



ABOUT PACIFIC ASSET MANAGEMENT

Pacific Asset Management is a fee-only registered investment advisor in the state of Washington. Two of our partners, Don Cox and Gary Lucy, have been CPAs for more than 25 years, advising clients on tax, financial and accounting matters. They formed Pacific Asset Management after realizing their clients wanted a more sensible approach to investing than that offered by Wall Street brokerage firms. Another partner, Bill Schultheis, spent 13 years at a major financial firm before writing *The Coffeehouse Investor*, which explains and advocates Pacific Asset Management's investment philosophy.

YOUR ACCOUNT AT CHARLES SCHWAB & Co., INC.

Keeping your account safe and secure is paramount. That is why we chose Charles Schwab & Co., Inc. as the primary custodian of your account. Schwab is one of the largest, most experienced service providers helping clients and advisory firms achieve their goals.

CLIENT PROFILE

Our clients are primarily high-net-worth individuals who need wealth management services. We also provide investment advisory services for IRAs, 401(k)s, 403(b)s and other qualified retirement plans.


Pacific Asset Management
11400 98th Ave. NE, Suite 201
Kirkland, WA 98033
Tel 425.820.1769
Fax 425.820.1973

1590 Bay Street
Port Orchard, WA 98366
Tel 360.876.1938
Fax 360.876.0823

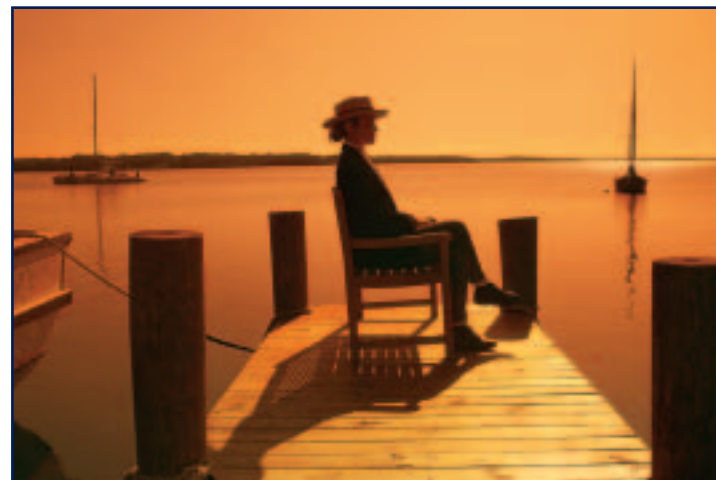
1.800.676.1215
www.pacificasset.net

HELPING INVESTORS BUILD WEALTH
IGNORE WALL STREET
AND GET ON WITH THEIR LIVES


Pacific Asset Management

BUILDING AND PRESERVING WEALTH THROUGH YOUR RETIREMENT YEARS IS A SERIOUS RESPONSIBILITY AND A DAUNTING CHALLENGE. ACCOMPLISHING THIS TASK AMID VOLATILE MARKETS CAN CONSUME YOUR LIFE, INSTEAD OF ENHANCING IT. THE CUSTOMIZED SOLUTIONS OFFERED BY PACIFIC ASSET MANAGEMENT ARE DESIGNED TO HELP YOU ACHIEVE YOUR FINANCIAL GOALS AND GAIN THE MOST PRECIOUS ASSET OF ALL —

PEACE OF MIND



A UNIQUE INVESTMENT PHILOSOPHY

Wall Street is engaged in an endless search for top-performing stocks and mutual funds. Pacific Asset Management has a distinctly different approach to wealth management. For each client we create a globally diversified portfolio of low-cost index funds, resulting in portfolios that capture the return of each asset class in a tax-efficient manner. This approach—based on the investment philosophy in the nationally acclaimed book, *The Coffeehouse Investor*—is simple, sophisticated and successful.

WELL-ESTABLISHED WEALTH MANAGEMENT PRINCIPLES

(1) Diversify across asset classes.

The world's markets do not move in lockstep. Invest too heavily in a particular asset class and you can suffer large losses when markets turn. However, by combining asset classes that in the short term move dissimilarly to one another, you can reduce risk within your portfolio. Economist Harry Markowitz won a Nobel Prize in economics for validating this strategy, which forms the basis for Modern Portfolio Theory.

(2) Capture the entire return of each asset class.

Many within the financial industry believe it is possible to pick winning stocks or mutual funds that achieve higher returns than the market as a whole. Yet exhaustive research provides strong evidence to the contrary. Because financial markets are efficient, any attempts to beat them frequently produce disastrous results. In contrast, our index strategy enables you to capture the return of each dimension of the market.

(3) Develop a long-term financial plan.

No investment strategy can succeed unless it is part of a detailed financial plan with clearly defined objectives and a disciplined approach to saving and investing. Since we do not waste time on the elusive search for winning stocks and mutual funds, we can focus on the full spectrum of wealth management issues relevant to each client, including income tax, estate and retirement planning.



A CUSTOMIZED PORTFOLIO FOR YOUR NEEDS

After analyzing your financial position, Pacific Asset Management designs a globally diversified portfolio for your investment objectives. You receive quarterly performance reports, and we meet regularly with you to make certain your portfolio remains appropriate for your current life situation.