PRIVATE
CAPITAL
Management

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Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Private Capital Management, LLC ("PCM"). If you have any questions about the contents of this brochure, please contact Chad Atkins, PCM's Chief Compliance Officer, at (800) 763-0337 or by email at catkins@private-cap.com.

The information presented in this brochure has not been approved or verified by the United States Securities and Exchange Commission (commonly referred to as the SEC) or any state securities authority.

Additional information about PCM is also available through the SEC's internet website at www.adviserinfo.sec.gov. On that website you can retrieve information about PCM by searching for Private Capital Management, LLC or by using PCM's central registration number (CRD Number) – 169172. Prior to September 2013, PCM operated as Private Capital Management, L.P. (CRD Number 104672).

The fact that PCM is a registered investment adviser does not imply that PCM or any of its employees have achieved any certain level of skill or training.

Item 2 Material Changes

This amendment of PCM's Form ADV Part 2A updates previously amended Form ADV Part 2, dated October 31, 2016, to reflect additional information regarding the management and operations of PCM Entrepreneurial GP, LLC, PCM Collier GP, LLC and Harmonic Managing Member LLC, the PCM controlled subsidiaries that operate as relying advisers of PCM. See Item 4 – Relying Advisers; Item 7 – Types of Clients; and Item 10 – Affiliated Entities – PCM Entrepreneurial GP, LLC; PCM Collier GP, LLC; and Harmonic Investors Managing Member LLC. This amendment also details information regarding investment strategies offered by PCM in addition to (or as part of) our firm's value equity strategies. These include the strategies employed by Harmonic Investors Fund I LLC, Harmonic Explorer Fund I LLC, as well as short term or options based trading strategies, investments in corporate debt and client directed use of third party exchange traded funds or mutual funds in separate accounts. See Item 8 – Other Investment Strategies. This amendment reflects the commencement of operations of Harmonic Explorer Fund I LLC, including details regarding its management, investment strategy and brokerage arrangement with Carnes Capital Corporation. See Item 5 – Private Fund Management Fees; Item 8 – Other Investment Strategies; and Item 12 – Brokerage Discretion. This amendment includes a description of information regarding Carnes Capital Corporation's standard commission schedule for options trades. See Item 10 – Affiliated Entities – Carnes Capital Corporation. It includes information regarding certain client directed transactions with respect to which PCM maintains no or only limited investment discretion. See Item 16 – Implementation of Client Instructions. Last, the amendment describes PCM's Information Security Plan. See Client Brochure – Cybersecurity.

You can always obtain a current version of this document by contacting PCM at (800) 763-0337 or by visiting our website www.private-cap.com.

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Item 4 Advisory Business

Overview of the Firm
Private Capital Management, LLC ("PCM" or "we") is a boutique wealth management firm located in Naples, FL since 1986. PCM was founded in 1986 as an extension of a family office, operating as Private Capital Management, L.P. until 2013, when it became wholly employee owned. Gregg J. Powers is PCM's Lead Portfolio Manager for all PCM value equity strategy separate accounts, as well as with respect to the implementation of those strategies in pooled vehicles offered or managed by the firm (including through its relying adviser subsidiaries discussed below). Additional investment strategies offered from time to time by PCM or incorporated in PCM controlled pooled vehicles (private investment funds), such as options-based trading strategies, generally have been and in the future are expected to be delegated to PCM Partners other than Mr. Powers or to third parties pursuant to sub-advisory relationships.

Mr. Powers also serves as PCM's CEO and is the controlling owner of PCM (indirectly) through Pelican Bay Holdings, LLC ("Pelican Bay Holdings"), a holding company that serves as general partner of Private Capital Management Holdings, L.P. ("PCM Holdings"), PCM's controlling parent. In addition to Mr. Powers, nine senior PCM employees hold limited partnership interests in PCM Holdings ("Partners"). Pelican Bay Holdings owns PCM's broker-dealer affiliate, Carnes Capital Corp. ("Carnes"). PCM owns and controls three limited liability company subsidiaries ("Relying Advisers") that serve as either the general partner or managing member of private investment funds offered to eligible clients. The oversight and management of the Relying Advisers has been delegated to Partners other than Mr. Powers. See Item 4 – Relying Advisers. In addition to its main office, PCM maintains a satellite office in Miami, FL.

PCM's value equity investment strategies utilize a fundamental research, value based investment approach focused on identifying companies whose equity securities trade at a valuation that in our view represents a significant discount to the company's intrinsic value.

Types of Investments
PCM invests primarily in publicly traded equity securities (stocks) that trade on North American (predominantly U.S.) exchanges. On occasion, these investments may include publicly traded limited partnerships. For certain clients (including clients invested in our Value Focus Strategy or the private and public investment funds we manage), PCM has the ability to invest in various financial instruments or derivatives (options) as well as non-equity securities such as corporate debt. PCM also has the ability to execute short sales for clients that have margin accounts and have permitted short selling.

While the securities in which we invest typically trade on North American exchanges, they may be issued by companies that (i) are based or domiciled in, or have significant operations within, foreign countries or (ii) derive a significant portion of their revenues from outside North America. PCM considers a security domestic (i.e., non-foreign) so long as its primary listing is on a U.S. exchange, regardless of company domicile.

PCM's value equity strategies employ a single fundamental research, value based investment discipline. PCM's investment services are intended for individuals and institutions with a long-term investment horizon that have the capacity to bear market risk, including the risk of loss of invested capital.

Tailored Advisory Services

PCM manages two value equity portfolio strategies in which clients may invest: PCM's Value Equity Strategy and PCM's more concentrated Value Focus Strategy. Both strategies are grounded on PCM's bottom-up investment approach described in Item 8. Separate account clients who participate in PCM's Value Equity Strategy are allowed to impose reasonable restrictions on their accounts, including limitations on investments in specific securities, industries, or sectors. Because of its more concentrated nature, a client's ability to impose investment restrictions on a Value Focus Strategy account may be more limited. PCM may decline to accept a new account, or may terminate an existing advisory relationship, if a client's investment guidelines or restrictions significantly impair PCM's ability to manage the portfolio in accordance with our investment discipline.

Wrap Fee Program and Individual Client Sub-Advisory Accounts

PCM participates in the Lockwood Managed Account Command program. Additionally, a number of PCM clients participate in a legacy wrap account program previously sponsored by Citigroup. This program is not available to new clients and exists solely for the purpose of accommodating these legacy clients. PCM also manages a number of accounts under a sub-advisory agreement with an unaffiliated investment adviser. This relationship is subject to a tiered fee structure. PCM does not assess the extent or value of services provided to wrap account program clients by any sponsor or by a third party adviser to accounts we sub-advise; generally we do not have access to the information necessary to make such an assessment. Wrap program accounts are subject to PCM's standard account minimums and fee structure.

Adviser and Sub-Adviser to Pooled Vehicles

PCM acts directly as investment adviser to the Entrepreneurial Value Fund, L.P. (the "EVF"), and The Collier Fund, Ltd. (the "Collier Fund") and one SEC registered mutual fund, the Private Capital Management Value Fund (the "PCM Value Fund").

Through Harmonic Investors Managing Member LLC ("Harmonic Managing Member"), PCM also serves as adviser to Harmonic Investors LLC Fund I ("Harmonic Fund I") and Harmonic Investors LLC Explorer Fund I ("Harmonic Explorer"), which are also private funds. Harmonic Managing Member is a wholly owned subsidiary of PCM. See Item 4 – PCM Relying Advisers. PCM also serves directly as the sub-adviser to Harmonic Fund I's concentrated value equity strategy allocation.

Harmonic Managing Member has retained an unaffiliated investment sub-adviser to implement a covered call based strategy as a part of Harmonic Fund I's investment program. The unaffiliated Harmonic Fund I sub-adviser is an SEC registered investment adviser and its activities on behalf of Harmonic Fund I are overseen by Harmonic Managing Member.

PCM Relying Advisers

PCM's owns and controls the general partners of the EVF and the Collier Fund (respectively, PCM Entrepreneurial GP, LLC and PCM Collier GP, LLC) as well as the Managing Member of

Harmonic Fund I and Harmonic Explorer (Harmonic Managing Member LLC). Each of these Relying Advisers is managed by senior officers/Partners of PCM who are not members of PCM's value equity strategies investment team. Chad Atkins (PCM's President and CCO) and David G. Joyce (PCM's CAO and CFO) serve as officers of each Relying Adviser. Jeffrey M. Fortier, PCM's MD of Client Service is an officer of Harmonic Managing Member. Messrs. Atkins and Joyce are also members of PCM's Compliance Committee. Each Relying Adviser is subject to PCM's compliance policies and oversight, as well as PCM's Code of Ethics.

Assets Under Management

PCM managed approximately $800 million in assets as of December 31, 2016.

Item 5 Fees and Compensation

Separate Account Fees and Compensation

PCM charges its management fees based upon the value of an account and/or account performance (as the case may be) on the last business day of the relevant period. Management fees are pro-rated for the first and last quarter an account is under PCM's management. On a case by case basis, PCM has negotiated management fees for significant relationships. Such determinations are made by PCM at its sole discretion. PCM also at its discretion accepts accounts at an initial funding level below the applicable stated minimum.

PCM and a client may agree that fees will be computed based upon the custodian's valuation of the client's assets rather than the independent pricing service data used by PCM. In limited cases PCM may agree to receive its base management fee in advance. If a client that pays its management fee in advance terminates their management agreement (other than at quarter end), PCM will refund a pro-rated portion of the management fee paid.

<u>Value Equity Strategy</u>. PCM's standard fee for its Value Equity Strategy is 1% per annum, which is charged quarterly in arrears based upon the fair market value of the assets in a client's account (including cash and accrued dividends). In the event PCM accepts a Value Equity Strategy account with initial funding of less than $1 million, the management fee charged will not exceed 1.5% per annum and may be lower based upon a number of factors including if the account owner was previously a client of PCM or whether the account is part of a larger relationship with assets already under PCM's management.

<u>Value Focus Strategy</u>. PCM's Value Focus Strategy offers two standard advisory fee structures. The first is 1% per annum, which is charged quarterly in arrears based upon the fair market value of the assets in a client's account (including cash and accrued dividends). The second standard option is an advisory fee split between a base management fee of 0.75% per annum, charged quarterly in arrears, and a performance fee that is applied on a calendar year basis. The performance fee is subject to a 10% (net of base management fee) hurdle and is capped at 0.75% of account assets. Accordingly, under this standard fee schedule, the maximum annual advisory fee rate to which a Value Focus Strategy account may be subject is 1.5%. In the event PCM manages a Value Focus Strategy account for only a portion of a calendar year, any performance fee will be determined as if the period PCM managed the account comprised a full calendar year.

PCM may agree to other fee arrangements based upon a number of factors, including a client's history with PCM or whether the account is part of a sub-advisory or multiple account relationship with PCM.

Method of Payment
Clients have the option of allowing PCM to deduct its management fee directly from their account or having PCM invoice them each quarter. Clients who would like PCM to deduct management fees from their accounts directly must authorize PCM to do so in writing.

Minimum Account Size
PCM's minimum account size for a separately managed Value Equity Strategy or Value Focus Strategy portfolio is $1 million. PCM reserves the right to negotiate its minimum account size.

Mutual Fund Management Fees
The management fees that PCM receives for advising its mutual fund are described in the fund's prospectus, which is available upon request or by visiting our website www.private-cap.com.

Private Fund Management Fees
PCM manages four private investment funds, the EVF, the Collier Fund, Harmonic Fund I and Harmonic Explorer. The fees that PCM receives for advising its private funds are set forth in full in each fund's confidential Private Placement Memorandum ("PPM").

<u>EVF and Collier Fund Management Fees</u>. The fee structures for the EVF and the Collier Fund include both a management fee and an incentive allocation based on fund performance. In addition, EVF and Collier Fund investors are entitled to "high-water mark" protection. This means that PCM calculates its incentive allocation against a high-water mark established by prior fund gains. As a result, investors are not subject to an incentive allocation on investment gains until they have been made whole for any prior losses they suffered on their fund investment. The EVF charges a base management fee of 1% per annum and a performance allocation of 20% of fund gains (realized and unrealized) above the high-water mark. The Collier Fund charges a base management fee of 1.5% per annum and a performance allocation of 10% of fund gains (realized and unrealized) above the high-water mark. As a result of their management fee and incentive allocation structures, under most circumstances EVF and Collier Fund investors pay higher fees than PCM separate account or PCM Value Fund clients (which do not have high-water mark protection). PCM separate account strategies have higher investment minimums than the EVF and the Collier Fund. Eligible prospective investors and current investors should refer to the relevant fund PPM for specific information about the calculation of fees and incentive allocations.

<u>Harmonic Fund I and Harmonic Explorer Management Fees</u>. Harmonic Fund I and Harmonic Explorer investors, respectively, pay an asset based management fee of 1% and 0.65% per annum, which is charged quarterly in arrears based upon the fair market value of fund assets (including cash and accrued dividends). With respect to Harmonic Fund I, Harmonic Managing Member is responsible for paying all sub-adviser fees out of the management fee it receives from the fund.

Other Fees and Expenses
Clients typically pay other expenses in addition to the management fees paid to PCM. For instance, clients typically pay costs related to brokerage transactions and custody services that may be charged on a per transaction basis or as a flat fee. With respect to separate account clients, examples of fees charged by, and paid directly to, third parties may include, but are not limited to commissions; transaction fees; exchange fees; SEC fees; consultant fees; administrative fees; transfer taxes; mark-ups or mark-downs on security transactions; as well as wire and electronic fund processing fees.

When requested by a client, PCM also may invest client assets in exchange-traded-funds ("ETFs"), third party managed mutual funds or PCM's mutual fund (the PCM Value Fund). Each ETF or third party managed mutual fund pays an advisory fee to its investment adviser that is separate and distinct from the management fee the client would pay PCM on the value of the ETF or mutual fund holdings in their account. As a result, PCM clients pay two levels of fees for third party managed ETFs or mutual funds held in their account. However, in the event a separate account client directs a portion of their account assets to be invested in the PCM Value Fund, PCM would deduct the assets held in the PCM Value Fund from the account value when computing its management fee. Thus, the client would not pay two levels of fees on those assets. See Item 8 – Other Investment Strategies – Third Party Exchange Traded Funds and Mutual Funds.

Item 6 Performance-Based Fees and Side By Side Management

Side By Side Management of Client Accounts
PCM manages accounts and provides investment advisory services for several hundred clients. PCM client accounts vary with respect to (i) strategy; (ii) size; (iii) the frequency and amount of contributions and withdrawals; (iv) investment guidelines and restrictions; (v) risk tolerance; (vi) whether the account is part of a group of related accounts; and (vii) fee structures, including Value Focus Strategy accounts and PCM private funds that have a performance fee or incentive allocation component. Potential conflicts of interest exist in the "side by side" trading and management of accounts that (a) are subject to different fee structures (including performance fees or incentive allocations); (b) are a part of larger relationships (PCM could potentially receive larger fees); or (c) make up a disproportionate percentage of PCM's revenue (including PCM private funds that have a higher base management fee or an incentive based fee structure and Value Focus Strategy accounts which may pay a performance fee). While PCM could have an incentive to direct its best investment ideas to larger or more profitable accounts, PCM has adopted and implemented trade allocation policies and procedures that it believes are reasonably designed to ensure that all clients are treated fairly. See Item 12 – Allocation of Investment Opportunities Among Clients.

Subject to PCM's obligations to deal fairly with all clients, PCM may give advice and take actions with respect to one client that differ (from a timing or investment allocation perspective or otherwise) from actions taken for other clients. In addition, Value Focus Strategy accounts and the pooled investment vehicles advised by PCM (e.g., the private funds and the PCM Value Fund) have asset flow patterns and investment mandates that may differ from those applicable to

Value Equity Strategy separate accounts. As a result, some PCM funds or client accounts (i) utilize more short-term strategies; (ii) trade more frequently than other PCM accounts; (iii) utilize derivative securities (options) or hedging techniques with securities that also are held in other PCM accounts; (iv) invest in alternative areas of the capital structure (e.g. corporate debt) of companies in which PCM clients may already own common stock; (v) participate in allocations to new positions that, in the view of PCM's Portfolio Manager, are not yet appropriate for inclusion across all client accounts; or (vi) maintain more concentrated portfolios than those held by other PCM clients.

PCM does not utilize a model portfolio for its Value Equity Strategy and individual client accounts may hold securities that are not held broadly across all client accounts. Holdings and performance dispersion is a natural feature of PCM's Value Equity Strategy that results from multiple factors including (i) market conditions and opportunities at the time an account is funded or has assets available for investment; (ii) the timing of client contributions and withdrawals; and (iii) client guidelines and account restrictions. To the extent permitted by prevailing market conditions and specific account restrictions, PCM looks for opportunities to allocate core portfolio holdings broadly across eligible client accounts.

After an initial invest up period (targeted at 90 – 120 days subject to market conditions), Value Focus Strategy accounts generally trade as a group. However, individual account holdings may vary based on inception date, the timing of subsequent contributions and withdrawals, and other account specific factors.

PCM Employee Participation in PCM Managed Funds
PCM Partners are encouraged to invest in the PCM Value Fund, a registered open-end mutual fund managed by PCM. All PCM Partners own shares of the PCM Value Fund. A majority of PCM Partners are also investors in one or more PCM private funds. In the event a PCM employee becomes an investor in a PCM private fund, such employee will be subject to the same fee, redemption, lock-up and other generally applicable fund provisions as other fund investors (subject to any superseding regulatory requirements, including ERISA). Nevertheless, the participation of PCM employees in a PCM affiliated fund gives rise to potential conflicts of interest in that PCM could be motivated to favor a fund in which its employees are investors. PCM sees any potential conflict as being mitigated by the positive alignment that results from PCM employees investing side by side with PCM clients as well as by safeguards imposed by PCM's Code of Ethics and various compliance policies and procedures governing PCM employee trading.

Item 7 Types of Clients

Types of Clients
PCM has historically focused on providing discretionary investment advisory services to individual and institutional investors through separately managed portfolios. In addition to managing Value Equity Strategy and Value Focus Strategy separate accounts, PCM also serves as:

- Investment adviser to the Private Capital Management Value Fund ("PCM Value Fund"), a registered open-end investment company;

- Investment adviser to two private funds, the EVF, a Delaware limited partnership, and the Collier Fund, a Florida limited partnership. The general partners of the EVF and the Collier Fund are, respectively, PCM Entrepreneurial GP, LLC and PCM Collier GP, LLC, each of which is an affiliate and a relying adviser of PCM. See Item 4 ― Relying Advisers.

- Investment sub-adviser to Harmonic Fund I with respect to its concentrated value equity strategy allocation. Harmonic Fund I is advised by a PCM controlled affiliate, Harmonic Managing Member, which is also a Relying Adviser of PCM. See Item 4 ― Relying Advisers.

Each of the pooled vehicles listed above is subject to investment mandates, restrictions, investment minimums and regulatory requirements that may differ from those applicable to a separate account for an individual investor. In the event a client maintains a PCM Value Fund or private fund investment that meets a separate account minimum, they may elect to open a separate account. Any such transition should be considered in light of an investor's individual circumstances as it may, among other things, result in the accelerated realization of capital gains on their pooled vehicle investment.

Account Initiation Procedures
PCM seeks to commence management of a new account as soon as practicable following its funding and PCM's review of all required account documentation (including a fully completed and signed Portfolio Management Agreement), investment guidelines, and confirmation from the client's custodian that the assets are available for investment. The time required to complete these steps may vary depending on the efficiency of the parties involved in the process and the completeness and accuracy of the documents received. Consistent with its value based investment approach, PCM invests account assets over time as investment opportunities are identified. Value Equity Strategy accounts are generally invested over several quarters, but may be subject to a longer invest-up period depending upon market conditions and other factors. PCM aims to complete the initial invest-up process for Value Focus Strategy accounts over a three to four month period.

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

Value Equity Investment Strategies
PCM's value equity investment discipline is founded on a core belief that the function of any business is to generate value for its owners over the long term. PCM applies a fundamental value, research driven investment approach with the goal of identifying companies that are out of favor, underappreciated or misunderstood, and thereby trade at a significant discount to our estimation of long-term intrinsic value. PCM values companies using a variety of measures, including an estimate of a company's capacity to generate discretionary cash flow over time and the long-term value of its assets. PCM defines discretionary cash flow as cash flow from operations in excess of required capital expenditures. PCM believes that discretionary cash flow

is a superior gauge of a company's long-term capacity to grow and improve its operations and return value to shareholders. Discretionary cash flow can be used by companies to increase shareholder value by repurchasing stock, paying down debt, paying dividends to shareholders, or making strategic acquisitions.

PCM uses a multi-step research approach that often begins with the identification of a potential investment opportunity through proprietary screening and analysis, as well as through industry contacts and our in-depth knowledge of various industries. Once a potential investment opportunity is identified, PCM performs rigorous financial analysis focused on valuing the company's business operations and assets over an identifiable investment horizon. This analysis normally encompasses SEC filings made by the company as well as information available through third party data providers, industry contacts, and other sources.

PCM undertakes an in-depth qualitative assessment of potential investments, including management quality, governance, competitive position, operating environment, and corporate culture. PCM looks for companies that have entrenched market positions or sustainable competitive advantages, competent management whose interests are aligned with creating long-term shareholder value, corporate cultures that are consistent with good governance and appropriately responsive to shareholders (the company's ultimate owners), and the ability to compete effectively and succeed under various industry and broader economic scenarios. Where our investment team identifies shortcomings or potential risks in these or other aspects of the company, it will seek to analyze and account for them relative to the overall attractiveness of the opportunity, understanding that risk or uncertainty in one or more of these areas may be a central contributor to a compelling valuation.

PCM continually re-evaluates companies in which it has invested and will scale back or exit a position as a company's market price approaches our price target or when a change in a fundamental aspect of the company or its operating environment materially affects our investment view. PCM often will continue to hold, or add to, positions with declining share prices so long as the factors driving the price decline do not result in a negative revision to our overall investment assessment of the company or the investment's risk/return profile remains compelling.

PCM may invest in companies of any market capitalization and typically assumes an investment horizon of three to five years. However, PCM may sell securities in client accounts at any time prior to or after such securities become eligible for long-term capital gain tax treatment. An evaluation of risk of loss is the primary factor PCM considers when determining whether a security should be sold rather than held to obtain increased tax efficiency.

Other Investment Strategies

Corporate Debt. Though not a core element of its investment strategy, PCM may opportunistically invest client assets in corporate debt securities (bonds) where PCM views the anticipated yield and risk profile of the debt security as complementary to our equity investment strategy. Corporate debt securities in which PCM invests may be unrated or may be rated below investment grade. A lower rated debt security is one that has been judged by an independent ratings agency (such as Standard & Poor's or Moody's) as having significant risk of default.

Corporate debt is frequently transacted in 100 bond lots. Depending on the particular bond in question, including its liquidity and the expected difficulty/cost associated with the purchase of odd lot amounts, client accounts that would receive a trade allocation of less than 100 bonds may not be included in the position.

Short-Term or Options Based Trading Strategies. PCM generally does not use short-term trading or options based strategies in connection with equity positions in Value Equity Strategy accounts. PCM's Value Focus Strategy and PCM pooled investment vehicles may periodically employ shorter-term trading strategies, including the use of equity options. Harmonic Fund I and Collier Fund (through its allocation to Harmonic Explorer) consistently utilize covered call based trading strategies.

Harmonic Fund I Complementary Asset Allocation. In addition to directly managing Harmonic Fund I's concentrated value strategy, through Harmonic Managing Member PCM manages an allocation of assets in the fund designed to complement the fund's primary concentrated value equity and covered call strategies. The fund's complementary asset allocation is focused on efficiently managing investor liquidity, furthering the fund's overall investment program and increasing the fund's tax efficiency for long-term investors. To attain these goals Harmonic Fund I's complementary asset allocation is most frequently allocated to shorter duration strategies. It may be invested in a wide variety of instruments, publicly traded options, securities or debt, U.S. Treasuries or privately placed investment funds as more fully described in the fund's PPM. Harmonic Fund I investors do not pay a separate or increased management fee with respect to assets allocated to the fund's complementary asset allocation.

Harmonic Explorer. Harmonic Explorer primarily employs an in the money covered call strategy focused on generating income. Currently, PCM has made this strategy available on a selective basis to outside investors through the Collier Fund, which has allocated a portion of its assets to Harmonic Explorer. Because the Collier Fund and Harmonic Explorer are both controlled by PCM, Harmonic Explorer's management fee with respect to Collier Fund assets it manages is paid by the Collier Fund's general partner out of its stated management fee. As a result, Collier Fund investors do not pay a separate or increased management fee on fund assets allocated to Harmonic Explorer. In addition, income generated for the Collier Fund through its investment in Harmonic Explorer is not included in calculating any fund performance allocation.

Third Party Exchange Traded Funds and Mutual Funds. From time to time clients may request information regarding the use of exchange-traded-funds ("ETFs") or mutual funds as a mechanism of creating additional market exposure, enhancing their overall diversification, or as a cash management option. In such cases PCM employees may discuss available market options with the client. In addition to third party managed ETFs or mutual funds, PCM may also discuss PCM managed options such as the PCM Value Fund or Harmonic Fund I. In the event a client desires to allocate assets to third party managed ETF or mutual fund, PCM may (and in some instances has) agreed to accept the client's investment directive, so long as the resulting purchases are not viewed by PCM as impeding our ability to effectively execute our value equity strategy on behalf of the client. PCM's investment team does not diligence third party ETFs or mutual funds, so clients wishing to direct such transactions should carefully review the relevant Prospectus and SAI for important information and risks pertaining to the ETF or mutual fund.

Each ETF or mutual fund pays an advisory fee to its investment adviser that is separate and distinct from the management fee the client would pay PCM on the value of the ETF holdings in their account. As a result, PCM clients pay two levels of fees with respect to a third party managed ETF or mutual fund purchased in their PCM account. However, in the event a separate account client directs a portion of their account assets to be invested in the PCM Value Fund or Harmonic Fund I, PCM would deduct the assets held in the PCM managed fund from the account value when computing its management fee. Thus, the client would not pay two levels of fees on those assets.

Risks Associated With PCM's Investment Approach

Risk is inherent in all investing. Along with the general risk of loss of invested capital, there are a number of significant risks associated with PCM's investment approach. Among others, these risks include:

Equity Investing Risk

The risk that the value of equity securities in which PCM has invested will decline due to general market or economic conditions, perceptions of the industry in which a company operates, or company specific circumstances, financial condition or performance.

Investment Style Risk

As a fundamental value investor, PCM typically takes significant, long-term positions in companies it believes are undervalued by the market. Value investors often identify and invest in companies that remain out of favor with the market for extended periods of time and PCM may establish significantly sized positions in such companies, sometimes exceeding 10% of account value. In addition, PCM would expect to continue to hold, and in some cases purchase additional shares of, a declining long position (or an appreciating short position) so long as PCM continues to view the market as incorrectly valuing the security. As a result, PCM's misjudgment or incorrect evaluation of a company's prospects could result in a loss of invested capital for clients. Furthermore, PCM's investment style is unlikely to result in performance that closely correlates to specific market indices over time and may include extended periods of under performance as compared to the broader market.

Small-Cap and Mid-Cap Risk

PCM does not set upper or lower boundaries on the market capitalization of the companies in which it can invest. As a result, depending on valuations, PCM frequently invests significant portions of client assets in small and mid-size companies. The securities of small and mid-size companies can involve greater risks than those associated with larger, more established companies and historically have been subject to more sudden or unpredictable price movements. These companies also could have fewer shares outstanding or reduced trading liquidity, which could impact PCM's ability to quickly purchase or sell these securities for clients without causing significant fluctuations in price. Small and mid-size companies also may serve niche markets and fewer customers. They may also operate in narrower markets and have more limited managerial and financial resources than larger, more established companies. Their financial performance can be more volatile and they may face greater risk of business failure.

Low Priced Security Risk

PCM may periodically invest in or continue to hold (and add to) investments that trade at less than $5.00 per share ("low priced securities"). Low priced securities often exhibit high price volatility and erratic market movements, especially during periods of heightened market uncertainty or volatility. In addition, the purchase or sale of such securities is more likely to significantly affect the quoted price. In some cases, the liquidation of a position in a low priced security may not be possible within a reasonable period of time.

Concentration Risk

Since PCM makes investment decisions primarily based upon company-specific factors, a large portion of a client's account could consist of companies whose businesses are involved in the same industry or sector. This poses a risk since companies in the same industry or sector may tend to move in tandem especially in periods of higher than normal market volatility.

Restricted Security Risk

PCM periodically comes into possession of material non-public information pertaining to companies in which it invests, including, on occasion, through a PCM representative joining a company's board. See Additional Information and Operational Policies – Public Company Board Service. In such an event PCM expects to be restricted in its ability to exercise trading discretion over the portfolio position for significant periods of time. During such periods PCM trading will be restricted to client directed transactions and transaction in accordance with PCM's Rule 10b5-1 Plan. See Additional Information and Operational Policies – Insider Trading and PCM's Rule 10b5-1 Plan. During periods where PCM's discretionary trading ability is restricted accounts holding the security face an increased risk of loss, as PCM would not be able to reduce or exit the position in the face of adverse company specific news or market developments. In addition, respect to newly funding accounts, restricted may be purchased pursuant to PCM's Rule 10b5-1 plan as prices or to allocations that are less optimal than would be the case if PCM were able to exercise its discretion in determining whether to purchase the particular security and its allocation. During periods where PCM is restricted with respect to a particular security it will be precluded from purchasing share for clients on a discretionary basis, even though it might do so in the absence of any trading restriction.

Risks Associated with Changes in General Economic and Market Conditions

Changes in economic and market conditions, including for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, political and diplomatic events and trends, tax and other laws and innumerable other factors, can materially impact one or multiple PCM investments, which can significantly and adversely affect investor returns and result in the loss of invested capital. None of these conditions is within PCM's control and we may not anticipate these developments or their magnitude. These factors also may affect the volatility of securities prices and the liquidity of PCM investments. Unexpected volatility or illiquidity could impair client account returns or result in losses.

Currency Translation Risk

A significant number of companies in which PCM invests materially rely on markets outside the United States for a portion of their operating revenues. These revenues are frequently denominated in currencies other than the U.S. dollar. As a result, these companies face a risk that revenues can be affected by changes in the exchange rate between the local currencies in which revenues are denominated and the U.S. dollar. A relative decline in the value of the U.S. dollar would have the effect of increasing the dollar amount of revenues generated in local currencies, while a relative strengthening of the U.S. dollar would have the opposite effect. While PCM evaluates potential currency translation affects along with other factors in making investment decisions, we do not take steps to hedge potential currency translation risks in client accounts.

Securities of Non-U.S. Issuers and Foreign Securities

Foreign securities and securities of some non-U.S. issuers may carry greater risk than domestic securities for a variety of reasons such as increased political risks; smaller or less liquid markets; higher transaction costs; and less rigorous accounting and reporting standards. Depending on where the issuers' primary markets and operations are located, such stocks may also carry significant levels of currency translation risk. PCM distinguishes between foreign securities – securities that do not have a principal listing on a U.S. exchange or market – and the domestically traded securities of non-U.S. issuers. When restricting a client account from holding "foreign securities" PCM will restrict the purchase of securities that do not regularly or principally trade on U.S. exchanges or markets rather than based on the domicile of the issuer.

Short Sale Risk

PCM may execute short sales in client accounts that authorize short selling and have opened margin accounts with their broker. In the case of a short sale, the client's account borrows shares of the security being sold short through their own broker. The account eventually must purchase shares of the security and deliver those shares to the broker through which the short sale was made in order to close out (or "cover") the short position. Until a short position is covered, the account will incur an unrealized loss if the market value of the security rises. The account will also be charged margin interest by its broker and any dividends paid by the company sold short would be billed to the account and paid to the party from whom the stock was borrowed. Alternatively, if the price of the security declines, the account will reflect an unrealized gain. While a client's potential per share gain in a short sale transaction is limited to the price of the security at the time it is sold short, the potential loss from a short sale transaction theoretically is unlimited.

Risks Associated with Debt Securities

Corporate debt securities (bonds) are subject to interest rate risk, maturity risk, and credit risk. When interest rates decline, the value of the corporate debt securities generally rises. Conversely, when interest rates rise, the value of corporate debt securities generally declines. The magnitude of the decline will often be greater for longer-term debt securities than for shorter-term debt securities. It is also possible that the issuer of a security will not be able to make interest and principal payments when due. As a result, investments in corporate debt securities are subject to the risk that PCM mis-estimates the financial condition or creditworthiness of the company that has issued the bonds. In the event of a significant decline in financial condition or bankruptcy of the issuer of corporate bonds, the bonds may lose a significant portion of the value or become worthless.

Investment Risks Specifically Associated with the Value Focus Strategy

Focused Portfolio Concentration Risk and Invest-Up Process
Because Value Focus Strategy portfolios generally hold 30 or fewer securities, clients invested in this strategy may have greater concentration risk (both on an individual security and sector basis) and may experience greater near and intermediate term volatility than PCM's Value Equity Strategy or the equity market as a whole. In addition, during an account's initial invest up process, positions will be purchased at prevailing market prices as account holdings are built toward targeted overall strategy allocation levels. Accordingly, depending on prevailing market conditions, PCM's invest up process may in some instances result in securities being purchased at prices that are higher than PCM's preferred valuation target.

Risk Associated with Writing (Selling) Covered Calls and Puts
PCM Value Focus Strategy may opportunistically utilize individual security or index options, including writing covered calls or selling puts.

The writer (or seller) of a covered call receives payment (the "premium") in exchange for giving the purchaser of the call option the right to purchase specified number of shares of stock (currently owned by the writer of the covered call option) at an agreed upon price on or before a specified expiration date (upon which the option is no longer exercisable). The shares associated with the option may be called away if they trade above the exercise price prior to the date the option expires. If the shares do not trade above the option price, the option will expire and the seller of the call option will retain both the shares and the premium. As a result, the writer of a call option may partially or entirely forgo the opportunity to benefit from an increase in value of the underlying shares above the option price, but continues to bear the risk of a decline in their value.

The seller of a put option gives the purchaser of the put the right to sell a specified number of shares of stock at an agreed upon price for a specified period of time. The risk associated with writing put options is considerable. The writer of a put option bears a risk of loss if the value of the underlying equity security declines below the exercise price prior to the option's expiration date. Such loss could be substantial if there is a significant decline in the value of the underlying equity security.

Investment Risks Specifically Associated with Harmonic Fund I
Harmonic Fund I blends a PCM Value Focus Strategy portfolio with a covered call based income strategy portfolio managed by a sub-adviser that is not affiliated with PCM. As a result, in addition to the investment risk factors described above that are applicable to PCM, an investment in Harmonic Fund I is also subject to additional investment risks set forth in the PPM for Harmonic Fund I, as amended from time to time.

Item 9 Disciplinary Information

PCM does not have any material legal, financial, or disciplinary events that require disclosure. PCM is required to disclose any disciplinary event that would be material to a client's or prospective client's evaluation of PCM's services.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Entities – Carnes Capital Corporation

Carnes Capital Corporation ("Carnes"), a registered broker-dealer, is an affiliate of PCM and is owned by Pelican Bay Holdings, LLC, PCM Holdings general partner. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. Most of PCM's client-facing, trading, and operations staff are also registered representatives of Carnes.

PCM clients can direct that trades for their accounts be executed through Carnes. Carnes' standard commission rate for client accounts is $0.05 per share with a minimum ticket charge of $30.00. With respect to option trades, Carnes' standard commission rate is $5.00 per contract. With respect to covered calls, Carnes does not charge a commission when option contracts are exercised or when they expire. Clients may be able to negotiate more favorable commission rates or minimum ticket charges with Carnes. Carnes' commission rate may be higher than the commission rate a client could obtain through other broker-dealers.

On occasion, PCM may be contacted by underwriters (or selling group members) who represent companies seeking to solicit or aggregate investors for initial offerings or secondary offerings of equity securities that may meet PCM's investment criteria. PCM's client-directed brokerage/custodian model creates significant complexity in facilitating the broad allocation and delivery of shares obtained through any such offering to its clients, especially since notice of such opportunities usually presents itself 24 to 48 hours before a commitment is required. As a result, clients who trade through brokers other than Carnes would typically be excluded from an allocation of these shares. In addition, some third party brokers may not be able to accommodate investments by their clients in the PCM Value Fund or PCM private funds.

The fact that Carnes, an affiliate of PCM, executes trades for PCM clients raises potential conflicts of interest. Carnes receives commission-based compensation on trades for PCM clients that are executed by Carnes. This could motivate PCM to trade more frequently for Carnes clients or to recommend trades solely for Carnes clients because it would indirectly benefit from additional compensation received by Carnes. This conflict is mitigated by a number of factors, including PCM's long-term investment horizon (resulting in historically low portfolio turnover), PCM's trade allocation policies, and monitoring by PCM trading and compliance personnel. PCM clients that have directed trades to Carnes have the option to discontinue trading through Carnes and designate a new executing broker at any time upon written notice.

Affiliated Entities – PCM Entrepreneurial GP, LLC; PCM Collier GP, LLC; and Harmonic Investors Managing Member LLC
PCM Entrepreneurial GP, LLC and PCM Collier GP, LLC (collectively the "Fund GP Affiliates") are wholly-owned subsidiaries of PCM that, respectively, serve as the general partners of the EVF and the Collier Fund. Each of the Fund GP Affiliates is a Relying Adviser of PCM. The Fund GP Affiliates have overlapping officers and employees and share office space with PCM. The Fund GP Affiliates are directly controlled by PCM and are subject to PCM's operating and compliance policies and procedures, as well as PCM's Code of Ethics.

Harmonic Managing Member is a wholly-owned and controlled subsidiary of PCM through which PCM advises Harmonic Fund I. Harmonic Managing Member is a relying adviser of PCM. Harmonic Managing Member's operations are overseen by three Partners who are senior operating officers of PCM. Harmonic Managing Member has also retained PCM to provide certain administrative, client servicing, compliance and support functions to Harmonic Managing Member and Harmonic Fund I. In addition, Harmonic Managing Member shares office space with PCM and is subject to PCM's operating and compliance policies and procedures, as well as PCM's Code of Ethics.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Employee Trading

Code of Ethics
PCM has adopted a Code of Ethics (the "Code") that describes its standards for business conduct. The Code addresses, among other things: (i) treatment of confidential information; (ii) disclosure of conflicts or potential conflicts; (iii) prohibition on insider trading; (iv) restrictions on the acceptance and provision of gifts and entertainment; (v) personal securities trading policies; and (vi) employee obligations to report Code violations to PCM's management.

A copy of PCM's Code of Ethics is posted on PCM's website at www.private-cap.com and will be made available to any PCM client upon request.

Participation or Interest in Client Transactions
PCM generally does not purchase or sell securities for its own account. In the event PCM decides to hold a proprietary position, the position will be subject to the same restrictions as those governing trades by PCM employees. In the event a position is moved from a client account to a PCM error account in connection with the resolution of a trading or other error, the position generally will not be subject to the employee trading restriction that precludes trades in the opposite direction of trades for PCM clients within a five-trading-day period. Error account trades are monitored and approved in advance.

PCM affiliates that serve as general partner or managing member to PCM private funds periodically maintain investments in the funds they manage. In addition, a number of PCM Partners are investors in PCM's private funds. As a result, PCM could face a conflict of interest with respect to the trading and allocation of investment opportunities to its private funds. PCM has adopted allocation and trading procedures intended to mitigate this potential conflict. See

Item 11 – Employee Trading Policies; Item 12 – Allocation of Investment Opportunities Among Clients.

Employee Trading Policies

PCM employees are permitted to purchase and sell securities (and related securities such as options or fixed income securities) that are also held in client accounts or may be suitable for investment in client accounts. Personal securities transactions can give rise to conflicts of interest with PCM's management of client accounts. As a result, PCM has adopted policies and procedures that have been designed to address these potential conflicts while not discouraging employees from investing alongside PCM's clients.

Employee transactions in securities being purchased or sold by PCM for its clients pursuant to PCM's discretionary authority are generally allowed in the same direction as PCM client orders during the same trading day. However, an employee may not receive an execution price that is more favorable than the worst execution price obtained by a PCM client pursuant to a PCM discretionary order. Client-directed transactions, including directives to raise cash or tax loss sales or repurchases, will not be considered PCM discretionary orders even when PCM determines the timing of or the securities to be included in the order.

Pre-cleared option trades by employees in securities held by PCM clients are permitted and will not be in violation of employee trading policies as a result of passive execution. Employees are restricted from executing a short sale or an options strategy that would allow an employee to profit from a market decline – such as purchasing a put – in a security that has been purchased by PCM and is still held in a client account under PCM's investment discretion. Employees also are restricted from trading in the opposite direction of a discretionary PCM client order within a five-trading-day period. PCM may grant relief from the five-day opposite direction restriction in limited circumstances, including when a purchase occurs solely for the purpose of restoring a position that was directed to be sold by a client pursuant to a tax strategy.

PCM employees may invest in pooled vehicles for which PCM or its affiliates serve as adviser, sub-adviser, managing member or general partner, including PCM private funds and the PCM Value Fund. Investments made by employees in any of these pooled vehicles are not subject to the same personal trading restrictions that are applicable to trading activity in employee personal and/or family accounts. For example, PCM employee contributions to or redemptions out of the PCM Value Fund or PCM private funds will not be considered opposite direction trades. However, PCM employees who choose to invest in the PCM Value Fund are subject to a minimum holding period. PCM employees who invest in PCM private funds do so subject to the same fee, redemption, lock-up and similar generally applicable fund provisions as other fund investors (subject to any superseding regulatory requirements, including ERISA). Additionally, employees who invest in pooled vehicles PCM manages or sub-advises may be otherwise restricted from investing or redeeming their interests for various reasons.

Item 12 Brokerage Practices

Brokerage Discretion
PCM requires its separate account clients to select their own broker and custodian for the assets in their PCM accounts. This directed brokerage model is different from advisers who typically decide where trades should be executed on behalf of their clients. Under this directed brokerage model PCM does not have authority to negotiate commission rates for clients or to make determinations about the quality or pricing of brokerage services offered to clients. Any discounted commission rate available to a client will be dependent on the client's ability to negotiate such discount with their broker.

Each client should understand that by directing PCM to execute trades through a particular broker, a client may not: (i) receive the most favorable execution available; (ii) participate in aggregated trades; and (iii) participate in all investment opportunities. For example, many brokers that offer limited client support services offer commission rates that are lower than those offered by full service brokers. In addition, some brokers may not allow options strategies. This would restrict a Value Focus Strategy account that trades through such broker from participating in option trades in which other Value Focus Strategy accounts participate.

In selecting an executing broker, clients are encouraged to consider that, among other things:

- Brokerage arrangements other than those directed by the client may exist that would provide the client more favorable execution or additional brokerage related services;

- Other than in connection with its monitoring of trade execution data for client transactions, PCM is not in a position to determine or assess the extent or value of services provided to clients by their respective executing brokers (PCM generally lacks access to the information required to make such a determination); and

- The technological capabilities and staffing limitations of a client's executing broker (e.g., a broker's inability to receive orders electronically or telephonically) may affect PCM's ability to relay trading instructions to such broker as efficiently as it is able to relay instructions to other brokers that have dedicated institutional trading desks or web-based platforms.

Clients should periodically review the terms of their brokerage arrangements to ensure that they are appropriate in light of their own circumstances and that they remain competitive in the market in relation to the services offered. Clients also should consider whether they would like a broker that offers additional services such as investment manager due diligence and selection, asset allocation advice, financial planning or tax advice. Clients also should be aware that there are certain discount brokerage options available that may cost less than traditional brokers but may offer less robust or primarily automated service options.

Unlike its position with respect to its separate account clients, PCM does direct brokerage for the private funds for which it serves as general partner or managing member, as well as for the PCM Value Fund. Trades for these accounts are directed and executed through Carnes at a negotiated fee structure that is lower than Carnes' standard commission rate.

In pursuing its investment program, Harmonic Explorer is required to implement a high volume of shorter-term options transactions. In light of Harmonic Explorer's requisite trading pattern, PCM has determined that a per-trade commission schedule is neither feasible nor in the best interest of the fund and its investors. As a result, PCM has negotiated a flat fee commission arrangement for Harmonic Explorer with Carnes, which is expected to result in overall commission charges that are fair and equitable to Harmonic Explorer investors. Nevertheless, it is expected that in most periods, Harmonic Explorer investors will bear larger trading costs (on a percentage of fund assets basis) than are borne by investors in the PCM Value Fund or PCM's other private funds.

Aggregation of Client Orders
Subject to timing, order criteria and broker limitations, it is PCM's preference to aggregate orders for clients that trade through the same broker or trading desk. Each client participating in an aggregated order will receive the average share price for the transaction with all such transaction costs (other than commissions) being shared on a pro rata basis. Orders placed at different times, client-directed transactions, and orders with different price or other criteria are typically not aggregated.

Allocation of Investment Opportunities Among Clients
PCM's allocation of investments between its Value Equity Strategy and Value Focus Strategy will vary based on the Portfolio Manager's view of each product's unique objectives and market positioning. In addition, Value Focus Strategy accounts generally purchase and sell securities as a trading group, where allocations to Value Equity Strategy accounts vary based on individual account characteristics and periodic individual account reviews.

PCM generally prioritizes client accounts for inclusion in applicable general allocations (orders involving a group of clients where the instructions are not made on a client-specific basis) primarily on the basis of an account's percentage of investable cash (expressed as a percentage of account assets) or percentage of gross exposure (also expressed as a percentage of account assets). In certain instances, such as cost averaging transactions (where PCM would like to purchase additional shares of a security for clients who might have already purchased the security), PCM also may consider the client's cost basis.

Investable cash is defined as the amount of cash in a client's portfolio that is available for investment by PCM. Investable cash would not include account cash that a client has restricted PCM from investing. Gross exposure is defined as the dollar value of an investment divided by the total assets in the portfolio. Accounts that hold the PCM Value Fund, ETFs or similar investments directed by the client to facilitate accelerated market exposure during the deployment of account cash will have the market value of such holdings counted as cash for both order inclusion and ranking for purchases.

The use of investable cash and gross exposure to determine allocations does not imply that accounts included in a particular allocation always will receive executions in rank order. Within a general allocation PCM traders will opportunistically use various trading techniques in an attempt to obtain overall execution and price efficiency for all PCM clients involved in the allocation. These techniques include, among others, (i) aggregating orders for clients that trade through the same executing broker (or trading desk) and (ii) sequencing and pacing orders to obtain execution efficiency and to mitigate the possibility of orders for PCM clients impacting the market price of the security. PCM also frequently uses limit orders to reduce the variance in execution price across accounts that trade through different brokers. In the case of market movements in the price of the security being purchased or sold, the use of these trading techniques can have the unintended consequence of advantaging or disadvantaging certain clients. For example, in the event purchases are made in a rising market or sales are made in a falling market over multiple days or weeks, those clients whose trades are executed towards the end of an allocation may receive a worse execution price than those clients who had their trades executed earlier.

Because Value Focus Strategy accounts hold a limited number of securities and generally trade as a group, dispersion among mature accounts with respect to cash levels and security weightings is frequently modest. In such cases, in applying its allocation guidelines to the Value Focus trading group, PCM may place a premium on allocating available shares across accounts rather than more closely adhering to cash or weightings based rankings. In addition, Value Focus Strategy accounts may purchase or sell volume constrained securities ahead of other accounts that hold similar security or cash weightings in order to maintain their concentrated investment and trading group mandate. Such orders are generally discussed with and approved in advance by PCM Compliance personnel to insure that PCM allocation procedures are applied to all PCM clients in a fair and equitable manner over time.

PCM normally would not use investable cash or gross exposure to determine allocations in the following types of transactions: (i) client-directed orders and transactions based upon individual management of client portfolios; (ii) transactions to raise (or maintain) client-directed cash levels in accounts or to comply with investment restrictions; (iii) the sale of securities contributed by clients to fund accounts; and (iv) the initial investment of new accounts or the investment of client contributions to existing accounts. Subject to its obligation to deal fairly with all clients when implementing investment decisions, PCM has no obligation to purchase or sell for a particular client account any security that we may purchase for other clients or that our Partners, officers, affiliates, or employees may purchase for themselves.

Research and Soft Dollar Arrangements
Many PCM clients have chosen to direct PCM to trade through the same brokers. In some cases, these brokers have chosen to provide PCM with access to their research platforms. In all such cases, the third party research PCM receives as a result of the brokerage relationships established by its clients will be used, if at all, for the benefit of PCM clients generally and not specifically for the clients whose brokerage relationships resulted in PCM being provided access to the research. PCM also purchases research from certain third parties with its own funds (including compensation PCM employees may be entitled to in connection with board service to PCM portfolio companies). PCM may from time to time direct brokerage for PCM private funds in exchange for third party research. In such cases the trading costs paid by the private funds would not exceed the preferred rate that those funds pay on trades executed through Carnes.

Agency Cross Transactions
Consistent with regulatory requirements, PCM may engage in cross transactions for its advisory clients. Cross trades occur when a security is sold from one account advised by PCM and purchased for another account advised by PCM. These transactions historically have been executed when one client needs to raise cash and sales are required to be executed in securities where volume is limited. In such cases, a cross transaction may be advantageous for both clients.

PCM may initiate or continue to execute existing discretionary purchase orders for clients in the same securities that are being sold as a part of client-directed orders to (i) raise cash, (ii) execute tax loss sales, or (iii) completely liquidate a portfolio. In these instances PCM will stagger trade execution or use different price limits or trading venues to lessen the possibility of securities being inadvertently purchased and sold between PCM clients who utilize the same broker.

Item 13 Review of Accounts

Review of Accounts
All client accounts are monitored by PCM's Portfolio Managers along with analysts, traders, and risk management personnel. Client accounts are monitored to identify outliers in cash position, core holdings, and individual security weightings. As account variances are identified, they are brought to the attention of PCM's Portfolio Managers who may direct trades, at their discretion, to address such variances. PCM staff also conducts directed reviews of individual Value Equity Strategy accounts, or groups of accounts, based on different parameters. Mature Value Focus Strategy accounts are most frequently reviewed as a group, unless account specific events (e.g., capital contributions or withdrawals) have resulted in significant individual account variances.

For new accounts, PCM will evaluate any securities initially contributed to fund an account. Typically, PCM promptly sells client contributed securities to the extent they are not currently held in PCM portfolios, regardless of the tax consequences. In addition, PCM may sell all or a portion of contributed securities to the extent that such securities are being sold by PCM or are contributed in a weighting that is in excess of the target allocation range for that security. The client will be responsible for any tax liabilities that result from initial funding transactions, as well as transactions executed during the course of PCM's management of the portfolio.

PCM may or may not repurchase securities that are sold or gifted in client-directed transactions. Factors PCM considers when determining whether or not to repurchase include, among others, account cash position and securities weightings, whether the security meets purchase parameters specified by the Portfolio Manager, and whether PCM is otherwise restricted from such purchases (e.g., regulatory holding limits).

PCM generally handles routine client requests to raise cash by executing sales based on parameters established or specifically directed by a Portfolio Manager. Contributions, withdrawals, and other client-directed transactions can increase dispersion among a client's related accounts.

Reporting
PCM provides clients with written quarterly reports that include a Portfolio commentary, an account appraisal, a performance report, a summary of transactions executed during the period and a summary of realized gains and losses.

Item 14 Client Referrals and Other Compensation

Suggestion of Brokers
When requested to do so by a client or prospective client, PCM will provide the names of unaffiliated brokers for the client to consider in designating a broker for its account. PCM makes suggestions on the basis of: (i) the broker's ability to meet certain objective trade execution and confirmation criteria; (ii) the broker having, in PCM's view, demonstrated a consistent commitment to providing quality trade execution to PCM clients; and (iii) whether the broker offers the account services sought by the client (e.g., commission recapture or specific levels of client support or services). PCM does not receive compensation or services from unaffiliated brokers in connection with its suggestion of brokers to clients. However, PCM's list of suggested brokers may include brokers that have referred clients to PCM. PCM also generally informs clients of the option of directing brokerage to its affiliate, Carnes.

Conflicts of interest can exist where a separate account client directs PCM to utilize Carnes, a third party broker that refers clients to PCM, or a broker that is affiliated with a client retained consultant. The potential conflict of interest that arises in the event a client directs PCM to use Carnes is based on the overlapping ownership of PCM and Carnes, as well as their sharing of certain expenses. An increase in aggregate revenues of Carnes indirectly provides the opportunity for increased compensation to PCM employees. The potential conflict of interest in the event a separate account client directs PCM to use a third party broker that also refers clients to PCM, or a broker that is affiliated with a consultant that recommends clients to PCM, arises out of the fact that PCM may in the future benefit economically from additional client referrals from the broker or consultant. PCM has addressed this potential conflict by (i) not paying undisclosed referral fees or other compensation to third parties with respect to separate accounts and (ii) not having any undisclosed arrangement or understanding with any party regarding the recommendation or suggestion of brokers.

Third Party Marketers and Sub-Advisory Relationships
PCM has periodically used third party marketers on a limited basis to identify and introduce potential clients to the firm. PCM may engage in other similar arrangements in the future. Any such arrangement utilized by PCM in the future with respect to separate accounts would be disclosed to each potential client who is introduced to the firm as a result.

PCM may periodically agree to manage assets through sub-advisory relationships with other registered investment advisers. Depending on the nature of the particular sub-advisory opportunity, PCM may agree to negotiate its management fee.

Item 15 Custody

Custody Services

PCM's services to separate account clients do not include the selection of custodians or the negotiation of custodial fees. Clients are required to establish their own custodial relationship for their account and are solely responsible for paying custodial fees. Carnes clients may select a custodian other than Carnes' clearing firm (currently National Financial Services).

In the event a client determines to replace its current custodian, it should promptly notify PCM in writing so that PCM can update its records to reflect the change. PCM is not responsible for clients' participation in any securities lending or other revenue enhancement program through their custodian. PCM reconciles its records regarding securities holdings to match those maintained by the account's custodian.

Cash Management

PCM expects that clients will authorize and direct their custodians to automatically invest cash holdings in a money market fund chosen by the client or their custodian. The client will incur fees as a money market fund shareholder in addition to PCM's investment management fees. Other than with respect to Carnes clients that custody their assets with Carnes' clearing broker, PCM's services do not include the selection or supervision of money market funds or other cash management strategies, ETFs or non-PCM managed fund investments directed by clients. In selecting a money market fund vehicle for Carnes clients, PCM will be limited by the particular daily sweep vehicles that are available through Carnes' clearing broker. At its discretion, PCM may direct Carnes to purchase T-Bills (or other U.S. government issued or backed securities) in client accounts for cash management purposes when such transactions can be effected for the client on a cost effective basis.

Receipt of Statements from Custodians

PCM is required to have a reasonable basis for believing that each of its clients receives copies of their individual custodial account statements on a regular basis. Please contact PCM's Client Services department or your designated relationship manager immediately if you do not currently receive custodial statements for your PCM account. PCM believes that it is important for clients to routinely compare the statements they receive from their custodian with those they receive directly from PCM.

Item 16 Investment Discretion

Investment Discretion

PCM manages portfolios on a discretionary basis, meaning that orders to purchase or sell securities are forwarded to client brokers without prior consultation with the client. Clients have the ability to limit PCM's discretionary authority as previously discussed in Item 4 – Tailored Advisory Services.

Implementation of Client Instructions
Account instructions must be provided to PCM in writing by the client or its authorized representative and will be implemented in a reasonable and orderly manner. In certain circumstances, including in the event instructions are received by PCM later in a trading day, client instructions may not be executed (or fully executed) on the day received. Client instructions should specify the time frame over which they should be implemented.

In the case a client directs a transaction in their account, PCM lacks or retains only limited investment discretion. Client directed account transactions may include, for example, (i) tax or yield driven transactions, (ii) the use margin, (iii) the purchase of ETFs or mutual funds to increase market exposure or diversify holdings, (iv) cash raising transactions or (v) liquidations. In the event a client wishes to direct third party managed ETF of mutual fund purchases in their account, they should carefully review the relevant Prospectus and SAI for important information, including expense and risk disclosure.

Contributions in Kind
In the event a client transfers securities in kind to its PCM account, PCM has full discretion to sell any or all of such securities at any time. Such sales may result in capital gains to the client. Prior to contributing securities in kind, clients are urged to consult with their tax advisors about the potential consequences of sales of contributed securities.

Tax, Legal, Accounting and Financial Planning Advice
PCM's services do not include tax, legal, general financial planning, or accounting advice. Clients should consult their own advisors based on their particular circumstances. PCM recommends that clients consult with their tax, legal, financial planning, or accounting advisors in advance regarding the consequences associated with any account transactions they may direct.

Termination Procedures
Portfolio Management Agreements generally may be terminated at any time upon written notice by either party. In the event of termination, the management fee will be prorated based upon the value of the account at the time PCM's authority to execute trades is withdrawn (subject to adjustment for any significant withdrawals earlier in the quarter). In the event PCM is directed to liquidate an account, PCM will bill the account based upon the value of the account following its liquidation. In any event, management fees will continue to accrue until PCM's authority to manage the account is terminated in writing by an authorized person.

Item 17 Voting Client Securities

Proxy Voting
Clients may assign proxy voting authority over their accounts to PCM. In order to facilitate this authority, clients need to provide written notice to their account custodian. In the event a client assigns proxy voting authority to PCM, it remains the client's obligation to direct their account custodian to forward applicable proxy materials to PCM so their shares can be voted. PCM will not vote shares unless it receives proxy materials on a timely basis from the custodian. For ERISA clients, PCM will assume that it has been delegated proxy voting authority in the absence

of other direction by the client. PCM clients may revoke PCM's voting authority or participate in securities lending programs without notice to PCM.

Summary of PCM's Proxy Voting Policies and Procedures
In exercising its voting authority, PCM generally relies on its own review of proxy materials rather than relying on third party consultants. PCM's substantive voting decisions are based on the particular facts and circumstances of each proxy vote and are evaluated by the applicable Portfolio Manager or analyst. The following general guidelines reflect PCM's decision making approach with respect to particular issues and may be overridden in any particular case to the extent that PCM deems appropriate.

Election of Directors
PCM generally votes in favor of nominees. However, in a contested election, PCM will vote for the nominees on a case by case basis.

Compensation Programs
PCM generally favors compensation programs that align executive compensation to a company's long-term performance. Votes are cast on a case by case basis on board-approved proposals relating to executive compensation.

Auditors
PCM generally votes in favor of the ratification of auditors, unless in PCM's view the auditor has a clear conflict of interest or the auditor has failed to render an accurate financial opinion of a company's financial status. In making a determination regarding the proposed ratification of an independent auditor PCM also may take into account its prior experiences with such auditor in providing audit and other services to PCM portfolio companies.

Anti-Takeover Measures
PCM evaluates all proposals to institute or amend shareholder rights plans on a case by case basis. PCM will sometimes vote against board-approved proposals to adopt anti-takeover measures.

Capital Structure
The management of a company's capital structure involves a number of important issues, including cash flows, financing needs and market conditions that are unique to the circumstances of each company. As a result, PCM votes on a case by case basis involving changes to a company's capitalization. In general, PCM closely scrutinizes proposals relating to the authorization of additional common stock and has a preference for voting in favor of proposals authorizing share repurchase programs.

Mergers and Acquisitions
PCM votes on a case by case basis with respect to matters relating to acquisitions, mergers, reorganizations and other transactions. PCM examines factors including the economic merits of the transaction, the potential conflicts of interest between management and shareholders, and the impact of the proposed transaction on corporate governance and shareholder rights.

Corporate Charter or Bylaws
With respect to board proposals to amend a company's charter or bylaws, PCM votes on a case by case basis. PCM evaluates the stated reasons for the amendment as well as the effects on Shareholders' rights.

Corporate Governance
SEC regulations permit shareholders to submit proposals for inclusion in a company's proxy statement. These proposals generally seek to change some aspect of a company's corporate governance structure or to change some aspect of its business operations. In some cases, these proposals are made in furtherance of broader social concerns held by the proposing shareholders. Though PCM reviews all such proposals on a case by case basis, it most frequently votes in accordance with the recommendation of the company's board of directors. PCM generally places particular significance on proposals made by large or long-term shareholders and on proposals relating to governance issues or acquisitions, mergers, reorganizations and other transactions.

PCM's Compliance Department is responsible for overseeing the proxy voting process and ensuring that conflicts of interest do not influence PCM's proxy voting decisions. Examples of conflicts of interest may include (i) whether PCM manages assets for the company, an employee of the company, or employee group of the company; (ii) whether the investment team member responsible for recommending the proxy vote is a close relative of or has a personal or business relationship with an executive, director or person who is a candidate for director of the company or is a participant in a proxy contest; and (iii) whether the investment team member responsible for recommending the proxy vote has a personal interest in the outcome of the matter before shareholders that is different from the general interests of PCM clients. If a material conflict is identified, PCM will take steps to ameliorate the conflict that may include (a) removing the conflicted PCM employee(s) from the voting process, (b) voting shares in accordance with the recommendations of one or more nationally recognized corporate governance advisory firms, (c) seeking voting instructions from a non-interested party, (d) referring the proxy vote or recommendation to the client or (e) adopting such other method as is deemed appropriate given the particular facts and circumstances, including the importance of the proxy issue and the nature of the conflict of interest.

Clients may request a copy of PCM's Proxy Voting Policies and Procedures, as well as reports on how their proxies have been voted by contacting their PCM Client Services Team.

Item 18 Financial Information

Balance Sheet
PCM has not attached a balance sheet for its most recent fiscal year as PCM does not require or solicit prepayment of management fees.

Financial Conditions Likely to Impair Ability to Meet Contractual Commitments to Clients
There are no financial conditions likely to impair PCM's ability to meet contractual commitments to its clients.

Bankruptcy Filings
PCM is not currently, and has never been, the subject of a bankruptcy petition.

Client Brochure – Additional Information and Operational Policies

Client Suitability
Each PCM client must carefully consider the appropriateness of PCM's investment approach in light of their own financial circumstances, investment goals and risk tolerance. Clients are also urged to seek the advice of tax professionals and other investment professionals as PCM does not offer tax, estate planning or asset allocation advice. PCM makes no representation regarding the likelihood or probability that our investment approach will in fact achieve its stated goals.

Trade Errors
In the event of a trade error attributable to PCM, it is PCM's general policy to place the client in the position it would have been had the error not occurred. When an error is identified prior to settlement, PCM normally will move the trade to its error account. In such cases, the profit or loss resulting from the reversing transactions will be retained by PCM. In the event the error is identified after settlement, PCM generally will seek to reimburse the client for any losses arising out of the error by crediting management fees. If a settled trade results in a gain for a client, such gain will remain with the client unless specific instructions to the contrary are received from the client. With respect to errors affecting multiple securities resulting from the same instruction or account restriction, any gain or loss attributable to PCM will be determined on an aggregate rather than individual security basis. If the execution of a purchase or sale order is delayed due to an error attributable to PCM, the delay will be treated as a trade error to the extent it results in the trade (i) not being executed as a part of the allocation or group of trades of which it was a part or in a reasonable time thereafter and (ii) being executed on terms that are not consistent with the original parameters of the order.

Participation in Corporate and Other Legal Actions
Unless otherwise directed by a client, PCM provides instructions to custodians regarding tender offers and rights offerings for securities held in client accounts. However, PCM does not provide legal advice to clients and does not determine whether a client should join, opt out of, or otherwise submit a claim with respect to any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client. PCM generally does not have authority to submit claims or elections on behalf of clients in legal proceedings.

On a case by case basis, Carnes may (as an administrative matter) offer to file certain class action claim forms electronically on behalf of PCM clients that have directed their accounts to trade through Carnes. Clients who agree to have Carnes make particular filings on their behalf should be aware of the following:

- Neither PCM nor Carnes is in a position to make any legal determination on a client's behalf as to whether it is in their best interest to file a claim. Filing a claim may result in the client providing a general release with respect to known and unknown claims against the subject company. Neither PCM nor Carnes recommend that any client should participate in or opt out of any particular settlement.

- Carnes is only able to file a claim for the shares held in a client's PCM account. In some instances settlements only permit one claim per claimant, so if a client holds shares at another broker, the client will not be able to recover on those shares if they have Carnes file on their behalf.

- By having Carnes submit a claim on their behalf, the client will not be able to challenge the settlement or seek appraisal or other judicial remedies with respect to their shares.

- Carnes may not file claims in all circumstances. If a settlement does not permit or accept electronic filings or requires duplicate manual filings, Carnes will not file. Carnes may also at its discretion determine not to file a claim, including in the case of settlements that are monetarily insubstantial or pose administrative complexities.

- If a client chooses to have Carnes make filings on their behalf there is no way to reverse the claim submission once it has been made.

Undisclosed External Arrangements or Circumstances

PCM manages client portfolios based upon the information that has been provided to PCM. Accordingly, in managing client accounts, PCM is not in a position to take into consideration specific client circumstances, arrangements, or considerations of which it has not been notified in writing. This would include, among other things, a client's pledging of assets, the use of leverage, and a near-term need to access (or rely upon) account assets for income or transactions with other parties. PCM's investment style focuses on equity securities; each client is responsible for monitoring, on an ongoing basis, its allocation of assets to PCM in light of the client's overall financial situation and investment goals.

Compliance with Regulatory Requirements and Shareholder Rights Plans

PCM has adopted a number of procedures designed to ensure that it does not purchase or sell securities in violation of shareholder rights plans (i.e., poison pills) or regulatory requirements relating to the acquisition or sale of securities (e.g., Bank Holding Company Act requirements, state gaming regulations, and insider trading laws). Such requirements may result in PCM executing or refraining from executing securities transactions for client accounts when it would not otherwise do so. Any transactions implemented or failed to be implemented in client accounts in good faith in connection with such requirements will not be regarded as trade errors.

Public Company Board Service

From time to time PCM employees may seek or accept directorships on public company boards. This may include accepting seats on the boards of companies whose securities are held in PCM client accounts at times when PCM believes having direct board representation is in the long-term best interests of its clients. However, such Board representation often may restrict PCM's ability to purchase or sell shares in the company at times when it may otherwise be opportune to do so. In the event of such board participation the PCM employee serving in a director capacity will generally become entitled to compensation in the form of cash and/or company stock, restricted stock or stock options. Any stock or option based compensation related to a PCM employee's board service will be subject to PCM's employee trading restrictions, in addition to any trading restrictions imposed by the relevant company or applicable law. It is generally PCM's preference that arrangements be put in place with the company to allow director compensation to be paid to or held by Pelican Bay Holdings, LLC, PCM's holding company parent. Director compensation amounts received by PCM or Pelican Bay Holdings are used to offset expenses related to the board representation, board related insurance or investment research. In the absence of such payments these expenses would be borne by PCM directly.

Insider Trading and PCM's Rule 10b5-1 Plan

Under applicable law PCM is restricted in its ability to effect discretionary trades in securities with respect to which it possesses material, non-public inside information ("Inside Information"). PCM has adopted a number of policies and procedures administered primarily by its Compliance Department to ensure firm compliance with laws governing the handling of Inside Information and firm trading while in the possession of such information. As a part of its policies and procedures PCM has adopted a plan pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934 (a "Rule 10b5-1 Plan") that permits PCM, under narrowly defined parameters and subject to Compliance oversight, to effect certain purchases and sales of otherwise restricted securities for client accounts in connection with client directed cash raisings, account liquidations and the initial account funding process. Other than pursuant to the requirements of applicable law, PCM does not initiate discretionary purchases or sales of securities with respect to which it possesses Inside Information. Accordingly, PCM's periodic possession of Inside Information may restrict PCM from making discretionary trades for client accounts that it would otherwise implement. In certain circumstances PCM's possession of Inside Information regarding portfolio securities could have a negative impact on the performance of client accounts.

Charitable Contributions and Event Sponsorships

PCM may make charitable contributions or sponsor events for charitable purposes. These may involve entities that may be associated with current or former PCM clients. Most of these activities are directed to non-profit or charitable organizations located in Southwest Florida. PCM has adopted policies and procedures that are administered by its Compliance Department relating to these activities in order to mitigate the possibility of actual or potential conflicts of interest.

Cyber Security

PCM has adopted and implemented a cyber security program designed in conjunction with outside consultant Ashland Partners. PCM's Information Security Plan is designed to be comprehensive of PCM's operations. The plan is based on the commonly used NIST framework for information security purposes and addresses access control, audit and accountability, contingency planning, incident response, risk assessment, maintenance, physical and environmental protection, system and communication protection and system and information integrity. PCM also has retained on outside consultant to conduct period intrusion tests on PCM's information systems.

Disaster Recovery Plan Summary

PCM maintains a Business Continuity and Disaster Recovery Plan ("BCDR") designed to enable the firm to mitigate and effectively respond to a significant business disruption. The BCDR contains firm-wide and departmental protocols for the operation of critical business functions and identifies personnel assigned to monitor and carry out PCM's critical functions.

The BCDR is intended to address significant business disruptions that vary in scope from short-term, weather related disruptions to permanent displacement of the firm's operations. In each of these scenarios, the BCDR provides for an evaluation of the scope of the disruption and sets forth appropriate responses. In the case of a business disruption, designated PCM personnel are charged with overseeing the re-establishment of communication between the firm, its employees, and firm clients with the goal, in most instances, of resuming critical functions within four to six hours. PCM maintains a back-up facility for the continuation of the firm's business and the restoration of critical data.

PCM's BCDR is periodically updated based on changes in firm processes, procedures, and circumstances. However, PCM cannot guarantee that all systems or services will be available or recoverable after a disaster or significant business disruption. PCM conducts testing of the BCDR with the goal of ensuring that the critical systems and data will be available within a reasonable amount of time following a significant business disruption.

Disclosure for clients who are residents of Ontario, Canada

Pursuant to subsection 8.26(3) of National Instrument 31-103, PCM will be relying upon the International Adviser Exemption in Canada. Please note that:

(i) PCM is not registered in Canada;
(ii) PCM's jurisdiction of residence is the State of Delaware;
(iii) Substantially all of PCM's assets are situated outside of Canada;
(iv) The name and address of PCM's agent for service of process in Ontario is:
    15928 Canada Inc.
    c/o Stikeman Elliott LLP
    5300 Commerce Court West, 199 Bay Street
    Toronto, Ontario M5L 1B9; and
(v) Because of the foregoing, residents of Canada may have difficulty enforcing any legal rights against PCM and its directors, officers, and employees who reside outside of Canada.

Part 2B of Form ADV: Brochure Supplement

Item 1 – Cover Page Part 2B of Form ADV: Brochure Supplement

PRIVATE CAPITAL Management

8889 Pelican Bay Boulevard
Suite 500
Naples, FL 34108
(239) 254-2500
www.private-cap.com

Investment Team

- Gregg J. Powers, Portfolio Manager
- David A. Sissman, Co-Portfolio Manager, Director of Research
- Andrew L. Martin, Senior Research Analyst
- Erick A.E. Sönne, Senior Research Analyst

Relationship Management Contacts

- Jeffrey M. Fortier, Managing Director
- Jay P. Folz, Director of Distribution
- Michael A. Feldman, Executive Vice President

Firm Management and Trading

- Charles D. Atkins, President, General Counsel & CCO – Private Capital Management; General Counsel – Carnes Capital Corporation
- David G. Joyce, Chief Administrative Officer & CFO – Private Capital Management; CFO – Carnes Capital Corporation
- Jano P. Janoyan, Managing Director Trading & Operations – Private Capital Management; CEO & CCO – Carnes Capital Corporation

This brochure supplement provides information about our personnel listed above and supplements the Private Capital Management, LLC ("PCM") brochure. Please contact Chris Sasaki at (800) 763-0337 if you did not receive a complete copy of PCM's brochure or if you have any questions about the contents of this supplement.

Additionally, a Summary of Professional Designations is included with this Part 2B Brochure Supplement. The list is provided to assist you in evaluation of the professional designations our professionals hold.

Additional information about our personnel is available on the SEC's website at www.adviserinfo.sec.gov.

PRIVATE CAPITAL Management

Gregg J. Powers
Chairman
CEO
Portfolio Manager –Value Equity Strategy
Portfolio Manager – Value Focus Strategy

Item 2 – Educational Background and Business Experience

Year of Birth: 1963

Education:

- BSBA, Finance, University of Florida

Business Background:

- Private Capital Management 1988 to present: Chairman, CEO and Portfolio Manager

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Powers. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Powers is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Powers receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Powers may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

Mr. Powers is supervised by PCM's President and General Counsel, Chad Atkins. Mr. Atkins can be reached directly at (239) 254-2527.

PRIVATE CAPITAL Management

David A. Sissman

Co-Portfolio Manager – Value Focus Strategy

Director of Research –Value Equity Strategy

Item 2 – Educational Background and Business Experience

Year of Birth: 1974

Education:

- MBA, Harvard Business School
- Bachelor of Arts, Statistics and Spanish, Rice University

Business Background:

- Private Capital Management — 2009 to present: Co-Portfolio Manager; Director of Research; Senior Research Analyst; Management Committee
- H.I.G. Capital / Brightpoint Capital — 2001 to 2009: Principal and Analyst

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Sissman. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Sissman is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Sissman receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Sissman may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

With respect to investment research, the formulation of PCM's investment advice and the implementation of investment decisions, Mr. Sissman is supervised by Gregg Powers, PCM's Portfolio Manager. With respect to all other matters, PCM analysts are primarily supervised by Chad Atkins, PCM's President and General Counsel. Mr. Atkins can be reached directly at (239) 254-2527.

PRIVATE CAPITAL Management

Andrew L. Martin
Senior Research Analyst

Item 2 – Educational Background and Business Experience

Year of Birth: 1973

Education:

- MBA, Columbia Business School
- Bachelor of Science, Applied Economics and Business Management, Cornell University

Business Background:

• Private Capital Management	2013 to present:	Senior Research Analyst
• H.I.G. Capital / Brightpoint Capital	2008 to 2013:	Senior Analyst
• Polen Capital	2005 to 2008:	Director of Research
• Fine Capital Partners	2004 to 2005:	Analyst
• Sanford C. Bernstein	2002 to 2004:	Research Associate
• Credit Suisse First Boston	2001 to 2002:	Associate
• Arthur Anderson	1995 to 1999:	Senior Accountant

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Martin. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Martin is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Martin receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Martin may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

With respect to investment research, the formulation of PCM's investment advice and the implementation of investment decisions, Mr. Martin is supervised by Gregg Powers, PCM's Portfolio Manager. With respect to all other matters, PCM analysts are primarily supervised by Chad Atkins, PCM's President and General Counsel. Mr. Atkins can be reached directly at (239) 254-2527.

PRIVATE CAPITAL Management

Erick A. E. Sönne, CFA
Senior Research Analyst

Item 2 – Educational Background and Business Experience

Year of Birth: 1982

Education:

- Bachelor of Science, Foreign Service, Georgetown University School of Foreign Service

Business Background:

- Private Capital Management 2010 to present: Senior Research Analyst
- Steinberg Asset Management 2004 to 2010: Research Analyst

Professional Designations:

- Chartered Financial Analyst
  An explanation of the minimum qualifications required for this designation is attached.

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Sönne. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Sönne is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Sönne receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Sönne may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

With respect to investment research, the formulation of PCM's investment advice and the implementation of investment decisions, Mr. Sönne is supervised by Gregg Powers, PCM's Portfolio Manager. With respect to all other matters, PCM analysts are primarily supervised by Chad Atkins, PCM's President and General Counsel. Mr. Atkins can be reached directly at (239) 254-2527.

PRIVATE CAPITAL
Management

Jeffrey M. Fortier
Managing Director of Client Services

Item 2 – Educational Background and Business Experience

Year of Birth: 1974

Education:

- Bachelor of Science, Finance with a minor in Political Science, Sacred Heart University

Business Background:

• Private Capital Management	2000 to present:	Managing Director; Relationship Manager; Management Committee
• Carnes Capital Corporation	2000 to present:	Registered Representative
• Wright Investors Service	1998 to 2000:	Client Service Associate

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Fortier. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Fortier is as registered representative of Carnes Capital Corporation ("Carnes"), a broker-dealer affiliate of PCM. Mr. Fortier does not receive any commission based compensation from Carnes. However, Carnes receives commission-based compensation on trades for PCM clients that are executed by Carnes. This arrangement could motivate Mr. Fortier to recommend that clients utilize Carnes as their broker. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. PCM indirectly benefits from trading revenues generated by Carnes.

Item 5 – Additional Compensation

Mr. Fortier receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Fortier may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

Mr. Fortier is supervised by PCM's President and General Counsel, Chad Atkins. Mr. Atkins can be reached by calling (239) 254-2527.

Mr. Atkins' supervision of Mr. Fortier and PCM's Client Services Department includes, among other things, participation in regular client service meetings where the firm's message to clients is formulated, his review of marketing and advertising materials, and monitoring of electronic communications with clients and prospective clients.

PRIVATE CAPITAL Management

John (Jay) P. Folz, CFA
Director of Distribution

Item 2 – Educational Background and Business Experience

Year of Birth: 1969

Education:

- Bachelor of Science, Finance, Indiana University

Business Background:

• Private Capital Management	2003 to present:	Director of Distribution; Relationship Manager
• Carnes Capital Corporation	2003 to present:	Registered Representative
• David M. Polen Securities, Inc. and Polen Capital Management	1997 to 2003:	Client Service and Sales
• PaineWebber Inc.	1994 to 1997:	Financial Adviser

Professional Designations:

- Chartered Financial Analyst
  An explanation of the minimum qualifications required for this designation is attached.

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Folz. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Folz is as registered representative of Carnes Capital Corporation ("Carnes"), a broker-dealer affiliate of PCM. Mr. Folz does not receive any commission based compensation from Carnes. However, Carnes receives commission-based compensation on trades for PCM clients that are executed by Carnes. This arrangement could motivate Mr. Folz to recommend that clients utilize Carnes as their broker. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. PCM indirectly benefits from trading revenues generated by Carnes.

Item 5 – Additional Compensation

Mr. Folz receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Folz may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

Mr. Folz is supervised by PCM's President and General Counsel, Chad Atkins. Mr. Atkins can be reached by calling (239) 254-2527.

Mr. Atkins' supervision of Mr. Folz and PCM's Client Services Department includes, among other things, participation in regular client service meetings where the firm's message to clients is formulated, his review of marketing and advertising materials, and monitoring of electronic communications with clients and prospective clients.

PRIVATE CAPITAL Management

Michael A. Feldman
Executive Vice President
Relationship Manager

Item 2 – Educational Background and Business Experience

Year of Birth: 1962

Education:
- Juris Doctor, Harvard Law School
- Bachelor of Arts, Columbia University

Business Background:

• Private Capital Management	1996 to present:	Executive Vice President; Relationship Manager
• Carnes Capital Corporation	1996 to present:	Registered Representative
• Mershon, Sawyer, Johnston, Dunwody & Cole, P.A / Grant, Fridkin & Pearson, P.A.	1992 to 1997:	Attorney
• Rains & Pogrebin, P.A.	1991 to 1992:	Attorney
• Squire, Sanders & Dempsey, P.A.	1988 to 1991:	Attorney
• Weil, Gotshal & Manges, P.A.	1987 to 1988:	Attorney

Professional Designations:
- Certified Financial Planner
  An explanation of the minimum qualifications required for this designation is attached.

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Feldman. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Feldman is as registered representative of Carnes Capital Corporation ("Carnes"), a broker-dealer affiliate of PCM. Mr. Feldman does not receive any commission based compensation from Carnes. However, Carnes receives commission-based compensation on trades for PCM clients that are executed by Carnes. This arrangement could motivate Mr. Feldman to recommend that clients utilize Carnes as their broker. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. PCM indirectly benefits from trading revenues generated by Carnes.

PRIVATE CAPITAL Management

Item 5 – Additional Compensation

Mr. Feldman receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Feldman may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

Mr. Feldman is supervised by PCM's President and General Counsel, Chad Atkins. Mr. Atkins can be reached by calling (239) 254-2527.

Mr. Atkins' supervision of Mr. Feldman and PCM's Client Services Department includes, among other things, participation in regular client service meetings where the firm's message to clients is formulated, his review of marketing and advertising materials, and monitoring of electronic communications with clients and prospective clients.

P R I V A T E
C A P I T A L
Management

<u>Charles (Chad) D. Atkins</u>

President & General Counsel – Private Capital Management
CCO – Private Capital Management
General Counsel – Carnes Capital Corporation

Item 2 – Educational Background and Business Experience

Year of Birth: 1964

Education:

- MBA/Juris Doctor, University of Southern California
- Bachelor of Arts, Columbia University

Business Background:

• Private Capital Management	2004 to present:	President; CCO; General Counsel; Management Committee
• Carnes Capital Corporation	2004 to present:	General Counsel
• Skadden Arps Slate Meagher & Flom	2001 to 2004:	Corporate Associate
• Debevoise & Plimpton	1995 to 2001:	Litigation Associate
• US District Court (Philadelphia)	1993 to 1995:	Law Clerk (Hon. T.N. O'Neill)

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Atkins. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Atkins is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Atkins receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Atkins may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

With respect to his roles as President & General Counsel of Private Capital Management, Mr. Atkins reports to Gregg J. Powers, the firm's CEO. Mr. Powers has no role with respect to the implementation or oversight of Private Capital Management's compliance function. With respect to Carnes Capital Corporation, Mr. Atkins reports to Jano P. Janoyan, the firm's CEO. Mr. Janoyan can be reached directly at (239) 254-2534.

PRIVATE CAPITAL Management

David G. Joyce
Chief Administrative Officer

Item 2 – Educational Background and Business Experience

Year of Birth: 1965

Education:

- Bachelor of Business Administration, Accounting, University of Massachusetts, Amherst, MA

Business Background:

- Private Capital Management — 1995 to 2007; 2010 to present: Chief Administrative Officer; Chief Financial Officer; Management Committee
- Carnes Capital Corporation — 1995 to 2007; 2010 to present: Chief Financial Officer

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Joyce. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Joyce is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Joyce receives a regular salary paid by PCM and, as an owner of the firm, participates in its net profits. Mr. Joyce may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

Mr. Joyce is supervised by PCM's President and General Counsel, Chad Atkins. Mr. Atkins can be reached directly at (239) 254-2527.

PRIVATE CAPITAL Management

Jano P. Janoyan
Managing Director Trading and Operations – Private Capital Management
CEO – Carnes Capital Corporation
CCO – Carnes Capital Corporation

Item 2 – Educational Background and Business Experience

Year of Birth: 1963

Education:

- University of Florida (attended)

Business Background:

Private Capital Management	2001 to present:	Managing Director – Trading & Operations; Management Committee
Carnes Capital Corporation	2013 to present:	CCO
Carnes Capital Corporation	2001 to present:	CEO
Carnes Capital Corporation	1995 to 2001:	Director of IT, Senior Trader
Collier Enterprises	1989-1995:	IT Network Administrator

Item 3 – Disciplinary Information

PCM is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a client's evaluation of Mr. Janoyan. No events have occurred that are applicable to this item.

Item 4 – Other Business Activities

PCM is required to disclose any outside business activities or occupation for compensation that could potentially create a conflict of interest with clients. Mr. Janoyan is not actively engaged in any such activities.

Item 5 – Additional Compensation

Mr. Janoyan receives a regular salary paid by Carnes and, as an owner of PCM, participates in its net profits. Mr. Janoyan may also be compensated based upon his individual contribution to the firm.

Item 6 – Supervision

With respect to his role as Managing Director Trading and Operations of Private Capital Management, Mr. Janoyan is supervised by Chad Atkins. Mr. Atkins can be reached directly at (239) 254-2527.

SUMMARY OF PROFESSIONAL DESIGNATIONS

Chartered Financial Analyst

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 90,000 CFA charterholders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

High Ethical Standards

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

Global Recognition

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

Comprehensive and Current Knowledge

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org.

Certified Financial Planner

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the S*tandards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement 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. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.