



November 12, 2021

Customer Relationship Summary

Helping you make an informed decision

Form CRS

Introduction

Painter, Smith & Amberg, Inc. (“PSA”) is registered as a broker-dealer and as an investment adviser with the Securities and Exchange Commission (<https://www.sec.gov>).

PSA is a FINRA (Financial Industry Regulation Authority (<https://www.finra.org>)), SIPC (Securities Investor Protection Corporation (<https://www.sipc.org>)), and MSRB (Municipal Securities Rulemaking Board (<https://www.msrb.org>)) member firm.

PSA offers both brokerage services and investment advisory services. Brokerage and investment advisory services and fees differ and it is important that retail investors understand the differences.

Free and simple tools are available for you to use at <https://www.investor.gov/CRS>, a website maintained by the SEC. These tools can provide educational materials about broker-dealers, investment advisers, and investing. For example, you can go to that website and access a financial professional’s experience and education.

This relationship summary provides information that helps you make an informed decision about whether or not to invest with us and will answer the following questions:

- *What investment services and advice can you provide me?*
- *What fees will I pay?*
- *What are your legal obligations to me when providing recommendations as my broker-dealer, or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?*
- *How do your financial professionals make money?*
- *Do you or your financial professionals have legal or disciplinary history?*
- *Where can I find additional information?*

What investment services and advice can you provide me?

How will PSA choose investments to meet your needs? Most of the criteria involves: age, marital status, annual income, net worth, liquid net worth, time horizon, tax bracket, investment objectives, risk tolerance, and investment experience. Your financial professional will go over the details of both types of accounts and help you understand how fees and costs might affect your investments, as well as the inherent conflicts of interest that may occur.

Brokerage Services

PSA offers non-discretionary brokerage accounts. This means that we do not have authority to make trades for your brokerage account without obtaining your consent. We do not offer continuous monitoring of brokerage accounts. We do make recommendations of the investment products that are made available to our brokerage customers. The following investments are made available to you:

- Listed and unlisted equities
- Listed options
- Mutual funds, closed end funds, and ETF's (exchange traded funds)
- Corporate, municipal, government and agency debt instruments and brokered certificates of deposit
- Money market accounts
- Securities and non-securities related insurance products

A full description of our brokerage services can be found in our relationship guide, entitled *Regulation Best Interest Disclosure*, which is available on the PSA website, www.psainv.com.

Investment Advisory Services

- PSA 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. Based upon these discussions, we will make a suitable investment recommendation to the client.
- PSA 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 (Custodian). The Custodian maintains custody of client assets. WFA will have discretion over trading the client's account according to the parameters of the WFA program selected. PSA will not have discretion over client accounts.
- We will typically recommend that all advisory clients participate in one of the separately managed account advisory programs sponsored by WFA (SMA Programs). SMA Program account holders will be assessed a wrap program fee that is described below.
- Investment Advisory Accounts have a minimum investment amount of \$10,000
- A full description of our investment advisory services can be found in our firm brochure (prepared in accordance with SEC Form ADV, Part 2A) (Firm Brochure) and is available on the PSA website, www.psainv.com.

Conversation corner

Questions you might wish to ask when considering our services:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

What fees will I pay?

- You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Brokerage Services Fees

- You will pay transaction-based fees for trades you decide to enter into, such as buying and selling stocks, bonds, Exchange Traded Products (ETPs), mutual funds, annuity contracts, exercising options and other investment purchases and sales. These transaction-based fees are generally referred to as a “commission,” “mark up,” “sales load,” or a “sales charge.” Transaction-based fees are based on a host of factors, including, but not limited to:
 - Underlying product selection
 - Your brokerage service model and account type
 - Size of your transaction and/or overall value of your account
 - Frequency of your trade activity
 - Available discounts and/or fee waivers
- Fees are assessed when a trade occurs. A retail investor would be charged more when there are more trades in his or her account. Therefore, PSA may have an incentive to encourage a retail investor to trade often.
- Our minimum transaction fee for a listed equity is \$50.00 but cannot exceed 5%. Fees as a percentage will decrease the larger the trade. Mark ups on new issue principal trades are determined by the issuer. Secondary issues are usually 1% of principal. Mutual fund commissions are described in the particular mutual fund’s prospectus. Other fees and costs associated with your brokerage account include IRA custodial fees, safekeeping for certain illiquid or unregistered securities, inactivity fees, and foreign taxes on non-U.S. securities. Investment fees include mutual fund 12b-1 fees, money market sweep fees, and variable annuity trail fees. You will also pay fees for various operational services provided to you through your brokerage account. These fees are set at least annually and communicated to you through information included in your account statement and other notifications. These fees do not apply to all account types and may be waived under certain conditions.

Conversation corner

Questions you might wish to ask when considering our services:

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?
- How might your conflicts of interest affect me, and how will you address them?

Investment Advisory Fees

- Fees for investment advisory services are based on assets under management.
- SMA Program account holders will be assessed a wrap program fee. A wrap program fee is a comprehensive charge levied by an investment manager or investment adviser to a client for providing a bundle of services, such as investment advice, investment research and brokerage services and expenses.
- These wrap program fees include most transaction costs and any fees or costs to the broker-dealer (Wells Fargo Clearing Services) that has custody of these accounts. The wrap program fee does not include certain fees and expenses that are described in our Firm Brochure.
- A conflict of interest can arise in that, the more assets that are in a retail investor’s account, the more the retail investor will pay in fees. PSA therefore has an incentive to encourage the retail investor to increase assets in his or her advisory accounts.
- 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 portion of the advisory fees will not exceed 1.50% per annum.
- Effective January 1, 2019, WFA has implemented a Platform Fee of 0.059% per annum for certain accounts that participate in the SMA Programs described above. For more information about this Platform Fee, please see our Firm Brochure. The Platform Fee is for administrative services that WFA provides to maintain the SMA Programs and is non-negotiable.

For more information about investment advisory fees, please see our Firm Brochure on the PSA website, www.psainv.com.

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does the firm make money and what conflicts of interest do you have?

Standard of Conduct

When we provide you with a recommendation as your broker dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

When PSA provides recommendations, as a broker-dealer, or as an investment advisor, PSA has to act in the retail investor's best interest, and not put the company's interest ahead of the investor. At the same time, the way PSA generates revenue can create some conflicts with your interests. For example: in an investment advisory account, there is an incentive to boost assets under management, to increase management fees; in a broker-dealer arrangement there is an incentive to recommend more transactions to collect more commissions. The investor should understand and ask us about these conflicts because they can affect the recommendations and investment advice that you receive.

When acting as a broker/dealer, PSA receives payments from third parties for the sale of securities which include commissions, 12b-1 fees as well as revenue sharing from investments in money market accounts at our clearing firm. Additionally, the firm may engage in principal transactions when executing fixed income trades for clients for which the firm would receive a markup or markdown instead of a commission. These payments can create incentives for the PSA and its financial professionals to sell security products.

For additional information about potential conflicts of interest, please see our relationship guide, entitled *Regulation Best Interest Disclosure*, and our Firm Brochure, which are available on the PSA website, www.psainv.com.

You can also review SEC Regulation Best Interest at <https://www.sec.gov/info/smallbus/secg/regulation-best-interest>

How do your financial professionals make money?

In their capacity as registered broker-dealer representatives, our financial professionals receive a portion of the transaction-based compensation received by the Firm. That portion is determined based upon a percentage of the revenue generated by each financial professional. The amount of transaction-based compensation received by the Firm is based upon the time and effort required to meet the needs of customers and the complexity of the products that are recommended.

In their capacity as registered investment adviser representatives, our financial professionals receive fifty percent (50%) of the net advisory fees received by the Firm.

Do you or your financial professionals have legal or disciplinary history?

Yes. While none of our financial professionals have a legal or disciplinary history, the firm has disclosures. See <https://www.brokercheck.finra.org> for more information or contact the Branch Manager (David E Smith) if you have questions concerning your broker. Free and simple tools are available for you to use at <https://www.investor.gov/CRS>, a website maintained by the SEC.

Where can I find additional information?

You can always ask your financial advisor for more information and request a copy of the Customer Relationship Summary by calling office at (909) 557-2800.

Conversation corner

Questions you might wish to ask when considering our services:

- How might your conflicts of interest affect me, and how will you address them?
- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Whom can I talk to if I have concerns about how this person is treating me?