

Item 1 – Cover Page

Quality Asset Management, LLC

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This brochure provides information about the qualifications and business practices of Quality Asset Management. If you have any questions about the contents of this brochure, please contact us at 858-551-8717 or ghanoch@qualityasset.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.

Quality Asset Management is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Quality Asset Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This document amends our previous brochure that was sent on 1-1-2019.

Item 4, Advisory Business. Added a service: Potential risk reduction during extreme market conditions.

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Item 4 – Advisory Business

Quality Asset Management has been providing investment advisory services since 2004. Gil Hanoch has been the principal owner of QAM since its inception. The services we provide include:

1. An interview to determine your financial situation, objectives, time horizon and risk tolerance;
2. Construction of an asset allocation to fit your specific needs;
3. Reconstruction of the asset allocation when your financial situation changes;
4. Rebalancing of your portfolio based on a quarterly periodic review; and
5. Rebalancing of your portfolio using your deposits and withdrawals.
6. Potential risk reduction during extreme market conditions.

We will choose an asset allocation with the goal of maximizing returns, given the information you provide during the interview. We will implement this goal at the portfolio level, by diversifying globally primarily to mutual funds and other asset pools, selected based upon the historical data of their returns, and backed by logic. For example, cheap stocks (low price/book) are included in investment portfolios given that:

1. Historically, cheap companies grew in value faster than expensive companies.
2. Logically, a cheap stock can grow further before becoming expensive and less appealing.

You may impose restrictions on investing in certain securities or types of securities.

We will seek increased returns by reducing costs and increasing after-tax returns. We will seek this goal, whenever appropriate, primarily using mutual funds with no-load, low turnover, tax-managed mutual funds and discount brokers.

Past performance does not guarantee future returns. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will be profitable.

We will provide you with quarterly statements showing the market value and internal rate of return of the portfolio and all investment management fees presented to your custodian.

Based on the written asset allocation, we will have discretionary trading authority in respect to the choice and number of securities to be bought and sold.

As of 1/1/2020, we managed \$39,197,346, all with discretionary trading authority.

Item 5 – Fees and Compensation

We charge annual management fees for our services, and this is our sole form of compensation for our services to you. We calculate our fees based on the value of the assets in the account. The fees are charged quarterly in advance, based on the value of the portfolio at the end of the preceding calendar quarter. Fee rates are not negotiable. The annual fee is 0.96%.

Other companies may charge additional fees for their services to you. Your account custodian charges transaction fees / brokerage commissions. The mutual fund companies charge additional fees, and disclose them in the fund prospectus. We do not receive any portion of these fees. We strive to maximize your returns after all costs, and take into account the impact of fees when choosing your investment vehicles. Item 12 below provides further details regarding our brokerage practices.

The initial fee will be due and charged on the first day of the first quarter of the contract being in effect, and will include a payment prorated for the number of days since the signing of the contract.

We will send you a quarterly invoice, detailing the calculation of the fee based on the value of assets in the account. You will specify in writing if there is a mistake. The custodian will deduct fees from your account upon presentation of a bill matching your invoice.

You can terminate the agreement at any time, by providing written notice to us. We will refund fees prorated for the number of days after the receipt of your notice. If terminated within five (5) business days after the date of signature, we will refund all charged fees; provided, however, that any investment action that we took with respect to the portfolio prior to the termination will be at your risk.

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

We do not charge any performance-based fees. These are fees based on a share of capital appreciation of the assets of a client.

Item 7 – Types of Clients

We provide portfolio management services to individuals and high net worth individuals. QAM has a negotiable minimum account size of \$4,000,000 per household. There could be exceptions to this minimum, including servicing existing clients that are below the current minimum.

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

We invest primarily using mutual funds, and may use other asset pools. In addition, we may provide advice on other investment types that existed in your initial portfolio.

We construct an asset allocation, obtaining a globally diversified portfolio, based on your financial situation, objectives, time horizon, and risk tolerance.

Once the portfolio is constructed we tend to hold it for a long period. Reasons for selling involve:

1. Your withdrawals
2. Rebalancing the portfolio according to your individual plan
3. Infrequent changes based on research of long-term behavior of the investments
4. Infrequent changes thanks to the introduction of better investment vehicles
5. Potential risk reduction during extreme market conditions

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

Item 9 – Disciplinary Information

We have no legal or disciplinary events that would be material to your evaluation of us or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

We are independent. We have no affiliation, relationship or arrangement that is material to our business or to you as a client. Specifically, we have no relationship that may create a material conflict of interest with you.

We do not receive any economic benefit from anyone but you in connection to giving advice to you. This means that no one but you creates a financial incentive to service you in a certain way.

We do not get paid for client referrals.

Item 11 – Code of Ethics

We have an affirmative duty of utmost good faith to act solely in your best interest, and are subject to the following specific fiduciary obligations when dealing with you:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for your transactions where we are in a position to direct brokerage transactions for you;
- The duty to ensure that investment advice is suitable to meeting your individual objectives, needs and circumstances;
- The duty to protect the confidentiality of your information; and
- A duty to be loyal to you.

We use primarily mutual funds for your investments. We use the same mutual funds for our own investments, and construct a plan for ourselves in the same way we construct your plan. The mutual funds are priced once a day, providing all clients and us with the same share price for trades done in the same day. Aggregation of client transactions is not necessary and typically not available for this goal.

We will not perform any insider trading activity.

A complete copy of our Code of Ethics is available upon request (to all clients and prospects).

Item 12 – Brokerage Practices

No soft dollars: We do not pay commissions to brokers in return for research or research-related products. There is no use of “soft-dollars”. We do not choose brokers based on offer of client referrals.

Suggested brokers: We will let you choose between brokers we chose to work with (may be as few as one). The brokers are chosen based on offering the funds used, transaction price, other account fees and level of service.

We do not accept your instructions for directing your brokerage transactions to a particular broker-dealer, to avoid the risk of you getting disadvantaged by limiting our ability to choose the best one for you.

Commission rates paid: The selection of broker dictates the commission rate. Once the broker is selected, you will be subject to the commission rate imposed by that broker.

Aggregation: We use primarily mutual funds for your investments. They are priced once a day, providing all clients and us with the same share price for trades done in the same day. Aggregation of client transactions is not necessary and typically not available for this goal.

Item 13 – Review of Accounts

The owner of QAM, Gil Hanoach will review your accounts no less than quarterly. He will rebalance your accounts in case of a significant deviation of an asset class from the target allocation, and subject to tax considerations and transaction cost considerations.

We will provide you with written quarterly statements showing the market value, and internal rate of return of the portfolio. These statements will be in addition to any statements issued by custodians.

Item 14 – Client Referrals and Other Compensation

We receive payment solely from you for providing you with investment advice. No one else provides us any economic benefit for serving you, to avoid any conflict of interest from receiving payments from multiple sources.

We do not provide compensation for client referrals, to prevent any potential for, or appearance of, a conflict of interest.

Item 15 – Custody

You should receive at least quarterly statements from your qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare such official custodial records to the reports that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

We receive discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Any account opened will provide us with limited power of attorney for trading and deduction of fees. In all cases, we will exercise such discretion in a manner consistent with your stated investment guidelines, limitations and restrictions. You must provide us with investment guidelines and restrictions in writing.

Item 17 – Voting Client Securities

We have no authority to vote proxies on your behalf. You will receive proxies or other solicitations directly from your custodian or a transfer agent. We may offer assistance as to proxy matters upon your request, but you always retain the proxy voting responsibility.

Item 18 – Financial Information

We have no financial condition that is likely to impair our ability to meet contractual commitments to you, and have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Sole business professional: Gil Hanoch, CFP, born in 1973

To attain the right to use the CFP® marks (Certified Financial Planner), an individual must complete an advanced college-level course and pass a 10 hour exam on the following financial planning subject areas: insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning.

To continue using the CFP® marks, an individual must complete 30 hours of continuing education hours every two years, including two hours on the Ethics, and agree to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care, in the best interests of their clients.

Business background (5-years): Owner, Quality Asset Management, La Jolla, CA (2004 - present)

Education:

- M.S., Computer Science, Open University, Tel Aviv, Israel (2002)
- B.S., Computer Science, Hebrew University, Jerusalem, Israel (1997)

Other businesses: Gil Hanoch does not actively engage in any other material business activity. He is not registered with a broker-dealer or any other business.

Performance-based fees: Gil Hanoch is not compensated for advisory services with performance-based fees.

Disciplinary events: Gil Hanoch has not been involved in any legal or disciplinary event that is material to clients and prospects evaluating his integrity.

Relationships with issuers of securities: Gil Hanoach has no relationship or arrangement with any issuer of securities.

Additional Compensation: Gil does not receive any economic benefit from anyone but you in connection to giving advice to you. Gil does not get paid for client referrals.

Financial Information: Gil has no financial condition that is likely to impair his ability to meet contractual commitments to you, and has not been the subject of a bankruptcy proceeding.