

Patrick M. Beresh, CPA\*\*, PFS  
doing business as

# PMB ADVISORS

Item 1 – COVER PAGE

FORM ADV PART 2A\*  
BROCHURE  
and  
FORM ADV PART 2B\*  
BROCHURE SUPPLEMENT

September 2021

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\*This brochure provides information about the qualifications and business practices of PMB Advisors. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, Patrick M. Beresh, at telephone 415-336-5501. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any other federal or state authority.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

The use of the term "registered investment adviser" and description of PMB Advisors and/or the Firm's associates as "registered" does not imply a certain level of skill or training. Additional information about PMB Advisors and its supervised persons is available at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

\*\*Mr. Beresh's CPA license is currently on "inactive" status as he is not currently providing services as a CPA.

## Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A

This updated Form ADV Part 2A Brochure and Part 2B Brochure Supplement contains the following changes from the annual amendment dated April 2021:

- Updated disclosures regarding the Firm's advisory business at Item 4.
- Updated disclosures regarding proxy voting at Item 17.
- Updated Brochure Supplement, Part 2B.

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#### **Item 4 - ADVISORY BUSINESS**

Patrick M. Beresh, a sole proprietor doing business as PMB Advisors, is a registered investment advisor under the laws and regulations of the United States Securities and Exchange Commission.

IA Registration Status –	Commenced Business in: 2001 Registered or licensed since 2005; Registered with the SEC between 2005 – 2012 and again in 2020 Licensed by the State of California between 2012 - 2020
Principal Owner –	Patrick M. Beresh
Assets Under Management –	Discretionary Assets – \$122,240,000
as of December 31, 2020	Non-discretionary Assets – \$1,210,000

#### **ADVISORY SERVICES**

##### **Investment Management Services**

PMB Advisors' investment management services include, among others, financial goal setting, risk assessment, financial and retirement planning, strategic asset allocation and the selection and management of securities and investments. Client portfolios are based on an asset allocation and investment strategy developed with each client.

The investment management services PMB Advisors provide are based on each individual client's financial circumstances and investment objectives. The Firm's portfolio manager meets with each client to discuss the client's current financial condition and to review the client's current investment holdings. Based upon each client's circumstances, PMB Advisors determines an appropriate asset allocation for the client's investment portfolio, in accordance with the client's specific financial objectives and risk tolerance and in consideration of other factors, including the client's time horizon (education funding, home purchase, retirement, legacy planning), liquidity needs, and other available resources (including external retirement plans, projected Social Security, real estate, and insurance). Clients may identify any investment restrictions to be placed on their account. Each client's financial objectives, risk tolerance, and liquidity needs, along with a recommended asset allocation, are incorporated into a personalized investment policy that is approved by the client. Where appropriate, PMB Advisors will assist with the selection of other advisors, including estate planning, insurance, retirement and other financial and/or investment advisors.

##### **Fiduciary Status**

PMB Advisors is a fiduciary under applicable state and federal statutes and regulations. As a fiduciary, it is obligated to provide services and advice that are in the best interest of each client.

The minimum level of assets under management required for each client is normally \$100,000. Accounts with assets as low as \$100,000 are subject to restrictions on the types of securities

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<sup>1</sup> "Registration" means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply a certain level of skill or training or that the State of California or any other regulator guarantees the quality of our services or recommends them.

managed (e.g., mutual funds only) and service offered (e.g., limited or no formal financial planning). These provisions are subject to negotiation.

A client may make additions to and withdrawals from the client's portfolio account at any time, subject to the Firm's right to terminate an account if the amount of assets drops below the Firm's account size minimum. Clients may withdraw account assets with notice to the Firm and subject to the custodian's securities settlement procedures. PMB Advisors designs client portfolios as long-term investments and cautions its clients that withdrawals may impair the achievement of the client's investment objectives.

Additions to an account may be in cash or securities provided that PMB Advisors may decline to accept particular securities into a client's account or may recommend that the security be liquidated if it is inconsistent with the Firm's investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

### **Financial Planning and Consultation Services**

PMB Advisors provides financial planning and financial consultation services on either an hourly fee or fixed fee basis. PMB Advisors' financial planning/consulting services may include a financial review and analysis of some or all of the following areas:

- Determining Financial Goals and Objectives
- Asset Allocation Review
- Retirement Plan Analysis
- Employee Stock Option Analysis
- Current Portfolio Review
- Education Funding Analysis
- Cost Audit of Current Investments
- Cash Flow Management Review
- Review of Insurance Needs
- Mortgage and Refinance Evaluation
- Estate Plan Review or Development
- Charitable Planning
- Opinion on Current Investment Strategy/Advisors
- Other financial or investment analysis

Depending on the needs and interests of the client, PMB Advisors may or may not produce a written comprehensive financial plan. In the event a financial plan is created, it assesses the likelihood of the client achieving various goals and objectives dependent on various personal and financial assumptions, including portfolio design, lifestyle, work and retirement plans, pursuit of charitable and/or family goals and normal savings and consumption behavior. Depending on client needs, a financial plan also may address elements of tax and estate planning and insurance, including life, disability, health and long-term care insurance.

Typically, clients engaging the Firm to provide financial planning or financial consultation services are required to enter into a separate written agreement setting forth the terms and conditions of the planning engagement and describing the scope of the services to be provided. Financial planning clients need not necessarily become investment management clients of the Firm.

Each financial planning or financial consultation client retains absolute discretion over all implementation decisions related to financial planning and/or consulting services and is free to accept or reject any recommendation from PMB Advisors. Moreover, each client is advised that it remains their responsibility to promptly notify PMB Advisors if there is ever any change in their financial situation or investment objectives that might cause a change in the investment policy established for the client that may affect PMB Advisors' previous recommendations.

PMB Advisors may recommend to its financial planning clients that they retain the Firm as their investment advisor to implement its recommendations and such recommendation may be viewed as a conflict of interest. Financial planning clients are hereby advised that they are under no obligation to act on PMB Advisors' investment recommendations. Moreover, if a client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through any investment advisor when such is licensed as a broker-dealer or through any associate or affiliate of such advisor that is employed as registered representative or sales agent with a licensed broker-dealer or insurance provider.

### **General Notice**

In performing its services, PMB Advisors relies upon the information received from its client or from the client's other professional advisors and is not required to independently verify such information. Clients must promptly notify PMB Advisors of any change in their financial situation or investment objectives that would necessitate a review or revision of the client's portfolio and/or financial plan.

Depending on the complexity and depth of interest or need, PMB Advisors may suggest the client also consult with other professionals unrelated to PMB Advisors, including estate planning attorneys, tax accountants and insurance agents. PMB Advisors receives no compensation from any such referrals.

The Firm does not sponsor, nor does it provide portfolio management services to wrap fee programs offered by broker-dealers or others.

### **TERMINATION OF AGREEMENT**

Clients or the Firm may terminate the relationship upon 5 days' written notice to other party. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any earned investment management fees owed to the Firm will be billed to the client, or where authorized, deducted from the client's account, on a pro rata basis determined on the amount of time expired in the billing period. Any unpaid financial planning or consultation fees will be billed to the client for immediate payment or deducted from the client's retainer if a retainer was paid.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

## Item 5 - FEES AND COMPENSATION

### INVESTMENT MANAGEMENT FEES

For its investment management clients, PMB Advisors charges a fee based on a percentage of the market value of the investments held in each client's account. Assets in the account are included in the fee assessment unless specifically identified in writing for exclusion. The annual management fee is prorated and billed quarterly, in arrears. For purposes of calculating the investment management fee, related client accounts are combined, subject to certain conditions.

The management fee is computed on the last day of the billing period by determining the market value of the account using the following guidelines: (a) for marketable securities: the current market price provided by custodian; (b) for securities for which there exists no active market (such as real estate, gas and oil, or other illiquid securities), by using such information as PMB Advisors shall in good faith deem relevant to determine the value thereof, or in the absence of such information, at cost; and (c) for cash or equivalents, at dollar value.

Unless otherwise negotiated between the Firm and the client, the annual fee is calculated according to the following standard fee schedule:

Assets under Management	Annual Fee
On the market value of Account up to \$249,999	1.25%
On the market value of Account between \$250,000 to \$999,999	1.0%
On the market value of Account between \$1,000,000 to \$1,999,999	0.90%
On assets totaling above \$2,000,000	0.75%

The client's fee is determined in accordance with the above fee structure, with exceptions negotiated on a case-by-case basis. Any deviations from the fee structure are based upon a number of factors including any agreements not to trade certain assets or constraints on trading applied to parts of the portfolio, the amount of work involved, the amount of assets placed under management and the attention needed to manage the account.

Clients provide a written authorization permitting the management fee to be deducted from their account by the custodian and paid to PMB Advisors. At the time PMB Advisors directs the custodian to deduct the fee PMB Advisors sends a copy of its invoice to the client showing the amount of the fee and the calculation method. In addition, the custodian will send the client a monthly account statement showing any fee amounts deducted during the month. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

At the discretion of the Firm, clients may arrange to pay their fee directly to the Firm. Under this arrangement, payment is due upon client's receipt of its billing invoice.

To the extent that a client authorizes the use of margin, and margin is thereafter employed, the market value of the client's account and corresponding fee payable by the client to PMB Advisors would be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the

potential conflict of interest whereby the client's decision to employ margin would increase the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client. Clients employing margin are advised that the margin balance is not deducted when calculating the quarterly advisory fee.

#### **FINANCIAL PLANNING AND CONSULTATION FEES**

Fees for financial planning and financial consultations are based upon an hourly rate of \$400 per hour. Under certain circumstances, and in its sole discretion, the Firm may negotiate an alternative financial planning fee.

#### **COMMISSIONS EARNED**

Mr. Beresh is a licensed insurance agent in the State of California. In the course of providing its financial planning or investment management services, PMB Advisors also may recommend insurance solutions. When PMB Advisors recommends an insurance product to a client, the applicable insurance issuer likely will pay a sales load or commission to Mr. Beresh in his licensed agent role. Please refer to Item 10 – Financial Industry Activities and Affiliates for additional information regarding Mr. Beresh insurance sales activities and conflicts of interest related thereto.

#### **GENERAL FEE DISCLOSURE**

Please refer to Item 4 "Termination", above, for the effect of termination of the advisory or financial planning relationship on the payment or refund of investment management or financial planning fees.

PMB Advisors believes its investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay area for comparable services. However, comparable services might be available from other sources for lower fees than those charged by PMB Advisors.

PMB Advisors does not provide clients advice as to the tax deductibility of its advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

#### **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee. Please refer to Item 12 – Brokerage Arrangements for additional information regarding fees and services.

#### **FUND DISCLOSURES**

Investment vehicles such as mutual funds, closed-end funds, exchange traded funds and alternative investment funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage and other expenses and their sponsors typically compensate themselves through fees charged directly to the fund. Clients indirectly pay for the expenses and advisory fees charged by the funds in which their assets are invested in addition to the advisory fee charged by PMB Advisors.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will still pay management fees and other, "indirect" fees and expenses as charged by each mutual fund (or other fund) in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by PMB Advisors. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.

A client could invest in most mutual funds directly, without the services of PMB Advisors. In that case, the client would not receive the services provided by PMB Advisors which are designed, among other things, to assist the client in determining which investments are most appropriate given the client's financial circumstances.

#### **BOND DISCLOSURE**

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond. The client's custodian may also impose a fee on the transaction as well.

#### **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

PMB Advisors does not charge an additional performance fee based upon a percentage of the capital gains realized in client accounts. PMB Advisors does not manage any client accounts where a performance fee is charged.

#### **Item 7 - TYPES OF CLIENTS**

The firm's clients include individuals and high net worth individuals and their trusts and estates. PMB Advisors has established a \$100,000 minimum value of assets for opening an individual client relationship, although multiple accounts for the same client may be aggregated to meet this minimum. This minimum may be waived in certain circumstances.

As a result of the minimum account requirement, PMB Advisors' services may not be appropriate for everyone. Other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

#### **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

##### **METHODS OF ANALYSIS**

Depending upon the type of investment, PMB Advisors utilizes a combination of fundamental and cyclical analyses and charting. Fundamental analysis involves analyzing real data, including overall economic and company-specific information available to determine the value of a particular investment. Cyclical analysis refers to stocks that are sensitive to business cycles and tied strongly to the overall economy (i.e. automobiles and housing). PMB Advisors also sometimes utilizes charting as part of its analysis which involves plotting data points (i.e. price, settlement,



volume). In performing these analyses, the Firm consults third-party research materials, company annual reports and other regulatory filings, and financial newspapers and periodicals.

### **INVESTMENT STRATEGY**

Portfolio construction is based first on asset allocation, and second on selection of investment vehicles to fulfill the asset allocation. Investment selections typically include individual stocks and bonds index mutual funds and exchange-traded index funds (ETFs), as well as enhanced-index funds. Bonds include corporate bonds, government and government-agency bonds, and municipal bonds. Other investment vehicles used include certificates of deposit, money market funds, hedge funds, annuities, listed options, and the use of separate account managers, although the business is currently based primarily on ETFs, mutual funds, and individual stocks and bonds.

Under certain narrow circumstances for clients that authorize such transactions, PMB Advisors may engage in short term (less than 30 days) trading activities. Such clients are advised that short term trading activity can increase transaction costs, produce volatility in account performance, and result in higher levels of taxes.

### **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor may lose a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks can be systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole. Systematic risks include market risk, interest rate risk, reinvestment rate risk, purchasing power risk and exchange rate risk. Unsystematic risks depend on factors that are unique to the specific investment security. These risks include business risk and financial risk. Here are some of the general risks associated with parts of its investment strategy:

**Short-term purchases** – While PMB Advisors generally purchases securities with the intent to hold them for more than a year, the Firm occasionally buys or sells securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value

**Bond Pricing** – The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. As such, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. PMB Advisors may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

**Inflation** - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Interest-rate Fluctuation** - fluctuations in interest rates cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Currency Fluctuation** - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment of Dividends** – PMB Advisors will reinvest interest, dividends and capital gains as appropriate to accumulate wealth based on factors such as ongoing cash needs and tax loss harvesting opportunities. This is an appropriate strategy for a portfolio designed for capital growth. However, the reinvested earnings could result in a lower or a higher rate of return than was initially projected.

**Business Risk** - These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk** - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, treasury bills are highly liquid, while real estate properties are not.

**Financial Risk** - Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value for the securities issued by such companies.

**Mutual Funds with Foreign Asset Holdings** – Any investments in mutual funds that make foreign investments and are not hedged back to the U.S. Dollar are subject to the uncertainty with changes in the foreign currency value. The client may bear more risk and may earn a substantially higher return or a substantially lower return than projected.

**Short-term purchases** – While PMB Advisors generally purchase securities with the intent to hold them for more than a year, the Firm occasionally determines to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value.

**Short Sale Trading** – Short Sale Trading, or "shorting" involves a greater amount of risk. In some cases, short selling is used to achieve specific client goals.

**Margin Trading** – In some cases, and generally only for short term financing considerations, clients may elect to assume a margin balance on their investment account. In such cases, the client's custodian can require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

**Option Trading** – Certain clients engage in option trading. Option securities are complex derivatives of equity securities that incorporate certain leverage characteristics and as such carry an increased risk of investment loss.

#### **Item 9 - DISCIPLINARY INFORMATION**

PMB Advisors entered into a consent order with the State of California Department of Financial Protection and Innovation related to the Department's finding that PMB Advisors had engaged in unfair trade allocation practices. PMB made the business decision to enter into the consent order without admitting or denying any unfairness in its practices. PMB also has implemented recommended best practices, policies and procedures for trade allocations.

#### **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

PMB Advisors recommends that its clients custody their investment accounts with TD Ameritrade, Inc., an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Although PMB Advisors recommends that its clients custody their investment accounts at TD Ameritrade, PMB Advisors has no affiliation with TD Ameritrade, does not supervise its brokerage activities and is not subject to its supervision.

In the course of providing its financial planning or investment management services, PMB Advisors also may recommend insurance solutions. Mr. Beresh acts as the appointed sales agent for one or more insurance issuers. When PMB Advisors recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to Mr. Beresh. The receipt of such compensation and other potential incentive benefits creates an incentive to recommend insurance products to clients. At the time of any insurance recommendation to a client's Mr. Beresh will discuss the client's needs, the recommended products, all compensation arrangements and availability of alternative avenues for obtaining such products. Clients retain full discretion and authority to purchase such insurance products through other insurance agents or brokers that are not affiliated with PMB Advisors.

The insurance issuers with which Mr. Beresh is affiliated are wholly dependent of and otherwise unaffiliated with PMB Advisors. None of them supervise PMB Advisors' financial planning or investment management services or has any responsibility for the Firm's decisions regarding clients' assets or any other services PMB Advisors offers its clients.

Although PMB Advisors occasionally refers its clients to other professionals such as attorneys for estate planning or other matters, the Firm is not affiliated with any law firm or other such professional.

#### **Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

PMB Advisors, its employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees with access to the Firm's investment decision-making and trading activities are required to report all personal securities transactions on a regular basis. All personnel are required to abide by the Firm's personal

trading practices and code of ethics which governs employee trading practices and specifically prohibits employee trading on the basis of inside information and trading ahead of customer orders (front-running). PMB Advisors' employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees are permitted to trade in the same securities traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. Employees are permitted to personally invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities is restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, either employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that employees' personal transactions might be executed at more favorable prices than were obtained or clients.

Employees are permitted to buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees may take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees also are permitted to buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions could be viewed as creating a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions could be viewed as a conflict of interest.

## **Item 12 - BROKERAGE PRACTICES**

### **RECOMMENDATION OF TD AMERITRADE AS CUSTODIAN AND EXECUTING BROKER**

PMB Advisors recommends that clients establish brokerage accounts with c, to maintain custody of clients' assets and to effect trades for their accounts. TD Ameritrade is independently owned and operated and not affiliated with PMB Advisors and does not supervise or otherwise monitor PMB Advisors' investment management services to its clients. TD Ameritrade provides PMB Advisors with access to its institutional trading and custody services, which typically are not available to TD Ameritrade retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a set minimum of the advisor's clients' assets is maintained in accounts at TD Ameritrade but are not otherwise contingent upon PMB Advisors committing to TD Ameritrade any specific amount of business (in the form of either assets in custody or trading). TD Ameritrade's services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institution investors or would require a significantly higher minimum initial investment.

TD Ameritrade also makes available to PMB Advisors other products and services that benefit PMB Advisors but may not directly benefit its clients. Some of these other products and services assist

PMB Advisors in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of PMB Advisors' fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally are used to service all or a substantial number of PMB Advisors' accounts, including accounts not maintained at TD Ameritrade. TD Ameritrade also makes available to PMB Advisors other services intended to help PMB Advisors manage and further develop its business. These services include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, TD Ameritrade makes available, arranges and/or pays for these types of services by independent third parties. On occasion, TD Ameritrade discounts or waives fees it otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to PMB Advisors.

PMB Advisors' recommendation that clients maintain their assets in accounts at TD Ameritrade is based in part on the benefit to PMB Advisors of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided to clients by TD Ameritrade.

#### **DIRECTED BROKERAGE**

In a limited number of cases, clients may direct PMB Advisors to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, PMB Advisors is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client might pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed PMB Advisors to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by PMB Advisors as a result of its inability to aggregate/bunch trades with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker or dealer. As a result of the special instruction, PMB Advisors may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there may be a disparity in commission rates charged to a client who directs PMB Advisors to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs and possibly with more favorable execution.

#### **BEST EXECUTION**

PMB Advisors is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather applicable law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, PMB Advisors' primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, PMB Advisors may execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. PMB Advisors may select broker-dealers whose fees may be greater than those charged for similar investments if PMB Advisors determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees. Also, in certain instances the Firm may execute over-the-counter transactions on an agency basis, which would result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market maker's mark-up or mark-down.

PMB Advisors uses research and trading services furnished by brokers with respect to the securities markets, the economy, particular industries, individual issues, and similar topics having broad applications to client accounts. PMB Advisors uses research and trading services for the benefit of all PMB Advisors' clients, including clients whose securities transactions are not executed by the broker providing such services.

PMB Advisors reviews transaction results periodically to determine the quality of execution provided by the broker-dealers through whom PMB Advisors executes transactions on behalf of clients.

#### **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

PMB Advisors is not a party to formal agreements whereby, in exchange for directing commissionable trades to a broker-dealer, it receives research or brokerage services, known as "soft dollar" services and research, from that broker or allows the broker to pay for such research or services on its behalf. "Soft dollars" refers to the use of brokerage commissions on client trades to pay for the soft dollar research or brokerage services received. Soft dollar research and services include among others, economic and market information, portfolio strategy advice, proxy voting services, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees, consultations, performance measurement data, on-line pricing, news wire charges, quotation services, computer hardware and software.

Although PMB Advisors does not formally participate in soft dollar arrangements, it receives certain services and research from TD Ameritrade by virtue of having its client's custody their assets with TD Ameritrade. In such cases, it is the Firm's policy is to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. Only *bona fide* research and brokerage products and services that provide assistance to PMB Advisors in the performance of its investment decision-making responsibilities are permitted.

PMB Advisors may, on occasion, be the recipient of unsolicited software, informational materials or other services, or discounts thereon, from TD Ameritrade or from the distributors of mutual funds.

The discounts are generally offered to all advisory firms that fit a common profile and PMB Advisors is not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and their value is not considered in the process of selecting securities to purchase for client accounts.

Occasionally, PMB Advisors personnel are offered the opportunity to attend conferences sponsored by discount brokers or others, and to visit the offices of various mutual funds in order to perform due diligence inspections. Typically, the sponsoring organization pays the travel and hotel expenses related to these trips. The research conducted on such inspections benefits all of the Firm's clients and the payment of expenses is not significant in the process of selecting funds to purchase for client accounts or executing client transactions with brokerage firms.

#### **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

PMB Advisors aggregates client orders into a single trade if aggregation appears to be in the best interests of all the clients involved. Trade aggregation usually lowers commissions and could result in a more favorable transaction price than would result with separate execution of each client order. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

PMB Advisors believes that combining trade orders should be advantageous to all clients over the long term. However, it is possible that the average price obtained through aggregation could be less advantageous for a client than if the client had executed the transaction separately and/or had executed the transaction before the other parties to the aggregated trade. The Firm tries to be conscious of this possibility before deciding to aggregate.

The Firm has adopted allocation procedures for allocating aggregated orders only partially filled.

When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. It is the Firm's policy that trades are not allocated in any manner that favors one group of clients over another over time. Client transactions are aggregated according to custodial relationship in consideration of "trade away" charges that are imposed if trades are directed to a non-custodial broker-dealer for execution. Aggregated trades placed with different executing brokers may be priced differently.

Generally, PMB Advisors and/or its associated persons are permitted to participate in such aggregated orders. There may be certain laws and regulations that preclude PMB Advisors or its associated persons from aggregation with those of some of PMB Advisors' clients and in those cases, employees will not effect transactions in that security on the same day as clients until after the clients' transactions have been executed.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because PMB Advisors manages more than one client account, a conflict of interest related to the allocation of investment opportunities exists when there is an insufficient amount of a given security available to meet the needs of all client accounts managed by the Firm. PMB Advisors attempts to resolve all such conflicts in a manner that is generally fair to all of clients over time. The Firm may give advice and take action with respect to any of our clients that differs from advice given or the timing or nature of action taken with respect to any other client based upon individual client circumstances. It is the Firm's policy, to the greatest extent practicable, to

allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons may acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

### **Item 13 - REVIEW OF ACCOUNTS**

All accounts under management are monitored on a continuous basis by Patrick M. Beresh. Account holdings and asset allocations are reviewed at least annually. Reviews determine consistency with the Firm's investment strategy and with client investment objectives. Mr. Beresh reviews asset class allocations, cash allocations and other account factors. Portfolio adjustments are often required in response to client investment guideline changes, client deposits and withdrawals and client liquidity needs. Additionally, client accounts are reviewed in response to changes in the financial markets and/or changes in the Firm's investment strategy.

PMB Advisors provides clients with written reports, no less than quarterly, showing portfolio value and contents and investment performance and offers commentary and educational materials about markets, investments and investment theory and practice.

A comprehensive assessment of financial plans is recommended at least annually and more often as requested by the client. Reports related to financial planning, such as long-term financial projections and cash flow, are normally provided during annual review meetings as requested by the client.

Brokerage account statements list all positions and detail investment transactions and are sent directly from the custodian of the client's account on at least a quarterly basis. Forms 1099 for tax reporting are also sent annually by the custodian, where appropriate.

### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

PMB Advisors does not pay referral fees to third party firms or individuals for recommending the Firm to prospective clients. PMB Advisors does not direct brokerage transactions to any broker-dealer in exchange for receiving client referrals.

### **Item 15 - CUSTODY**

PMB Advisors does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. PMB Advisors is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary. The Firm is given the authority to receive payment of its management fees directly from the account, but it is not authorized to make any other withdrawals or to transfer money out of the account to a third party without specific client authorization.



**Disclosures Related to Custodians**

TD Ameritrade acts as custodian and executing broker-dealer for PMB Advisors' clients. TD Ameritrade is independently owned and operated and not affiliated with PMB Advisors and does not supervise or otherwise monitor PMB Advisors' investment management services to its clients.

For PMB Advisors client accounts maintained in its custody, TD Ameritrade generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through TD Ameritrade or that settle into client accounts that are held with TD Ameritrade. In most cases, trade executions for client accounts custodied at TD Ameritrade will be made by TD Ameritrade to avoid "trade away" charges otherwise imposed for trades executed at other broker-dealers. Where a desired security is not available for purchase or sale through the custodial broker, and in light of PMB Advisors' best execution evaluation, executions may be made at a different broker-dealer.

TD Ameritrade sends account statements directly to the client (or to an independent third-party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to PMB Advisors of its management fees. Clients are advised to review their TD Ameritrade statements routinely and to compare them to the account reports prepared by the Firm.

**Item 16 - INVESTMENT DISCRETION**

PMB Advisors provides investment management services on either a discretionary or non-discretionary basis. Clients that retain PMB Advisors on a non-discretionary basis must provide specific trade execution authority for each securities transaction that is recommended by the Firm.

Clients that retain us on a discretionary basis, grant PMB Advisors full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm's investment strategy and the client's investment objectives, the portfolio manager is given full discretion to determine:

- Types of investments;
- Which securities to buy;
- Which securities to sell;
- The timing of any buys or sells;
- The amount of securities to buy or sell; and
- The broker-dealer to be used in the transaction

This discretion is limited by client investment guidelines and restrictions. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

**Item 17 - VOTING CLIENT SECURITIES**

It is PMB Advisors' policy not to vote proxy solicitations or other corporate actions received on behalf of clients from the issuers of securities held in client's account. Therefore, although PMB Advisors provides investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities

beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. PMB Advisors and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Any client that receives a particular proxy solicitation or other shareholder action from their custodian may contact PMB Advisors at the address and telephone number noted above to discuss any questions. Any client wishing to review PMB Advisors' proxy voting policies in full may request a copy from the Firm at the address and telephone number noted above at his or her convenience.

#### **Item 18 - FINANCIAL INFORMATION**

PMB Advisors does not require or solicit prepayment of management fees from clients six months or more in advance. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has not been the subject of a bankruptcy filing in the last ten years.

# PMB ADVISORS

Item 1 – COVER PAGE

## FORM ADV PART 2B\* Brochure Supplement

Professional Background of

Patrick M. Beresh, PFS

April 2021

101 Larkspur Landing Circle, Suite 215, Larkspur, CA 94939

Tel: 415-336-5501

Mailing address: 101 Larkspur Landing Circle, Suite 200  
Larkspur, CA 94939

\*This brochure supplement provides information about the qualifications of Patrick M. Beresh. This is a supplement to the PMB Advisors brochure which you should have received previously. Please contact Mr. Beresh if you have not received the brochure or if you have any questions about the contents of this supplement. Additional information about PMB Advisors and Patrick M. Beresh is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **PATRICK M. BERESH, PFS<sup>1</sup>**

Born: 1973

### **Item 2 - Educational Background and Business Experience**

#### Education:

Western Michigan University, BA Accounting, 1995

Certified Public Accountant - Licensed 1997, on inactive status<sup>2</sup>

Securities Examinations Passed: Series 7 & 66

Insurance Licenses Held: Life, Disability, and Long-Term Care

#### Business Background:

01/2002 - Present	PMB Advisors	Larkspur, CA
01/2006 - 06/2011	Cambridge Investment Research, Inc.	Fairfield, IA
02/2002 - 06/2011	Cambridge Investment Research, Inc.	Fairfield, IA
03/2005 - 01/2006	Cambridge Investment Research Advisors, Inc.	Fairfield, IA
02/2002 - 03/2005	Cambridge Investment Research, Inc.	Fairfield, IA
08/1999 - 02/2002	Sagemark Consulting	Walnut Creek, CA
07/1999 - 02/2002	Lincoln Financial Advisors Corp.	Walnut Creek, CA
07/1999 - 02/2002	Lincoln National Life	Walnut Creek, CA
08/1998 – 07/1999	Deloitte & Touche LLP	San Francisco, CA
07/1995 – 08/1998	Deloitte & Touche LLP	Chicago, IL

### **Item 3 – Disciplinary Information**

Mr. Beresh and PMB Advisors entered into a consent order with the State of California Department of Financial Protection and Innovation related to the Department's finding that PMB Advisors had engaged in unfair trade allocation practices. PMB made the business decision to enter into the consent order without admitting or denying any unfairness in its practices. PMB has implemented recommended best practices, policies and procedures for trade allocations.

### **Item 4 – Other Business Activities**

Mr. Beresh may act as the appointed sales agent for one or more insurance issuers. The insurance issuers with which Mr. Beresh may be affiliated are wholly dependent of and otherwise unaffiliated with PMB Advisors. None of them supervise PMB Advisors' financial planning or investment management services or has any responsibility for its decisions regarding clients' assets or any other services PMB Advisors may offer clients.

When PMB Advisors recommends an insurance product to a client, the applicable insurance issuer pays a sales load or commission to Mr. Beresh. The receipt of such compensation and other potential incentive benefits creates an incentive to recommend insurance products to clients. At the time of any insurance recommendation to a client's Mr. Beresh will discuss the client's needs, the recommended products, all compensation arrangements and available of alternative avenues for obtaining such products. Clients retain full discretion and authority to purchase such

insurance products through other insurance agents or brokers that are not affiliated with PMB Advisors.

## **Item 5 – Additional Compensation**

Other than as disclosed in Item 12 of the Firm's Form ADV Part 2A related to unsolicited discounts on software or brokerage services from client custodians and executing brokers, neither the Firm nor Mr. Beresh receive any economic benefit from any non-client for the provision of investment advisory services. Mr. Beresh is not paid "sales awards" or other prizes for referring clients to the Firm.

## **Item 6 – Supervision**

The Firm and its principal are supervised by Patrick M. Beresh, Principal and Chief Compliance Officer whose supervision is ongoing and includes account reviews, trade supervision and periodic compliance reviews. Mr. Beresh can be reached at 415-336-5501.

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<sup>1</sup> The Private Financial Specialist ("PFS") credential demonstrates that an individual has met the minimum education, experience and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an unrevoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA's *Code of Professional Conduct* and is encouraged to follow AICPA's *Statement on Responsibilities in Financial Planning Practice*. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

<sup>2</sup> Mr. Beresh's CPA license is currently on "inactive" status as he is not currently providing services as a CPA. A Certified Public Accountant ("CPA") is licensed and regulated by the applicable state board of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three-year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services.