growth stocks, value stocks, bonds and other fixed income investments both US and Internationally.

It is time in the market rather timing the market that will increase the likelihood of investment success. Accordingly, we will not practice any form of speculation or market timing. Client behavior will have a bigger impact on their investment success than anything else. Equity markets are volatile and one needs to focus on their long term

objectives and not allow their behavior to be influenced by short term swings in the markets.

B. Material Risks Involved

All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear. Many of the risk apply equally to stocks, bonds, commodities and any other investment or security.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Small and Medium Cap Company Risk: Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

Interest Rate Risk: Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

Inflation: Inflation may erode the buying-power of your investment portfolio, even if the dollar value of your investments remains the same.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

Mutual Funds: Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment

returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Exchange Traded Funds (ETFs): An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use “authorized participants” (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither PAM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither PAM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Donald Ray Gardner is an accountant at Northwest Accounting Group and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. PAM's Shelton office and NW Accounting Group do not share the same office space. PAM always acts in the best interest of the client and clients are in no way required to utilize the services of any representative of PAM in connection with such individual's activities outside of PAM.

PAM may recommend Northwest Accounting Group to advisory clients in need of accounting services. Accounting services provided by Northwest Accounting Group are separate and distinct from the advisory services of PAM. PAM receives no referral fees

for these recommendations. No PAM client is obligated to use Northwest Accounting Group for any accounting services.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

PAM does not utilize nor select third-party investment advisers.

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

A. Code of Ethics

PAM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. PAM's Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

PAM does not recommend that clients buy or sell any security in which a related person to PAM or PAM has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of PAM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of PAM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. PAM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of PAM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of PAM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, PAM will never engage in trading that operates to the client's disadvantage if representatives of PAM buy or sell securities at or around the same time as clients.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on PAM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and PAM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in PAM's research efforts. PAM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

PAM will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc.

1. Research and Other Soft-Dollar Benefits

While PAM has no formal soft dollars program in which soft dollars are used to pay for third party services, PAM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). PAM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and PAM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. PAM benefits by not having to produce or pay for the research, products or services, and PAM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that PAM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

2. Brokerage for Client Referrals

PAM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Clients Directing Which Broker/Dealer/Custodian to Use

PAM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

B. Aggregating (Block) Trading for Multiple Client Accounts

PAM does not aggregate or bunch the securities to be purchased or sold for multiple clients. This may result in less favorable prices, particularly for illiquid securities or during volatile market conditions.

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for PAM's advisory services provided on an ongoing basis are reviewed at least quarterly with regard to clients' respective investment policies and risk tolerance levels. The review is performed by the investment advisor representative that is responsible for their respective client account.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of PAM's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. PAM will also provide at least quarterly a separate written statement to the client.

In addition, our custodians, Charles Schwab & Co. provides monthly and/or quarterly statements, trade confirmations, and annual tax documents.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

PAM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to PAM's clients.

With respect to Schwab, PAM receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For PAM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to PAM other products and services that benefit PAM but may not benefit its clients' accounts. These benefits may include national, regional or PAM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of PAM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist PAM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of PAM's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of PAM's accounts. Schwab Advisor Services also makes available to PAM other services intended to help PAM manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to PAM by independent third parties. Schwab Advisor Services 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 PAM. PAM is independently owned and operated and not affiliated with Schwab.

B. Compensation to Non - Advisory Personnel for Client Referrals

PAM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

When advisory fees are deducted directly from client accounts at client's custodian, PAM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Custody is also disclosed in Form ADV because PAM has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, PAM will follow the applicable safeguards.

Item 16: Investment Discretion

PAM provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, PAM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, PAM's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to PAM).

Item 17: Voting Client Securities (Proxy Voting)

PAM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

PAM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither PAM nor its management has any financial condition that is likely to reasonably impair PAM's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

PAM has not been the subject of a bankruptcy petition in the last ten years.