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Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Painter, Smith & Amberg, Inc. If you have any questions about the contents of this brochure, please contact us at (909) 557-2800, email address invest@psainv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Painter, Smith & Amberg, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications of an adviser provide information about which a prospective client might determine to hire or retain an adviser.

Item 2 – Material Changes

Painter, Smith & Amberg Inc. is required to identify any material changes since our most recent filing. Our last disclosure document was filed on November 14, 2016.

As of March 1, 2018, we have applied for registration with the U.S. Securities and Exchange Commission. We encourage all clients, as always, to thoroughly read this Form ADV and contact us with any questions.

DISCLOSURES: We may, at any time, update this Disclosure Brochure. A copy of the Disclosure Brochure or an offer to send a copy of this Disclosure Brochure (either by electronic means (e-mail) or in hard copy form) may be sent if a material change occurs in the future. A person may view the current Disclosure Brochures on-line at the SEC's Investment Adviser Public Disclosure website: www.adviserinfo.sec.gov. Select the option for a "Firm" search and enter 10865 (Our CRD number) in the field labeled "Firm Name or CRD/SEC#". This will provide access to Form ADV Part 1, Part 2a and the Wrap Fee Program Brochure, if applicable.

A person may also request a copy of this Disclosure Brochures at any time by contacting the Chief Compliance Officer via email at invest@psainv.com or via telephone at (909) 557-2800.

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Item 4 – Advisory Business

COMPANY HISTORY & PRINCIPALS

Painter, Smith & Amberg, Inc. (the “Firm”, “we” or “us”) is a corporation formed in the State of California. The Firm has been registered as an investment adviser in the State of California since 2001. As of March 2, 2018, we have applied for registration with the U.S. Securities and Exchange Commission (“SEC”).

When our Firm was founded, our objective was to offer investment services available at the large firms or wirehouses but with the personal touch and accountability of an independent firm. While many investment firms have since merged into financial conglomerates or simply disappeared altogether, we have stayed true to our principles. We strive to develop long-term relationships based on mutual trust and prompt attention to client needs. Our Firm puts its greatest emphasis upon integrity and always places the interests of its clients first.

ADVISORY SERVICES

Painter Smith & Amberg provides investment advisory services to its clients on a non-discretionary basis. We provide investment advisory services to individuals, high-net-worth individuals, trusts, endowments, small businesses, family offices and other institutional clients through separately managed accounts. Continuous advice is provided to a client regarding the investment of client funds and is based on the individual needs of the client. Through discussions with our clients, we come to understand our clients’ objectives, goals, time horizons, risk tolerance, liquidity needs and financial circumstances. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background. (Collectively, the “Account Profile”). Based upon these discussions, we will make a suitable investment recommendation to the client.

Painter Smith & Amberg has entered into an agreement with Wells Fargo Advisors (“WFA”), pursuant to which WFA provides investment advisory and/or other services to our firm and to our clients. We are not related to WFA or to Wells Fargo Clearing Services LLC (the “Custodian”). The Custodian will maintain custody of client assets as they qualify as a qualified custodian, as that term is defined by Rule 206(4)-2 of the Investment Advisers Act of 1934 (the “Advisers Act”). WFA and the Custodian reserve the right to reject and not provide services to any client or with respect to any client account for any reason. WFA will have discretion over trading the client’s account according to the parameters of the WFA program selected.

We will typically recommend that all advisory clients participate in a wrap fee program sponsored by WFA. A wrap fee is a comprehensive charge levied by an investment manager or investment advisor to a client for providing a bundle of services, such as investment advice, investment research and brokerage services and expenses.

WRAP FEE PROGRAMS – Sponsored by Wells Fargo Advisors

Your Financial Advisor may recommend that you participate in one of the Separately Managed Account Advisory Programs sponsored by WFA (the “SMA Program”). By participating in the SMA Program, your Financial Advisor can recommend a wide variety of strategies and money managers to you. The Portfolio Manager for your account(s) will be WFA or another third-party advisor but the trades in your account will be executed at the discretion of WFA. WFA will also provide you with monitoring and reporting of portfolio performance on a periodic basis.

A basic description of each investment option in the SMA Program is provided in this Brochure. For a full description of each Program, we recommend you review the WFA Disclosure Brochures which have also been provided to you. Clients can participate in one of the following programs:

A) Through the **Wells Fargo Compass Advisory Program**, WFA provides investment advisory and brokerage services to your account on a discretionary basis. WFA manages portfolios based on established guidelines with extensive oversight, review and controls over these portfolios.

The Wells Fargo Compass Advisory Program is designed to provide a disciplined approach to meet the varying objectives and needs of clients. The Program services generally rely on fundamental securities analysis with some emphasis on charting or cyclical analysis as well. Each Wells Fargo Compass Advisory Program Portfolio is developed by utilizing a combination of these analysis methods in the management of the portfolio. Program quality and concentration requirements are established to provide an overall discipline and structure. Such strategies ordinarily include long- and short-term purchase of equity and fixed income securities, ETFs, exchange-traded notes ("ETNs"), open-end mutual funds and closed-end mutual funds ("CEFs"). Mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes. There is a minimum quarterly fee requirement of \$250 per account.

B) The Asset Advisor Program is a non-discretionary, client-directed investment program in which your Financial Advisor may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your account. Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds and managed futures funds.

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within Asset Advisor. Certain assets, such as commodity futures contracts, options on such contracts, annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible to be held in the Asset Advisors Program and are referred to collectively as "Excluded Assets." You may purchase or sell Excluded Assets in your account, but these transactions will incur commissions or charges.

C) The Allocation Advisors Program is an investment advisory program that enables you to invest in one of several Portfolios over which WFA has discretion. Program portfolios are developed by either WFA or an unaffiliated investment advisor who has been contracted by WFA for their management expertise, and who provides their investment strategy to WFA. The Allocation Advisors Program is designed to provide a disciplined approach to meet the varying objectives and needs of clients through objective-based or asset allocation portfolios. WFA will generally implement recommendations provided by the unaffiliated investment advisors without change; WFA will, however, maintain discretion over the selection of ETFs used in the portfolio. These portfolios are developed with a focus on a risk, return, and correlation between asset classes, while taking into consideration asset allocation guidelines based upon various time frames.

WFA or the unaffiliated investment advisor determines both the asset allocation and security selection utilized in the Portfolios, and will review those selections periodically. Both the asset allocation and/or securities utilized in the Portfolios may be adjusted or replaced at any time. Under the Allocation Advisors Program, you give WFA full discretion over your account's asset allocation and security selection, which is determined by the portfolio selected by you. The portfolios can be restricted to meet individual needs and objectives upon request and approval by the Portfolio Manager(s). There is a minimum quarterly fee requirement of \$125 per account.

D) Under the Diversified Management Allocations Program ("DMA"), WFA assists you in reviewing your investment objectives and selecting among several Optimal Blends that WFA has developed. Optimal Blends are target allocations comprised of strategies of certain affiliated and unaffiliated investment advisers ("Managers"), mutual funds and/or ETFs designed for clients with various investment objectives. WFA creates these Optimal Blends based upon money manager and mutual fund due diligence provided by WFA's affiliate, Wells Fargo Investment Institute ("WFI"). You may also choose

to create your own Customized Blend and target allocation by selecting from WFA's list of available Managers, mutual funds, ETFs and/or variable annuities. Mutual funds and/or ETFs may be selected individually or may also be included as part of an Optimal Blend. In the Optimal Blends or Customized Blends, mutual funds may include asset allocation funds, alternative strategy mutual funds or other select funds that may utilize derivatives, short-selling, leverage and other strategies to meet stated investment objectives, enhance diversification, hedge risks, accentuate returns or facilitate certain market exposures or more dynamic allocation changes.

The intent of the DMA is to offer a competitive roster of high-quality Managers, mutual funds and ETFs representing a broad array of investment asset classes and approaches. The varied asset classes and investment styles are generally intended to be complementary in nature with respect to their combined diversification and risk/return-based characteristics. Quantitative and qualitative measures are used to identify a select number of investment vehicles within the varied asset class and investment approach combinations. There is a minimum quarterly fee requirement of \$375 per account.

E) FundSource Optimal Blends within DMA ("FundSource") is a separate investment advisory program offered by Painter, Smith & Amberg through WFA that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. We have created several "Optimal Blends" that offer managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by our affiliate, WFII, and market exposures and fund combinations that we believe are appropriate for a number of different investment objectives. The combination and allocation strategy of the selected mutual funds in an Optimal Blend is based on our determination of the appropriate target asset allocation and/or risk/return profile for your investment objective and risk tolerance. The funds and allocations may be modified from time to time based upon changes in asset allocation guidance or our assessment of factors impacting individual funds or particular combinations. There is a minimum quarterly fee requirement of \$375 per account.

F) The Private Advisor Network gives our clients direct access to professional money managers in a separately managed account tailored to their unique investment needs and objectives. It is made available to us by WFA. The intent of Private Advisor Network is to offer a roster of investment advisors representing a broad array of investment classes and styles from which you may select one or more advisors to handle the day-to-day management of your account(s). Private Advisor Network services may include matching the personal and financial data you provide with a database of investment advisors, and providing reports to allow for periodic evaluation and comparison of account performance with objectives.

Under the Private Advisor Network Program, WFA will provide information on investment advisors that appear to meet your needs. Private Advisor Network advisors classified as "Cleared" in the program have provided sufficient information to WFA's affiliate, WFII, for review and have passed their screening qualifications on an ongoing basis. Some of the factors considered for clearing a manager include track record, number of investment professionals, assets under management, and legal and disciplinary history. Your Financial Advisor will then assist you in identifying a third-party money manager which is available on the platform.

All accounts are managed by the money manager(s) selected by you. Neither Painter, Smith & Amberg nor WFA has discretionary trading authority with respect to such accounts. Information collected by us regarding Personal Advisory Network money managers is believed to be reliable and accurate but we do not necessarily independently verify it on all occasions. The Firm does not assume responsibility for the conduct of money managers that clients select, including their performance or compliance with laws or regulations. There is a minimum quarterly fee requirement of \$375 per account.

INVESTMENT ADVISORY SERVICES (NON-WRAP FEE)

For those clients who a wrap fee program may not be ideal, Painter, Smith & Amberg will serve as investment adviser and will be responsible for making the investment recommendation on a non-discretionary basis through the *Asset Advisor Program* at Wells Fargo Clearing Services. This program is a non-discretionary, client-directed investment program in which your Financial Advisor can provide a broad range of investment recommendations based on your Account Profile. You have the option of accepting these recommendations or selecting different investments in your account. We will not

have access to trade your accounts directly as it will be managed through the Custodian. There is a minimum quarterly fee requirement of \$125 per account.

Many types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, mutual funds, unit investment trusts, corporate and government bonds, and certain alternative investments including hedge funds and managed futures funds. Collectively, these are referred to as "Program Assets." Assets which cannot be purchased at a net asset value are not eligible as Program Assets and are referred to collectively, as "Excluded Assets." The purchase or sale of Excluded Assets in your account will incur transaction fees not covered by the wrap fee.

Hedge funds and managed futures are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss. Managed futures are speculative investments that are subject to a significant amount of risk. This Disclosure Document is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within Asset Advisor.

ASSETS UNDER MANAGEMENT

Painter, Smith & Amberg's non-discretionary assets under management are \$108,273,416.00 as of December 31, 2017. The Firm holds no assets on a discretionary basis.

Item 5 – Fees and Compensation

Asset-based fees are assessed and collected quarterly, in advance based upon the previous calendar quarter end account balance. Many factors determine proposed fees rates, including size, complexity and composition of the services to be provided. While fees are negotiable based upon these factors, generally, the Firm's fees will not exceed 1.50% per annum.

All Program accounts described in this brochure are charged an asset-based fee which covers advisory, execution, custodial and reporting services. The fee will be shared by our Firm and WFA for the services offered.

Painter, Smith & Amberg's portion of the fee will be collected by WFA and passed on to us. Our fee is as follows:

The fee for each Program is clearly identified in the Program Agreement under the Fee Schedule. The Program Agreement is a tri-party investment advisory agreement between the client, our Firm and WFA. Upon execution of the Program Agreement, the initial prorated fee for the remainder of the calendar quarter will be assessed and collected. The fee will then be assessed and collected after each calendar quarter end. No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. Your account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Each program type has a minimum quarterly fee requirement which has been identified under the Program descriptions above.

This compensation may be more or less than a Financial Advisor would receive if you paid separately for investment advice, brokerage, and other services, and may vary, depending on the program or services offered. Unless agreed upon otherwise, you authorize the Custodian to deduct the quarterly fee at the rate indicated in the Fee Schedule from your account. Further, the Custodian agrees to deliver an account statement at least quarterly directly to you, indicating all the amounts deducted from the account, including all advisory fees with a duplicate statement delivered to us. Clients are encouraged to review their account statements for accuracy. Upon termination of any account, any prepaid, unearned fees will be refunded, and any earned, unpaid fees will be due and payable.

The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative. As a

shareholder of a money market, mutual fund or closed-end fund, you will bear a proportionate share of the fund's expenses in addition to advisory fees.

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

Painter, Smith & Amberg will not charge performance-based fees where an advisor's fee would be based on a share of capital gains or capital appreciation of the client assets. As such, there are no conflicts of interest to disclose.

Item 7 – Types of Clients

Painter, Smith & Amberg provides non-discretionary, investment advisory services to individuals, high-net-worth individuals, trusts, endowments, small businesses, family offices and other institutional clients through separately managed accounts. Although we don't require a minimum household balance to have your assets managed by our Firm, WFA does have a minimum quarterly fee requirement. The minimums for each program are reflected in Item 4. ***All advisory fees and household minimums are subject to negotiation.***

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

SELECTING A THIRD-PARTY SERVICE PROVIDER

Painter, Smith & Amberg selection of a third-party provider is based on a simple formula which seeks to best serves our clients. Our review focuses on transparency, convenience and cost control.

Transparency - When selecting a provider, we expect complete transparency. The service provider must grant us access to all trade activity, billing information, performance reports nets of expenses, performance history, and notices of any portfolio changes.

Convenience – We need to be able to receive funds on the behalf of the custodian, issue checks to clients, process IRA contributions and distributions, ACH funds to the clients' bank accounts as requested. We need to view the client accounts in real time.

Cost Control – We require complete disclosure of costs. There can be no third-party brokerage commissions or mark ups or mark downs.

RECOMMENDING INVESTMENTS TO CLIENTS

At Painter, Smith & Amberg, we take a common-sense approach to client investment objectives based on investment purpose, time horizon, and risk tolerance. The first determination for a recommendation is client investment objectives and preferences. When suitable, for those clients who prefer a stock portfolio, we will recommend the Wells Fargo Compass Advisory Program. For those who wish to follow an asset allocations model, or prefer mutual funds and ETFs, we use the Portfolio Proposal Tool offered by Wells Fargo Advisors. The Portfolio Proposal Tool generates a recommendation for a suitable Program based upon the data points collected in the client's Account Profile.

Painter, Smith & Amberg and its Financial Advisors utilize an Asset Allocation methodology when making investment recommendations for clients. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

RISK OF LOSS

Based upon our analysis of the client's Account Profile, the Firm will recommend an appropriate investment program for the client's accounts; however, all investment strategies have a risk of loss. Investing in securities involves certain risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. While risk can be, and by common industry practice often is, measured by the degree of unpredictability of a given portfolio's return in any given period, it also includes the possibility of losing some or all of an original investment. Even the most conservative investment strategy is subject to risk.

All investment programs carry the risk of loss and there is no guarantee that any recommended investment strategy will meet its objectives.

All investment strategies inherently expose our clients to various types and varying degrees of risk. Below, we discuss those risks in greater detail:

- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Risks Related to Investment Term.** If a client requires a liquidation of their portfolio during a period in which the price of the security is low, the client may not realize as much value as they might have, had the investment had the opportunity to regain its value, as investments frequently do, or had it been able to be reinvested in another security.
- **Purchasing Power Risk.** Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but it's relative value does. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Business risks are risks 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. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are highly illiquid. Illiquid investments carry more risk because it can be difficult to sell them.
- **Financial Risk.** Many investments, including many Index Funds and Target-Date Funds, contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases 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.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.

- **Management Risk.** Investments may vary with the success and failure of investment strategies selected and implemented by the management of this Firm. If investment strategies do not produce the expected returns, the value of investments may decrease.
- **Risk Associated with Options.** Options carry no guarantees, and there is a possibility of losing the entire principal invested, and sometimes more. As an options holder, clients risk the entire amount of the premium paid. Options writers may face unlimited potential loss, for example, with an uncovered call, since there is no cap on how high a stock price can rise. Options on securities may also be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **Risks Associated with Private Placement Offerings.** Because private placement offerings are exempt from registration requirements at both the state and federal level, no regulator has reviewed the offerings to make sure the risks associated with the investment and all material facts about the entity raising money are adequately disclosed. Securities offered through private placements are generally illiquid, meaning there are limited opportunities to resell the security.
- **Risks Associated with Alternative Investments.** Alternative investment products, including real estate investments, notes, debentures, hedge funds and private equity involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and, in many cases, the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of the investment. Often, alternative investment funds and account managers have total trading authority over their funds or accounts; the use of a single advisor applying generally similar trading programs could mean lack of diversification and, consequently, higher risk. There is often no secondary market for an investor's interest in alternative investments, and none is expected to develop. There may be restrictions on transferring interests in any alternative investment. Alternative investment products often execute a substantial portion of their trades on non-U.S. exchanges. Investing in foreign markets may entail risks that differ from those associated with investments in U.S. markets. Additionally, alternative investments often entail commodity trading, which involves substantial risk of loss.
- **Risks Associated with Commodities.** Commodities or commodity-linked investments may be subject to extreme changes in price due to supply factors, changes in the weather, and trade impacts.

Item 9 – Disciplinary Information

Painter, Smith & Amberg does not have any legal, financial or other “disciplinary” items to report. We are obligated to disclose any disciplinary event material to a client or perspective client when evaluating to initiate a client/advisor relationship, or to continue an advisory relationship with our Firm. This statement applies to the Firm and all employees registered with the Firm.

Item 10 – Other Financial Industry Activities and Affiliations

BROKER/DEALER

Painter, Smith & Amberg is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). The Firm provides brokerage services to its clients and is considered a broker-dealer and government securities broker-dealer.

The recommendation of opening an advisory-based or transaction-based accounts is dependent on the type of account, client goals, and anticipated trading activity. If the account is predominately fixed income or follows a buy and hold strategy, we will recommend transaction-based with the broker-dealer. If the account will be active, or will be managed by a third-party money manager, we will recommend an advisory account. If the client feels strongly about the type of account, we will follow the client’s wishes. All advisory accounts are reviewed quarterly to ensure there is appropriate and sufficient activity to warrant continuing on the advisory platform.

The Firm will not collect commissions, sales charges or 12b-1 fees (from mutual funds) for securities transactions executed in an advisory account.

Currently, there is not a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for Painter, Smith & Amberg, the broker-dealer affiliate, or any management person.

SOLICITATION ARRANGEMENTS

Painter, Smith & Amberg does not currently participate in any solicitation arrangements.

OTHER PROVIDERS

The Firm also maintains professional business relationships with various legal, accounting, recordkeeping, third-party administrators, and other investment advisory and consulting firms both locally and around the country. These informal relationships are created to share industry information and insight. We do not receive any compensation or shared revenue with any of these entities.

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

The employees of Painter, Smith & Amberg have committed to a Code of Ethics that establishes a high standard of integrity and professional ethics when conducting business with the Firm, its clients and its business vendors and partners. All associates are required to review and sign a formal Code of Ethics adopted to comply with Rule 204(A)-1.

The Firm's Code of Ethics provides for 1) a high ethical standard of conduct; 2) compliance with all state securities laws; and 3) policies and procedures for the reporting of personal securities transactions on a quarterly basis as well as upon hire, and annually for all professionals and employees. The Chief Compliance Officer will review on a regular basis employee personal trading accounts. The Chief Compliance Officer’s trades are reviewed by the President or his designee. These reviews help ensure that the personal trading of employees complies with the Code of Ethics.

The Firm will not recommend to clients’ securities in which Painter, Smith & Amberg or its related persons have a material financial interest. It should be noted that some employees can be considered clients of the Firm and will have their personal trading accounts managed by the Firm’s portfolio managers alongside its client’s accounts. We do not feel this presents a conflict of interest because all client trades are executed by a third party.

A copy of Code of Ethics is available to advisory clients upon written request to Chief Compliance Officer at the Firm’s office address or by e-mail request to the Chief Compliance Officer at invest@psainv.com.

Item 12 – Brokerage Practices

Painter, Smith & Amberg will recommend broker-dealers and custodians to clients of the Firm in need of these services. At this time, for the Firm's advisory clients, the preferred custodian will be Wells Fargo Clearing Services ("the Custodian"), a registered broker-dealer and member of SIPC, to maintain custody of client assets and to effect trades for client accounts.

We will normally only recommend those custodians where we have a business relationship that enables us to have efficient and cost-effective access to brokerage services to facilitate the management of client accounts on a non-discretionary basis. No client is obligated to use any recommended custodian. In circumstances where a client wants to remain with their current custodian, we will not be able to provide our services as described in this brochure.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Our advisory business does not have any formal or informal arrangements or commitments to obtain any research or research-related products or services on a soft-dollar basis. However, due to the institutional relationships we have with our Custodian, we do receive services that assist us in managing and administering clients' accounts. These services may include software and other technology that (i) provide access to client data; (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its client accounts; and (v) assist Portfolio Operations with back-office functions, recordkeeping and client reporting. Additionally, preferred custodians may provide third-party research, publications, access to educational conferences, roundtables and webinars or practice management resources.

All advisory clients of the Firm should understand that any custodian recommendation made by us is a conflict of interest as we anticipate continual operational relationships with the custodian that we recommend.

BROKERAGE FOR CLIENT REFERRALS

Painter, Smith & Amberg does not receive client referrals from its custodians.

CLIENT DIRECTED BROKERAGE

Painter, Smith & Amberg does not permit client directed brokerage.

OTHER ECONOMIC BENEFITS

The final decision to custody assets with the Custodian is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Painter, Smith & Amberg is independently owned and operated and not affiliated with the Custodian. The Custodian provides us with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at the Custodian. Services may include brokerage services related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For client accounts maintained in its custody, the Custodian generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through the Custodian or that settled by them.

The Firm's recommendation/requirement that clients maintain their assets in accounts at a particular custodian may be

based in part on the benefit to the Firm of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

Item 13 – Review of Accounts

RECONCILIATION OF CLIENT ACCOUNTS

Painter, Smith & Amberg will regularly monitor the investments in client accounts and perform at least an annual review of account holdings for all clients. Client accounts are reviewed for consistency with client investment strategy and objectives, compliance with investment restrictions provided by the client, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in a clients' personal, tax or financial status.

In addition, WFA's Program services include review and monitoring of our client accounts by its personnel and facilities. WFA will provide us with periodic portfolio-monitoring services, which may include a statistical presentation of the performance of your account(s), based on the information on our records, and ongoing comparisons with selected industry indices or benchmarks.

The Firm monitors on a continuous basis the securities it recommends for its clients' portfolios. Clients will receive monthly statements from the Custodian for each household account held by the Custodian. If the client's account has no activity, the Custodian, at a minimum, will provide a quarterly statement. The Custodian's statement will include information about the assets held in the account, the current value of each asset, as well as reflect the deduction of any fees from the client's account. Clients are encouraged to review their statements for discrepancies.

Item 14 – Client Referrals and Other Compensation

The Firm's Financial Advisors do not receive any sales awards or prizes as compensation from any third-party provider that it recommends to advisory clients. The receipt of such gifts would be a violation of the Code of Ethics.

As a matter of policy and practice, we do not compensate any third-party persons, either individuals or entities, for the referral of advisory clients to the Firm unless a formal solicitor's agreement has been entered into with a Registered Investment Adviser Representative ("RIAR") or with such person's supervising firm which is a Registered Investment Adviser ("RIA"). The Firm would not increase its advisory fees in order to compensate a solicitor. The solicitor would receive a portion of the advisory fee collected.

When such an agreement is entered into, it specifies the percentage of the client fees that are to be paid as solicitor's fees and requires the solicitor to provide written disclosure of his arrangement with us, including his or her method of compensation, to the client via a signed disclosure statement. The client's countersignature is required on the disclosure statement prior to any account being opened.

Item 15 – Custody

Client assets will be held with a qualified custodian who will maintain custody. The Firm will typically not maintain custody of clients' funds or securities. In the rare event that we retain custody of a client's assets an audit will be performed as required per current custody rules.

Painter, Smith & Amberg is not affiliated with any third-party custodian. We are not responsible for the errors made by the Custodian. Clients will receive monthly statements for each household account held by a custodian. If the client's

account has no activity, the Custodian will at a minimum provide a quarterly statement. The Custodian's statement will include information about the assets held in the account, the current value of each asset, and will reflect the deduction of any advisory fees from the client's account. On a quarterly basis, the Firm will submit an invoice to the Custodian as well as to the client regarding the calculation of advisory fees. Clients are encouraged to compare the invoice to their statements for discrepancies. The method of delivery for accounts statements and invoices (postal service versus secure electronic delivery) is determined by the individual client.

Item 16 – Investment Discretion

Painter, Smith & Amberg will not maintain discretion over client accounts.

Item 17 – Voting Client Securities

As a matter of policy and practice, the Firm does not accept any 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 accounts. All proxy notices are forwarded directly to our clients by the account custodians as has been indicated on the client's custodial account application. Within our written agreements, proxy voting responsibility remains specifically with the client.

If a client has a question regarding a proxy notice that they have received, they should speak with their investment advisor to review the content of the proxy. However, the decision as to how to vote a proxy will remain with the client.

Item 18 – Financial Information

Registered Investment Advisors are required in this Item to provide certain financial information or disclosures about their financial condition. Painter, Smith & Amberg has no financial commitment or condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because we do not serve as a custodian for client funds or securities and do not require prepayment of fees of more than \$1,200 per client six months or more in advance.

PRIVACY STATEMENT

Painter, Smith and Amberg, Inc. is dedicated to providing the highest level of service and protecting your privacy. As technology continues to transform the way information is collected and distributed, we want to make sure you know that we have implemented a number industry-leading practices for safeguarding the privacy and security of financial information about you.

- We employ safeguards to protect customer information and prevent fraud.
- We do not sell customer information to other companies for marketing purposes.

How You Can Help Protect Your Privacy

- Do not share your account information, passwords or code words with others.
- Never provide confidential information to unknown callers.
- When conducting business over the Internet, always use a secure browser and exit online applications as soon as you finish using them.
- Protect your account records.
- If you are a victim of fraud or identity theft, please contact your Financial Advisor or the Custodian to put holds on your accounts.

How We Secure Your Assets and Protect Information About You

- We continually enhance our security tools and processes.
- We take steps to protect customer data and accounts by asking you for information that only you should know when you contact us. We follow these procedures on the phone and over the Internet.

How We Protect Your Privacy Online

Protecting your personal information online is an essential part of our service to you.

- Our systems use technologies such as firewalls (which protect systems from intrusion) and encryption (scrambling of information) to protect customer information.
- We validate your identity through confidential access codes before we allow online access to your accounts.

How We Gather Information to Understand Your Financial Needs

The information we gather about you helps us to better understand your financial needs and to provide more personalized, efficient service to you.

The information we gather comes from a variety of sources, including:

- Information you provide to us (such as information on applications about assets and income).
- Information related to your transactions with Wells Fargo Clearing Services, LLC (Our Clearing Firm) and Painter, Smith and Amberg, Inc. (such as account balance and payment history).
- Information we obtain from others at your request (such as information about assets held at another institution for inclusion in a financial plan). We carefully manage the information gathered about you as described in the following section.

How We Manage Information to Serve Your Needs

Other than the limited exceptions below, we do not provide customer information to companies affiliated with Wells Fargo Clearing Services, LLC or companies outside of Wells Fargo Clearing Services, LLC or Painter, Smith and Amberg, Inc. You do not need to request this confidentiality; it is our standard practice. In order to serve your needs, we may provide all of the information we gather:

- To comply with a legally permitted inquiry by a government agency or regulator;
- To specialists that perform business operations for us (such as statement and letter mailings);
- To companies whose securities you own so they may maintain accurate shareholder records;
- To others only as permitted or required by law (such as in response to a subpoena).

We select very carefully the outside companies that provide services on our behalf, and restrict the information we provide them to that which is necessary to fulfill their responsibilities or offer a service to you. These companies are prevented by legal agreement from using customer information for their own purposes or selling this information to others.

Other Applicable Laws

The practices just described are in accordance with federal law. We may also be subject to other privacy requirements under applicable state law.

Identify Theft Assistance

If you believe you may be a victim of identity theft:

- Contact your Financial Advisor to place holds on your accounts.
- Contact the Social Security Administration's Fraud Hotline at 1-800-269-0271 to report fraudulent use of your identification information.
- Report the incident as quickly as possible to each of the credit reporting agencies:
 - Experian 1-888-397-3742
 - Equifax 1-800-685-1111
 - TransUnion 1-800-916-8800
- File a police report in your local jurisdiction and retain the report number and the name of the officer who took the report.
- File a complaint with the Federal Trade Commission (FTC) by contacting the FTC's Identity Theft Hotline: 877-IDTHEFT.

We Strive to Maintain Accurate Information

We strive to maintain complete and accurate information about you and your accounts. If you ever believe that our records contain inaccurate or incomplete information about you, please let us know immediately. We are committed to resolving any inaccuracies as quickly as possible.

Wells Fargo Clearing Services, LLC is a registered broker dealer, a non-bank affiliate of Wells Fargo & Company, and member FINRA/SIPC.