

Private Capital Management, LLC
ERISA 408(b)(2) Fee Disclosure
February 2017

Section 408(b)(2) of ERISA requires that certain providers of services to ERISA plans, including investment managers, provide specified information regarding their services and fees to fiduciaries of the plans.

The information that Private Capital Management, LLC (“PCM”) is required to disclose under these rules can be found in Part 2 of our Form ADV and your plan’s investment management agreement (your “Agreement”). These documents have previously been provided to you. If you do not have a copy of either document, please contact your account representative. (In addition, please note that the Form ADV, Part 2 is available at <http://www.adviserinfo.sec.gov>.)

For your convenience, we are providing a list of the information required by the new disclosure rules and where that information can be found in the Form ADV Part 2 and your Agreement, to the extent relevant to your plan’s arrangement with us:

- **Description of Services.** Please see your Agreement and Item 4 (“Advisory Business” and Item 5 (“Fees and Compensation”) of our Form ADV Part 2.
- **Status as an ERISA Fiduciary and Registered Investment Adviser.** Pursuant to the terms of your Agreement, we will act as a fiduciary under ERISA, and as an investment adviser under the federal Investment Advisers Act of 1940 in providing our advisory services.
- **Direct Compensation.** Our fee arrangement with your plan, including the manner in which fees are received by us, is detailed in your Agreement and your quarterly invoices.
- **Indirect Compensation – Brokerage Services Provided by Carnes Capital Corp.** Carnes Capital Corp. (“Carnes”), a registered broker-dealer, is an affiliate of PCM and is owned by Pelican Bay Holdings, LLC, which also controls PCM. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. PCM clients can direct that trades for their accounts be executed through Carnes. Carnes’ standard commission rate for client accounts is currently \$0.05 per share with a minimum ticket charge of \$30.00. With respect to ERISA clients who elect to trade their PCM accounts through Carnes, PCM complies with the requirements of PTE 86-128, including the disclosure requirements thereof.
- **Compensation Paid to Clearing Firm by Third Parties.** Carnes clears trades through National Financial Services (“NFS”). NFS – which is not affiliated with Carnes or PCM – may be viewed as acting as a sub-contractor to Carnes. Pursuant to its Clearing Agreement with NFS, Carnes pays a clearing cost of \$5.00 per trade to NFS. This fee is paid by Carnes rather than any plan client.

NFS may earn additional compensation from certain third parties in connection with providing clearing services to Carnes clients. Certain fees may be considered “indirect compensation” earned by a Carnes subcontractor for purposes of the section 408(b)(2)

regulation. Information regarding indirect compensation received by NFS (if any) can be obtained from NFS at <https://nationalfinancial.fidelity.com/app/home>.

- **Receipt of Gifts, Gratuities and Non-monetary Compensation.** From time to time, PCM's or its affiliates' employees may, as is generally consistent with customary industry practice and in accordance with PCM's policies and procedures, receive nonmonetary compensation (other than cash or cash equivalents), such as promotional items (i.e., coffee mugs, calendars or gift baskets), meals and access to certain industry related conferences from individuals or institutions with whom they transact business or with whom they may engage in business dealings on behalf of clients. PCM will report gifts received by it or its employees to the extent such amounts exceed the DOL *de minimis* thresholds for any plan. The determination of whether the gifts that PCM receives exceed the *de minimis* threshold is made by PCM after examining the gifts recorded each year and the value of the recorded gifts as may be attributable to a qualified retirement plan client under the DOL rules. Based on historic trends, PCM does not expect to receive gifts in excess of the *de minimis* threshold under the regulations with respect to the Plan.
- **Termination Fees.** There are no termination fees applicable to your plan's account.

PCM has posted the disclosures required by the 408(b)(2) Regulation at www.private-cap.com.

This information will be updated periodically for changes in fees, services, etc. and it is your responsibility to check the website periodically for changes. A hard copy of the disclosure document is also available by contacting PCM at (239) 254-2500. If you have any questions or require any additional information, please contact Chad Atkins at (239) 254-2500.