

Item 1 – Cover Page

Pacific Investment Advisors, LLC
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pacificadvisorsweb.com

January 2020

This Brochure provides information about the qualifications and business practices of Pacific Investment Advisors, LLC (hereinafter “PIA” or “the Firm”). If you have any questions about the contents of this Brochure, please contact us at 805 955-0650 or vaughen.pacificadvisors@gmail.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pacific Investment Advisors LLC is a State of California licensed Registered Investment Advisory firm and Stephen Vaughn is an Investment Advisor Representative (IAR) and COO of the firm. 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 about which you determine to hire or retain an Adviser.

Additional information on Pacific Investment Advisors LLC and/or Stephen Vaughn also is available on the SEC’s website at www.adviserinfo.sec.gov CRD# 127615.

Item 2 – Material Changes

The previous brochure was dated Jan 2019. This latest brochure is dated January 2020 and has changes to the prior document. See changes to the following sections of this document:

Item 4: Advisory business. New language clarifying overall years in business.

Item 20: Social media. Slight wording changes to improve clarity.

Item 21: Advertising. Slight wording changes to improve clarity.

This brochure will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Stephen Vaughn at 805 955-0650 or svaughen@gmail.com. Our Brochure is also available on our web site www.pacificadvisorsweb.com.

Additional information concerning Stephen Vaughn and Pacific Investment Advisors LLC is also available via the SEC's web site www.adviserinfo.sec.gov, CRD# 127615.

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Item 4 – Advisory Business

Advisory Services and Fees

Pacific Investment Advisors, LLC is a “niche” or “specialty” investment advisor seeking to advise clients primarily on the “risk” portion of the client’s overall asset mix. Client portfolios advised by Pacific Investment Advisors, LLC are advised primarily on stocks, ETF securities and equity mutual funds. However, PIA may determine that market conditions indicate the recommendation cash and money market balances as an alternative to equity securities perhaps as a portfolio protection move.

Client portfolios are advised on a personal and consultative basis with the CLIENT being the ultimate decision maker on all buy, sell and hold decisions. This investment decision-making interaction between Pacific Investment Advisors, LLC and the client has the incumbent risk of failure on individual securities and/or overall portfolios.

Pacific Investment Advisors, LLC (hereinafter “PIA” or “the Firm”) offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. The services provided and fee arrangements are described in the following pages. PIA is a limited liability company formed under the laws of the State of California.

This narrative provides clients with information regarding Pacific Investment Advisors LLC and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client. Please contact Stephen K. Vaughen if you have any questions about this narrative. Additional information about PIA is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for PIA firm is 127615.

Portfolio Management Services

Pacific Investment Advisors LLC provides *non-discretionary* portfolio management services on a continuous basis to clients. The investment advice provided is tailored to meet the needs and investment objectives of the client. Portfolios constructed for the client may consist of equity securities, ETF securities, mutual fund shares, corporate debt securities, municipal securities, U.S. government securities, cash and money market balances, and/or derivatives, among other types of investments, if PIA determines such investments to be in the best interest of its clients. Once the portfolio is constructed, PIA will provide continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require.

While clients will grant trading authority to Pacific Investment Advisors LLC on their accounts, PIA’s ‘Agreement of Investment Advisory Services For Non-Discretionary Accounts’ specifically requires that PIA *only* affect trades in clients’ accounts based on prior discussion or written advance authorization by clients in which clients give their consent to such transactions in advance.

Pacific Investment Advisors, LLC is a “niche” or “specialty” investment advisor seeking to advise clients primarily on the “risk” portion of the client’s overall asset mix.

It is incumbent upon the CLIENT to determine the portion of their overall asset mix that should be subjected to stock market risk. Pacific Investment Advisors, LLC and Stephen Vaughn will make every attempt to address the “suitability” of stock market risk to an individual client’s personal situation, but it must be understood that Pacific Investment Advisors, LLC and Stephen Vaughn have no way of knowing any client’s “true” or “total asset picture”. Clients tend to keep this information private regarding their “total asset picture”, and as such, the risk portion of any client’s portfolio must ultimately be the decision of the CLIENT and not the decision of Pacific Investment Advisors, LLC.

Investment advice practitioners in many ways are similar to medical practitioners. There are “general practitioners” in medicine as well as in investment advice and there are “specialist practitioners” in medicine as well as in investment advice. Medical specialists typically focus on their specialty “niche” or “expertise area” and refer patients who require a more overall look at their personal health to outside general medical practitioners.

It should be understood that Pacific Investment Advisors, LLC *does not* represent itself to be a “general practitioner” in the investment advice business. Pacific Investment Advisors, LLC *does not* represent itself to be a “Financial Planner”. This type of investment advice should be sought by *other* investment advice practitioners and away from Pacific Investment Advisors, LLC. Clients should work with Pacific Investment Advisors, LLC on their risk or “stock market” portion of their portfolios only which may include from time to time selling equity securities and moving the proceeds into cash or money market in an attempt to temporarily protect overall account value. Pacific Investment Advisors, LLC typically encourages clients to deal with banks or use cash or use money market balances for their “guaranteed” or “no-risk” assets.

There is however a place in the investment advice business for practitioners with specialized knowledge and experience in stock selection and portfolio management or perhaps “asset allocation”. This is the “niche” that Pacific Investment Advisors, LLC seeks to operate in. Advice concerning specific stocks and portfolio management requires highly specialized knowledge and direct practitioner experience to be at all affective. (Risk still exists in any stock market related portfolio even with the advice employed by the best and most experienced investment advisor.)

Pacific Investment Advisors, LLC owner/COO Stephen Vaughn ONLY represents having 39+ years direct experience in advising investors on their securities portfolios. Personal discussion with clients regarding past stock successes AND failures, as well as screened stock demonstrations are done in an attempt to impart insight into the current stock market and economic environment and current securities selections being evaluated or recommended for inclusion in a client’s portfolio. Experience in the securities business is the only “value added” being offered by Pacific Investment Advisors, LLC and/or by Stephen Vaughn.

Item 5 – Fees and Compensation

On an annualized basis, Pacific Investment Advisor's fees for portfolio management services are based on a nonnegotiable rate of 1.00% of assets under advisement. The 1.00% fee will be charged on assets such as individual equity securities, mutual funds, ETF securities (exchange traded funds), and typically, cash and money market balances as an asset protection portfolio move, among others, so long as both PIA and the client agree to the management of such investments in their individual accounts.

It should be understood that not all assets in an individual account are "assets under advisement". For example, most cash balances will typically be excluded from inclusion in the 1% per year billing. The annual fees for portfolio management services are billed monthly in arrears based on the market value of the assets on the last day of the month. (1% month-end securities value divided by 12)

Fees will be assessed on the client agreed to securities and/or cash as of the last trading day of the calendar month. PIA will monthly invoice the client directly for the advisory fees based on month end pricing and valuation. Approximately the 15th of each month the payment of the advisory fees will be made by the custodian holding the client's funds and securities. For advisory fees withdrawn directly from clients' accounts, PIA will adhere to the following five conditions:

1. The client provides written authorization permitting PIA's fees to be paid directly from the client's account held by the independent custodian;
2. The independent custodian agrees to send to the client, at least quarterly, a statement indicating all amounts disbursed from the account;
3. PIA sends a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated;
4. PIA discloses to clients that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated; and
5. PIA sends a bill to the custodian indicating the amount of the fee to be paid by the custodian to the investment advisers.

PIA offers some additional services as part of its portfolio management services and without additional charge to clients. These services may involve providing advice to clients regarding the investment/management of their financial resources based upon an analysis of their individual needs. If the disclosure brochure - Part II of the Form ADV - is not delivered to the client within 48 hours prior to the client entering into the management agreement, the client may terminate the management agreement within five business days of the date of acceptance without penalty.

All Form ADV disclosure documents are available in Adobe PDF format at: <http://www.pacificadvisorsweb.com>. If the client received the disclosure documents 48 hours in advance or if the five-day grace period has expired, the client may terminate the management agreement upon verbal or written notice to PIA. Pacific Investment Advisors

LLC will terminate the agreement promptly; however, clients should not consider the termination effective until written confirmation of cancellation has been received by the client from PIA. In the event the agreement is terminated, the management fee will be pro-rated for the month in which the cancellation notice was given and fees will be due and payable by the client. Refunds are not applicable as fees are payable in arrears.

Item 12 further describes the factors that Stephen Vaughn considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation.

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

Pacific Investment Advisors LLC and/or Stephen Vaughn does not charge ANY performance-based fees of *any* kind (fees based on a share of capital gains on or capital appreciation of the assets of a client). There are no PIA principals or supervised persons receiving compensation as "performance-based fees" and/or "side-by-side management" arrangements of any kind or in any way.

Pacific Investment Advisors LLC *does not* share in the profits and/or losses in Client's Accounts in any way.

Item 7 – Types of Clients

Pacific Investment Advisors LLC provides portfolio management services to individuals, individual IRA accounts, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

It must be understood that affiliation with Pacific Investment Advisors LLC in no way assures success in any given securities account. Clients will be involved in securities selection decision and strategy "in advance" of any trades being made.

It is the experience of Stephen Vaughn that the experience and mindset of THE CLIENT is just as important to the success or failure of an individual portfolio as any advice given by Pacific Investment Advisors LLC or Stephen Vaughn. There is a tremendous inclination by the investing public to be involved in the latest investment "fad" or investment "craze" that is popularly accepted as being correct by the general investing public. These investment "fads" may include NOT participating in the stock market when investors should be participating in the stock market.

ACCURATE investment advice is typically resisted and rejected by the vast MAJORITY of the investment public as well as the vast majority of institutional investors. For this reason, client selection is of the utmost importance to Pacific Investment Advisors LLC.

Important: Investment decisions based on "fads" or investment decisions based on "generally accepted popular investment beliefs" will typically end in failure and poor investment results to an individual's portfolio.

For these reasons (generally relating to human nature) successful Pacific Investment Advisors LLC clients tend to be somewhat unconventional thinkers. Pacific Investment Advisors, LLC and Stephen Vaughn must select and/or reject clients as carefully as Pacific Investment Advisors, LLC and Stephen Vaughn accept and/or reject individual investment ideas.

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

Risk Disclosure

No performance “guarantees” are ever offered or suggested in any way.

Risk of loss always exists in any securities investment or trading strategy.

Any and all participation in securities involves risk to your investment capital. All stock market and securities risk is assumed by the Client and NOT by Pacific Investment Advisors LLC.

Pacific Investment Advisors, LLC is a “niche” or “specialty” investment advisor seeking to advise clients primarily on the “risk” portion of the client’s overall asset mix. Client portfolios advised by Pacific Investment Advisors, LLC are advised primarily on stocks, ETF securities and mutual funds. Client portfolios are advised on a personal and consultative basis with the CLIENT being the ultimate decision maker on all buy sell and hold decisions. This investment decision-making interaction between Pacific Investment Advisors, LLC and the client has the incumbent risk of failure on individual securities and/or overall portfolios.

It is incumbent upon the CLIENT to determine the portion of their overall asset mix that should be subjected to stock market risk. Pacific Investment Advisors, LLC and Stephen Vaughn will make every attempt to address the “suitability” of stock market risk to an individual client’s personal situation, but it must be understood that Pacific Investment Advisors, LLC and Stephen Vaughn have no way of knowing any client’s “true” or “total asset picture”. Clients tend to keep this information private regarding their “total asset picture”, and as such, the risk portion of any client’s portfolio must ultimately be the decision of the CLIENT and not the decision of Pacific Investment Advisors, LLC.

Investment advice practitioners in many ways are similar to medical practitioners. There are “general practitioners” in medicine as well as in investment advice and there are “specialist practitioners” in medicine as well as in investment advice. Medical specialists typically focus on their specialty “niche” or “expertise area” and refer patients who require a more overall look at their personal health to outside general medical practitioners.

It should be understood that Pacific Investment Advisors, LLC *does not* represent itself to be a “general practitioner” in the investment advice business. Pacific Investment Advisors, LLC *does not* represent itself to be a “Financial Planner”. This type of investment advice should be sought by OTHER investment advice practitioners and away from Pacific Investment Advisors, LLC. Clients should work with Pacific Investment Advisors, LLC on

their risk or “stock market” portion of their portfolios only. Pacific Investment Advisors, LLC typically encourages clients to deal with banks or use money market securities for their “guaranteed” or “no-risk” assets.

There is however a place in the investment advice business for practitioners with specialized knowledge and experience in stock selection and portfolio management. This is the “niche” that Pacific Investment Advisors, LLC seeks to operate in. Advice concerning specific stocks and portfolio management requires highly specialized knowledge and direct practitioner experience to be at all affective. (Risk still exists in any stock market related portfolio even with the advice employed by the best and most experienced investment advisor.)

Pacific Investment Advisors, LLC owner/COO Stephen Vaughn ONLY represents having 39+ years direct experience in advising investors on their securities portfolios. Personal discussion with clients regarding past stock successes AND failures as well as “screened stock” demonstrations will be done in an attempt to impart insight into the current stock market environment and current stock selections being evaluated or recommended for inclusion in a client’s portfolio. Experience in the securities business is the only “value added” being offered by Pacific Investment Advisors, LLC and/or by Stephen Vaughn.

Client accounts are advised on a "non-discretionary" basis such that the client is the final decision maker on all buy sell and hold decisions within their individual accounts. All client accounts are advised on a personal and consultative basis.

Pacific Investment Advisors, LLC and/or Stephen Vaughn does not represent, warrant or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Methods of Analysis, Sources of Information, and Investment Strategies may or may not produce favorable results in client portfolios.

Pacific Investment Advisors, LLC and/or Stephen Vaughn use various standard quantitative as well as proprietary methods in their securities evaluation and selection process. Pacific Investment Advisors, LLC and/or Stephen Vaughn employ in-house analysis as a source of information used to evaluate available investments. This analysis and methodology in securities selection and portfolio advice is the result of 39+ years’ experience in the securities industry. There can be no guarantee that this experience and resulting methodology will be affective in securities portfolios going forward.

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 Pacific Investment Advisors LLC or the integrity of Stephen Vaughn's management. Pacific Investment Advisors LLC and/or Stephen Vaughn have no legal or disciplinary events as of this date.

Item 10 – Other Financial Industry Activities and Affiliates

Additional Compensation

As disclosed above, PIA participates in TD Ameritrade's institutional customer program and it may recommend TD Ameritrade to Clients for custodial and brokerage services. There is no direct link between the Firm's participation in the program and the investment advice it gives to its Clients, although the Firm receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to PIA by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by the Firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit PIA but may not benefit its Client accounts. These products or services may assist the Firm in managing and administering Client accounts, including accounts not maintained at TD Ameritrade.

Other services made available by TD Ameritrade are intended to help PIA manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to Clients, the Firm endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits by PIA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Firm's choice of TD Ameritrade for custody and brokerage services.

Item 11 – Code of Ethics

Pacific Investment Advisors LLC 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Pacific Investment Advisors LLC must acknowledge the terms of the Code of Ethics annually, or as amended.

Participation or Interest in Client Transactions PIA or a person associated with the Firm may buy or sell – for their personal account(s) -investment products identical to those recommended to clients. It is the expressed policy of PIA that no person employed by the Firm may purchase or sell any security prior to transactions implemented for an advisory account, therefore preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

Code of Ethics: (1), (2) As these situations may represent a conflict of interest, the Firm has established the following restrictions in order to ensure its fiduciary responsibilities:

PIA emphasizes the unrestricted right of the client to specify investment objectives, guidelines, and/or conditions on the overall management of their account. Associated persons or their immediate family members shall not buy or sell securities for their personal portfolio(s) where their decision is derived in whole or in part, by reason of the associated person's employment, unless the information is also available to the investing public on reasonable inquiry. No associated person of the Firm shall prefer his or her own interest to that of the advisory client. Investment opportunities must be offered first to clients before the Firm or associated persons may participate in such transactions.

PIA and its associated persons generally may not purchase and sell securities being considered for, or held by client accounts without pre-clearance from the Compliance Officer. PIA and its employees generally may not participate in private placements or initial public offerings (IPOs) without pre-clearance from the Firm's Compliance Officer. PIA requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices. Records will be maintained of all securities bought or sold by the Firm, associated persons of the Firm, and related entities. A qualified representative of the Firm will review these records on a regular basis. Any individual not in observance of the above may be subject to termination. The full text of PIA's Code of Ethics is available to you upon request.

Footnotes:

(1) This investment policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of the Firm's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with the Firm's records in the manner set forth above.

(2) The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest. The Firm also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Firm or any person associated with the Firm.

Item 12 - Brokerage Practices

Pacific Investment Advisors LLC and/or Stephen Vaughn does NOT participate in any "soft dollar" arrangements of any kind.

All client assets are held in individual brokerage accounts, typically at TD Ameritrade Institutional, Division of TD Ameritrade, Inc. member FINRA/SIPC., independent and unaffiliated broker dealer.

PIA will recommend that securities be purchased through facilities of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC, among others. TD Ameritrade is an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers, services that include custody of securities, trade execution, clearance and settlement of transactions. PIA and/or Advisory Representatives of PIA may receive benefits such as assistance with conferences and educational meetings from product sponsors.

In selecting a broker dealer PIA will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services.

General Information on Advisory Services and Fees

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, PIA makes the following statement: a conflict may exist between the interest of PIA and the interests of the Client. Further, the Client is under no obligation to act upon PIA's recommendations, and if the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transactions through PIA.

The fees charged are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)). PIA shall never have custody of any client funds or securities, as the services of an independent custodian will be used for asset management services.

All fees paid to PIA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there are transaction charges involved with purchasing or selling of securities. PIA does not share in any portion of the brokerage fees or transaction charges imposed by the custodian holding the client funds or securities.

Ancillary charges such as margin interest and account services such as transfer fees are also not included in the advisory fee. The client should review all fees charged by mutual funds, PIA, and others to fully understand the total amount of fees to be paid by the client.

PIA does not represent, warrant or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Methods of Analysis, Sources of Information, and Investment Strategies PIA uses may or may not produce favorable portfolio and/or investment results going forward.

Aggregation of Orders

Securities regulations require that PIA offer clients the participation in Aggregation of orders trades presumably to avoid the prospect of a client “missing the market” or being denied opportunities afforded to other clients.

Where PIA buys or sells the same security for two or more clients, the Firm may place concurrent orders with a single broker, to be executed together as a single “block” in order to facilitate orderly and efficient execution. Whenever PIA aggregates trades, each account on whose behalf an order is placed is determined in advance of order placement.

Each account receives the average price of the overall order, and bears a proportionate share of all transaction costs. Prior to entering the aggregated order, PIA will prepare a written statement (the “Allocation Statement”) clearly identifying the accounts that will participate in the transaction. Once the transaction is complete, the Firm then instructs the executing broker to calculate the average price for all shares so traded. PIA employs the average pricing method in order to avoid having some clients pay more (or receive less) than other clients when their individual investment objectives and portfolio balances warrant investment (or divestiture) of identical securities. If the order is only partially filled, it shall be allocated on a pro-rata basis in accordance with the Allocation Statement.

If an order must be allocated in a manner different from that in the Allocation Statement, all clients will receive fair and equitable treatment and PIA will approve the written rationale for the departure. The written rationale must be prepared no later than one hour after the opening of the markets on the trading day following the day on which the order is executed. PIA will receive no additional compensation or remuneration of any kind as a result of the aggregation of client trades.

Trade Error Correction Procedures

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, PIA generally seeks to rectify the error by placing the client account in a similar position as it would have been had no error occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account.

Item 13 – Review of Accounts

Portfolio Management Services

Pacific Investment Advisors LLC is a “niche” or “specialty” investment advisor seeking to advise clients primarily on the “risk” portion of the client’s overall asset mix.

Pacific Investment Advisors LLC provides *non-discretionary* portfolio management services on a continuous basis to clients. The investment advice provided is tailored to meet the needs and investment objectives of the client. Portfolios constructed for the client may consist of equity securities, mutual fund shares, corporate debt securities, municipal securities, U.S. government securities, cash, and/or derivatives, among other types of investments, if PIA determines such investments to be in the best interest of its clients. Once the portfolio is constructed, PIA will provide continuous supervision and re-optimization of the portfolio as changes in market conditions and client circumstances may require.

While clients will grant trading authority to PIA on their accounts, PIA’s ‘Agreement of Investment Advisory Services For Non-Discretionary Accounts’ specifically requires that PIA *only* affect trades in clients’ accounts based on pre-approval by the client.

Client portfolios advised by Pacific Investment Advisors, LLC are advised primarily on stocks, and ETF securities and sometimes cash. Client portfolios are advised on a personal and consultative basis with the CLIENT being the ultimate decision maker on all buy sell and hold decisions. This investment decision-making interaction between Pacific Investment Advisors, LLC and the client has the incumbent risk of failure on individual securities and/or overall portfolios.

Item 14 – Client Referrals and Other Compensation

Currently, Pacific Investment Advisors LLC is not affiliated with any paid “solicitors” as defined by, and in compliance with, SEC Rule 206(4)-3.

Item 15 – Custody

All client assets are held in individual brokerage accounts, typically at TD Ameritrade Institutional, Division of TD Ameritrade, Inc. member FINRA/SIPC, independent and unaffiliated broker dealer. PIA shall never have custody of any client funds, securities, or any other client asset, as the services of an independent custodian will be used for asset management services.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Pacific Investment Advisors LLC urges the careful review of such statements and to compare such official custodial records to the account statements that we may provide. Our

statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Pacific Investment Advisors LLC and/or Stephen Vaughn provide only non-discretionary portfolio management services on a continuous basis to clients, never on a discretionary basis.

Client online account access is available through the client custodian, typically TD Ameritrade Institutional.

Item 17 – Voting *Client* Securities

Proxy Voting

As a matter of firm policy and practice, Pacific Investment Advisors LLC does not have 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 client portfolios. PIA may provide advice to clients regarding the clients' voting of proxies.

PIA will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. Although PIA may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

PIA will not be required to take any action or render any advice with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which client assets may be invested. Although PIA may, on rare occasions and only at the client's request, offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Class Action Lawsuits

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. The Firm has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients. Where the Firm receives written or electronic notice of a class action lawsuit, settlement or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

Item 18 – Financial Information

Pacific Investment Advisors LLC 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.

Item 19 – Requirements for State-Registered Advisers

Education and Business Background

Stephen K. Vaughen
Year of Birth: 1958

Formal Education After High School:
B.S., California State University, Business Administration, 1980.

Business Background Previous Years:

- Pacific Investment Advisors, LLC, Managing Member, IAR, Chief Compliance Officer. October 2005 to Present.
- Stephen K. Vaughen, RIA. Sole Proprietor/Chief Compliance Officer. June, 2003 to October 2005.
- Crowell, Weedon & Co., member NYSE Series 7 licensed Registered Representative ultimately Partner. December, 1980 to July, 2003.

Item 20 – Social Media

See our website address of: www.pacificadvisorsweb.com.

To comply with our social media policy, Stephen Vaughen does not intend to engage at this time in social media, i.e., blogging, Facebook, Instagram, LinkedIn, Twitter, Youtube, etc. Stephen Vaughen oversees ALL social media communication in accordance to policy.

Item 21 – Advertising

Pacific Investment Advisors LLC anticipates demonstrating a specific “screened stock” proprietary stock selection strategy. Online ads will link back to the PIA website such that potential clients can view past priced “screened stock” lists to compare to current prices. It is anticipated that Google adwords ads will be run to determine market interest in this strategy. Other online ad platforms are being considered, but as of this date only Google adwords has been tested by us.