



Private Asset Management, Inc.

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August 10, 2023

This Brochure provides information about the qualifications and business practices of PRIVATE ASSET MANAGEMENT, INC. [PAM]. If you have any questions about the contents of this Brochure, please contact us at 858-750-4200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

PRIVATE ASSET MANAGEMENT, INC. is a registered investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain PAM.

Additional information about PRIVATE ASSET MANAGEMENT, INC. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and at [www.pamgmt.com](http://www.pamgmt.com)

## **Item 2 – Material Changes**

August 10, 2023

This notice dated August 10, 2023, contains material changes since our last brochure update on March 15, 2023 when Mercer Global Advisors Inc. entered into an agreement to acquire Private Asset Management, Inc. The transaction closed on July 31, 2023 and resulted in a change of ownership. Mercer Global Advisors Inc. now owns one hundred (100%) percent of the operating assets of Private Asset Management, Inc. Due to the acquisition of Private Asset Management, Inc., the firm is providing notice to affected clients of the assignment to Mercer Global Advisors Inc. (a SEC-registered investment advisor) of such clients' advisory agreements with Private Asset Management, Inc. to the extent required under applicable law. Once Mercer Advisors has been assigned to client accounts at Charles Schwab, Private Asset Management, Inc. will file a Form ADV-W to wind down the advisory business and client services will be provided under the Mercer Global Advisors Inc. name.

Copies of Mercer Global Advisors' Part 2A, Form CRS and Privacy Notice are available upon request by calling 888-565-1681 or at [www.merceradvisors.com](http://www.merceradvisors.com).

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## **Item 4 – Advisory Business**

PRIVATE ASSET MANAGEMENT, INC. (PAM) was founded in 1993. The principal owner of PAM is The Stephen J. Cohen Trust dated December 24, 1997 - Management Trust as Amended October 24, 2016. The co-trustees of The Stephen J. Cohen Trust dated December 24, 1997 - Management Trust also serve as a Management Committee for the day-to-day and strategic operations of PAM. The co-trustees and members of the Management Committee are Jeffrey Witt, President, and Chief Executive Officer; Michael Berlin, Vice-President and General Counsel; Eric Blase, Vice-President; Tamara Ballensky, Tax Manager; and Suzanne Cohen, Corporate Secretary.

PAM is an independent investment advisory firm providing investment supervisory services, generally on a discretionary basis. PAM manages portfolios of stocks, bonds, and other investments for its clients with the authority to buy or sell securities without asking you. PAM buys or sells these securities in your account under the authority of our investment management advisory client agreement.

PAM does not take ownership of your assets. The assets of each client are held in their name, generally through Charles Schwab and Co, Inc. (Schwab) and are available online for direct review by clients. PAM does not share or participate in any commissions. PAM does receive “soft-dollar” benefits from Schwab as described in Item 12.

As of the year-end, December 31, 2022, PAM managed 1,255 discretionary accounts with assets of \$751,318,590 and provides client reporting for 151 non-managed accounts with assets of \$55,889,776. PAM does not take management responsibility for non-managed accounts whose investment decisions are directed by the client.

Generally, PAM provides customized individual investment advice, management services and places trades in stocks, bonds, mutual funds, federal and state government obligations, exchange traded funds, options and ADRs (American Depository Receipts which are holdings in foreign corporations) for its clients. Each account is individually managed although similar securities are generally held in most accounts. The holdings and performance of accounts varies between portfolio managers and between accounts. PAM is not a broker- dealer.

PAM’s basic management style is one of long-term growth and value with an orientation for minimum volatility and transactional activity. PAM has in-house research analysts and portfolio managers who make the investment decisions for your account.

PAM provides financial planning or wealth planning for both investment supervisory PAM clients and non-investment supervisory PAM clients.

PAM does not participate in nor sponsor a wrap fee program.

## **Item 5 – Fees and Compensation**

PAM charges fees either on a percentage of assets managed or a fixed fee basis. Fees are negotiable depending on the size, nature, and complexity of the assets and business relationship with the client. The annual fee ranges up to 1.50% of the assets under management including but not limited to equities, fixed income,

exchange traded funds, mutual funds, and money market assets. Some clients are charged different percentages for different classes of assets. This creates a conflict of interest by providing a financial incentive to PAM to hold a higher percentage of equities over fixed income assets. Certain family and friends along with employees and their families may have no fees charged.

The specific manner in which PAM charges fees is established in a client's written agreement with PAM. PAM will generally bill its fees on a quarterly basis in advance based on the market value of the account on the last business day of the previous quarter. Some clients are billed a quarterly fixed fee.

Clients may elect to be billed directly for fees or to authorize PAM to directly debit fees from client accounts. PAM directly debits its fees from most accounts. Management fees are not prorated for each capital contribution (large or small) and withdrawal made during the applicable calendar quarter. Accounts initiated during a calendar quarter may be charged a prorated fee. This calculation will be based on the number of days of management based on a 90-day quarter along with the value of the account on the last day of the 2nd month in the current quarter. Upon termination of fee-paying accounts, any prepaid, unearned fees will be promptly refunded. The number of days the account was managed until termination is used to determine the percentage of the quarterly fee earned (based on a 90-day quarter) and the balance is refunded.

Some accounts (generally non-managed) may only be charged a quarterly non-refundable administrative/maintenance fee.

PAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Custodians or brokers may charge clients for 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.

Clients having portfolios with mutual fund or exchange traded fund (ETF) investments should be aware that additional fees are incurred via fund expenses unrelated to PAM and more fully described in the prospectus. PAM does not receive additional revenue from the mutual fund or ETF. Clients with cash or money market holdings will generally produce a rate of return below the rate of the fee percentage which will negatively impact performance.

PAM does not currently charge separately for financial planning or wealth planning services for existing or new PAM investment supervisory clients. Those services are incidental to the investment supervisory services. For non-investment supervisory PAM clients, a fixed fee up to \$2500 depending on the complexity of the plan may be charged for one-time financial planning services. The fees will be billed after the plan is completed and do not include ongoing planning.

PAM does not accept compensation for the sale of securities or other investment products.

Comparable services from other sources may have lower fees. Clients have the option to purchase the same investments through other brokers or agents.

Item 12 further describes the factors that PAM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

PRIVATE ASSET MANAGEMENT, INC. (PAM) does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). PAM does not manage assets for investment companies, private funds, pooled investment vehicles that would create a conflict of interest in side-by-side management.

## **Item 7 – Types of Clients**

PRIVATE ASSET MANAGEMENT, INC. (PAM) provides investment supervisory management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, charitable institutions, foundations, and endowments. Generally, PAM has a minimum of \$100,000 for each family total account value. We may waive that minimum at our discretion PAM has the absolute right to decline to provide investment supervisory management services to anyone or terminate at any time.

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

**Investing in securities involves risk of loss that clients should be prepared to bear.**

Our investment process employs a “top-down” procedure whereby analysis is conducted initially at a high-level macroeconomic basis. This analysis assists us in identifying broad-based trends in the global economic environment including economic growth, unemployment, inflation, interest rates, etc. From this broad-based macroeconomic analysis, we further attempt to identify types of investments (i.e., equities, fixed-income, commodities, etc.) that would benefit from these perceived developments. Further analysis is then conducted to identify economic sectors and industries that should benefit from our economic outlook and the perceived optimal maturity structure of fixed income portfolios. Finally, granular analysis is then conducted on a microeconomic basis to identify specific investments that we believe will potentially outperform their peers on a risk-adjusted basis.

Our investment process employs in-house and third-party analysis/forecasts of economic trends, asset class investments and individual securities utilizing various financial, economic, and statistical methodologies. Many of these methodologies rely on various assumptions and/or statistical probabilities, which may or may not prove to be accurate. To the extent that assumptions prove inaccurate and/or the future deviates from statistical probabilities, portfolios could underperform the benchmark, suffer a loss of principal, and/or suffer a loss of purchasing power.

The main sources of investment decision making information include financial news, inspection of corporate activities, research materials prepared by outside financial firms, corporate rating services, conversations and

communications with corporate employees, company press releases, annual reports, prospectuses and filings with the Securities and Exchange Commission.

When suitable, PAM may use long and short-term purchases (trading securities sold within 30 days), margin transactions, short sales, option writing including covered call options.

There may be times where PAM maintains higher cash balances as part of its discretionary investment decision and clients will still be billed at the same agreed upon rate.

PAM generally focuses on long- term (generally over three [3] years) growth of capital with personally tailored investment portfolios.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PRIVATE ASSET MANAGEMENT, INC. (PAM) or the integrity of PAM's management. PAM has no legal or disciplinary events that are material. However, for the details of any disciplinary history of any employee please see [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 10 – Other Financial Industry Activities and Affiliations**

Michael D. Berlin is a licensed California Professional Fiduciary and a licensed attorney in the State of California. Teresa Wharton is also a licensed California Professional Fiduciary employed at PAM. Private Fiduciary Management is a dba of PAM which provides fiduciary services such as acting as a private trustee or paying bills for clients for a separate fee. Theresa Wharton spends a varying amount of time depending on the needs of the clients and is compensated for providing these services. Michael D. Berlin spends about 50% of his time in this capacity. Acting as both the trustee and/or authorized check signer allows access to the funds of the client. To address this conflict, Trust accounts generally have an annual accounting that is sent to the beneficiary (ies). To further address this conflict, PAM has an annual outside surprise exam. See Item 15- Custody below for more information.

Michael D. Berlin also acts as a personal attorney for a few clients from time to time.

Private Tax Services (PTS) is also a dba of Private Asset Management, Inc. which provides tax services to some clients of PRIVATE ASSET MANAGEMENT, INC. Tamara Ballensky, CPA prepares tax returns and receives additional compensation from clients she refers to PAM. The decision to use PTS is strictly voluntary on the part of PAM's clients.

Suzanne Cohen is a CA licensed real estate agent. PAM may refer clients in need of a real estate agent to Suzanne Cohen or the agency with which she is licensed. She would receive fees or commissions for the purchase or sale of real estate executed through her. This presents a conflict of interest. Clients are advised that

they are under no obligation to act on PAM's or Ms. Cohen's recommendations and clients are under no obligation to affect transactions through Ms. Cohen in her capacity as a real estate agent. The compensation client pays to Ms. Cohen or her agency for real estate transactions are in addition to the advisory fees the client pays to PAM. Suzanne Cohen is a member of the Warehousing of New Mexico, LLC which is a family business owning warehouses in New Mexico.

Some of the employees of PAM also own interests in other partnerships as personal investments which are not offered to PAM clients. Others serve on several non-profit boards including private foundations that are clients of PAM. These activities also take a varying amount of time depending on the needs of the organization.

The above affiliations do not significantly affect the amount of time each of these persons has to devote to their responsibilities at PAM.

## **Item 11 – Code of Ethics**

PRIVATE ASSET MANAGEMENT, INC. (PAM) has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at PAM must acknowledge the terms of the Code of Ethics annually, or as amended.

As part of the Code of Ethics, PAM has a policy on personal trading for employees and family members of the same household. PAM or individuals associated with the firm may buy or sell for their personal account(s) securities identical to those recommended to or already owned by clients or securities not recommended to clients. Alternatively, PAM may cause clients to buy a security in which PAM or such individuals have an ownership position. This presents a potential conflict of interest. To mitigate this conflict, PAM has a written policy for employee trading.

Most Employee accounts have custody with Charles Schwab and Co., Inc. and the trades in those accounts are made through PAM's trading desk. Employees (or family members of the same household) may purchase or sell a security; however, employees are required to refrain from short term trading (within 10 trading days), and orders in securities on the portfolio review list on the same day are generally placed late in the trading day after client orders. As such, employees may receive a better price than clients. The portfolio review list is the current list of securities receiving recommendations from the investment committee. If an employee order is placed before a client order on the same day in the same security, the Employee will not receive a more favorable price than the client. If the order price is better for the Employee than the subsequent client trade(s) they will be placed in a block so that the Employee and client(s) receive the same average price.

For Employee accounts not having custody at Charles Schwab and Co., Inc., trades must receive pre-clearance before the trade is placed. Those trades in securities on the portfolio review list are also to be placed late towards the end of the trading day generally after client orders.



Employees may purchase corporate debt instruments up to \$100,000 without prior approval and at any time of the trading day.

Employee trades which are good until canceled, commercial paper, municipal bonds, US government or US government agency obligations, certificates of deposit, open ended mutual funds, limit orders or an exercise of options are excluded from the above policy.

The CCO or President may make exceptions to this personal trading policy where circumstances warrant it; however, such exceptions need to be pre-approved and set forth in writing.

Certain affiliated accounts (Employees and members of their household or entities controlled by Employees) may trade in the same securities with client accounts on an aggregated basis when consistent with PAM's obligation of best execution. In such circumstances, the affiliated and client accounts will receive securities at the same average price. PAM will retain records of the trade order specifying each participating account and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

PAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Cyrille P. Mahfoud. (cyrille@pamgmt.com)

It is PAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. This means that PAM will not make trades between PAM accounts and client accounts or between client accounts. Principal transactions are generally defined as transactions where PAM, acting as principal for its own account, buys from or sells any security to any advisory client. Agency transactions are generally defined as transactions where PAM acting as agent for client accounts, buys or sells any security for its client. PAM trades will be treated the same as Employee trades.

## **Item 12 – Brokerage Practices**

### **The Custodian and Brokers We Use**

Unless client(s) request otherwise, Charles Schwab and Co., Inc. (Schwab) is the broker that we recommend. Schwab is a Financial Industry Regulatory Authority (FINRA) registered broker- dealer and member of Securities Investor Protection Corporation (SIPC) and New York Stock Exchange (NYSE). Schwab will hold your assets in a brokerage account and buy and sell securities when you or we instruct them to. PAM has been using the services of Schwab since opening and nearly all of PAM's clients use Schwab as the custodian and broker. PAM receives certain benefits from using Schwab as more particularly described in Item 14.

There are currently no commissions charged for stocks. Schwab provides PAM with current portfolio asset values electronically daily.

## **How We Select Brokers/ Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous to you. In selecting Schwab, PAM considered a wide range of factors, including (among others):

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody).
- Capacity to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of available investment products (stocks, bonds, mutual funds, exchange -traded funds (ETF's), etc.
- Quality of services.
- Reputation, size, financial strength, and stability.
- Competitiveness of the price of services (commission rates, margin interest rates, other fees, etc.)
- Prior service to us and other clients.
- Availability of other products and services that benefit PAM and our clients, as discussed below.
- Dedicated service team.
- Familiarity with our firm.

## **Your Brokerage and Custody Costs**

PAM participates in the Schwab Advisor Services (formerly called Schwab Institutional) program offered to independent investment advisers by Schwab.

For our clients' accounts that Schwab maintains, Schwab generally does not charge you separately for custody services and does not charge commissions for stock, ETF, or options transactions we. Schwab does charge a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we execute by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay to the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab execute most trades for your accounts. Best execution means that the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How We Select Brokers/Custodians"). Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program.

## **Products and Services Available to Us from Schwab**

Schwab Advisor Services is Schwab's business serving independent advisory firms like PAM. They provide our clients and PAM with access to its institutional brokerage-trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help PAM manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are available on an unsolicited basis (we don't have to ask for them) and at no charge to us. Here is a more detailed description of Schwab's support services.

### **Services That Benefit You**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which PAM might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### **Services That May Not Directly Benefit You.**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements);
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our clients' accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

### **Services That Generally Benefit Only Us**

Schwab also offers other services intended to help PAM manage and further develop our business enterprise. These services include:

- Educational conferences and events.
- Consulting on technology, compliance, legal and business needs.
- Publications and conferences on practice management and business succession.

- Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment for our personnel.

PAM utilizes many of the services offered by Schwab as mentioned above but currently does not use any of the access to employee benefits providers, human capital consultants or insurance providers.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab is a benefit to us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. This creates an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services. (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

### **Item 13 – Review of Accounts**

The portfolio manager responsible for managing particular accounts generally reviews these accounts on a regular basis. Additionally, accounts are reviewed for particular holdings when an event warrants a specific security review.

PAM sends quarterly written appraisal statements showing the values of all securities held in each account at quarter end and the custodian sends written monthly statements showing values of all securities held in each account at month end.

Financial planning clients will not receive additional reports after the initial financial plan.

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

PAM receives an economic benefit from Schwab in the form of support products and services made available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12-Brokerage Practices*) The availability of Schwab's products and services to PAM is not based on us giving particular advice, such as buying particular securities for our clients.

Effective May 2021, PRIVATE ASSET MANAGEMENT, INC. (PAM) no longer participates in the Schwab Advisor Network® (“the Service”). PAM received client referrals from Charles Schwab and Co., Inc. (Schwab) through our past participation in the Service. Schwab designed the Service to help investors find an independent investment adviser. Schwab, a FINRA registered broker dealer, member SIPC/ NYSE is independent of and unaffiliated with PAM. Schwab does not supervise PAM and has no responsibility for PAM’s management of clients’ portfolios or PAM’s other advice or services. PAM pays Schwab a participation fee on client referrals received through the Service prior to *[Insert Date]*. PAM’s participation in the Service may raise potential conflicts of interest described below.

PAM continues to pay Schwab a participation fee on all previously referred client’s accounts that are maintained in custody at Schwab and a non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The participation fee paid by PAM is a percentage of the value of the assets in the client’s account(s). PAM pays Schwab the participation fee for so long as the referred client’s account(s) remain(s) in custody at Schwab. The participation fee is billed to PAM quarterly and may be increased, decreased, or waived by Schwab from time to time. The participation fee is paid by PAM and not by the client. PAM has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs PAM charges clients with similar portfolios who were not referred through the Service.

PAM generally pays Schwab a Non-Schwab Custody Fee if custody of a previously referred client’s account(s) is not maintained by, or assets in the account are transferred from Schwab. The Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is higher than the participation fees PAM generally would pay in a single year. Thus, PAM will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of PAM’s clients who were referred by Schwab and those referred clients’ family members living in the same household. Thus, PAM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit PAM’s fees directly from the accounts.

For accounts of PAM’s clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from PAM’s clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab’s fees for trades executed at other broker-dealers are in addition to the other broker-dealer’s fees. Thus, PAM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer to obtain a lower total commission. PAM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

## **Item 15 – Custody**

PRIVATE ASSET MANAGEMENT, INC. (PAM) has employees who act as trustees or have check writing authorization for some of its clients. As such this meets the definition of having custody of those assets even though Schwab acts as the custodian holding the assets. This allows such trustees or those with check writing authority to have access to client funds. PAM urges all clients with such arrangements to consult with their other professional advisors (e.g., attorneys, accountants, etc) and/or family prior to entering into such arrangements.

Having this type of custody presents a conflict of interest which PAM has addressed by having an outside surprise annual exam along with filing the requisite forms with the SEC, having the checks reviewed by an outside CPA, having an independent custodian, and limiting access to the check books.

The custodian who holds the assets (generally Charles Schwab and Co., Inc.) sends a monthly written statement to a third party other than the trustee.

PAM also has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. PAM is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. A qualified custodian (generally Charles Schwab and Co., Inc.) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

PAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. PAM statements may vary from custodial statements based on accounting procedures, accrual methods, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

PRIVATE ASSET MANAGEMENT, INC. (PAM) usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and number of securities to be bought or sold as well as the timing of such purchases and sales. A limited power of attorney is signed providing PAM with this authority. This gives PAM wide latitude regarding the management of your money.

When selecting securities and determining amounts, PAM observes the investment guidelines, limitations, and restrictions of the clients for whom it advises. All investment guidelines and restrictions should be provided to PAM in writing.

Portfolio managers generally follow the list of securities on the weekly portfolio review list; however, portfolio managers do have discretion to buy securities not on this list.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, PRIVATE ASSET MANAGEMENT, INC. (PAM) does not have authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. PAM may provide advice to clients regarding the clients' voting of proxies. Clients receive proxies either via regular mail or electronic mail.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PRIVATE ASSET MANAGEMENT, INC. (PAM)'s financial condition. PAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.