



PRIVATE CAPITAL MANAGEMENT
A Subsidiary of GUARANTY BANK AND TRUST

Private Capital Management LLC Form ADV Part 2A: Firm Brochure

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This Brochure provides information about the qualifications and business practices of Private Capital Management, LLC ("PCM" or the "Investment Adviser"). The client should be aware that registration with the US Securities and Exchange Commission does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

If the client has any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Nancy Taylor at (303) 293-5503 or email nancy.taylor@guarantybankco.com.

Item 2 – Material Changes

This Brochure, dated April 4, 2017, represents an update to PCM's previous brochure published on March 8, 2017.

Since the last filing, Private Capital Management (PCM) has:

- Integrated Cherry Hills Investment Advisors, an affiliated registered investment advisor, with Private Capital Management; and
- Registered one new investment advisor representative as a result of the integration.

Two employees were dually registered with PCM and Cherry Hills Investment Advisors. Going forward, all investment advisor representatives will provide investment advice exclusively under PCM.

Legacy clients of Cherry Hills Investment Advisors and Private Capital Management will remain on their current management agreement and fee schedule, unless otherwise agreed to by PCM and the client.

New clients will generally be subject to the new Private Capital Management fee schedule.

With the integration of Cherry Hills Investment Advisors, Private Capital Management now manages \$515,298,569, value calculated using AUM of both entities as of 4/3/2017.

Pursuant to SEC Rules, PCM will deliver a summary of any materials changes to this and subsequent Brochures within 120 days of the close of its fiscal year. PCM may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to clients free of charge.

Currently, PCM's Brochure may be requested by contacting the firm at (303) 293-5503. Additional information about Private Capital Management is also available via the SEC's web site www.advisorinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with PCM who are registered as investment advisor representatives of the firm.

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Item 4 – Advisory Business

Established in 2000, Private Capital Management, LLC is a wholly-owned subsidiary of Guaranty Bank and Trust Company (“GBT”). GBT is wholly-owned by Guaranty Bancorp, a bank holding company. PCM is registered as an investment advisor with the United States Securities and Exchange Commission CRD#165306.

PCM provides investment advisory and financial planning services to individuals, small businesses, institutions, endowments and foundations. PCM provides investment management of diversified portfolios composed primarily of no-load mutual funds and exchange-traded funds (ETFs). Client’s accounts are managed by the firm on a discretionary basis. As such, PCM has the authority to make trades within clients’ accounts without prior consent. However, the firm’s advisory services are tailored to the individual needs of each client. That process begins by conducting an initial meeting with clients to determine their personal goals regarding each account. This often includes going over topics such as the client’s financial position, current assets, investing experience and risk tolerance. Any concerns or constraints the client has should be discussed with their Adviser, as well as the client’s need for liquidity and life events, including the client’s time horizon. Based upon those considerations, PCM can help develop a proposed asset allocation based on unique needs, goals and risk tolerance. While asset allocation decisions are made with long-term objectives in mind, clients have the flexibility to change their allocations at any time. Once an asset allocation plan has been adopted, PCM will use its proprietary quantitative investment ranking system and in-depth fundamental research to select what the firm believes to be sound investments within each asset class.

Relying on PCM’s proprietary investment ranking system and the investment philosophy developed with more than 70 years of combined investment experience, PCM’s investment team strives to:

- Place client assets in investments that may excel within their asset classes; and
- Adjust the allocation of assets within broad investment categories based on perceived market opportunities.

Each month, PCM screens a large universe of mutual funds and ETFs in an effort to find what the firm believes may be attractive investments. Potential investments are then rated according to the firm’s proprietary quantitative investment ranking system. Ranking criteria includes both technical and fundamental indicators, such as cumulative returns over varying time periods, volatility, risk, bear market performance, and measures of risk adjusted returns.

The firm also uses qualitative data gained from fundamental research and/or speaking with selected fund managers. This provides more in-depth insight into the funds’ processes.

On occasion, and based on discussions with new and existing clients, PCM will offer financial planning services. Financial planning services may include a review of all aspects of a client’s current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable giving planning, tax planning, and capital

needs planning. PCM may meet with the client to review risk tolerance, financial goals and objectives, and time horizons and may prepare a written financial plan.

Financial planning services are based on the client's financial situation at the time and are based on financial information disclosed by the client to PCM. Certain assumptions may be made with respect to interest and inflation rates and use of past trends, future projections, and performance of the market and economy. PCM does not offer any guarantees or promises that client's financial goals and objectives will be met.

Clients should notify PCM promptly of any changes to the client's financial goals, objectives or financial situation. PCM will rely on the information provided by Clients to maintain and manage the account and provide financial planning services.

PCM is not affiliated with any of the securities or products recommended to clients.

At times, clients may hold or purchase certain assets in the same brokerage account as the account used by PCM to manage investments. Unless the client has expressly given PCM discretionary control over these assets in writing, PCM will not manage these assets and will term them "Unmanaged Assets" on all communications. PCM will have no responsibility for "Unmanaged Assets" and will not provide updates, advice, recommendations or research on them. "Unmanaged Assets" are the sole and exclusive responsibility of the client.

With the integration of Cherry Hills Investment Advisors, Private Capital Management now manages \$515,298,569, on a discretionary basis. (As of 4/3/17)

Item 5 – Fees and Compensation

Subject to negotiation, the standard annual fees for managed assets under the Investment Advisory Contract ("Agreement") for clients new to the firm after April 3, 2017, are as follows:

Market Value of Account	Annual Fee Percentage
Cash Balances	0.00%
Fixed Income Assets	0.50%
Graduated Fee Schedule¹	
The First \$250,000 of Assets in Account	1.25%
The Next \$750,000 of Assets in Account	1.00%
The Next \$2,000,000 of Assets in Account	0.90%
The Next \$2,000,000 of Assets in Account	0.80%
All Remaining Assets	0.70%

¹The Graduated Fee Schedule applies to all assets in the Account other than Cash Balances and Fixed Income Assets. No fee will be assessed on Unmanaged Assets. All investments, including Fixed Income Assets will be classified as such as the discretion of Private Capital Management. Classifications will be determined by using Morningstar and other industry data.

The specific manner in which fees are charged is established in the client's Agreement with PCM. Fees are generally billed on a quarterly basis in arrears (for the prior quarter) each calendar quarter based on asset balances at the end of that quarter. Clients generally authorize PCM to directly debit fees from their accounts at the custodian. Under certain circumstances, the client may elect to be billed directly. In the event a Client enters into the Agreement prior to the end of the quarterly period, such fees shall be prorated commencing as of the date of the Agreement and through the end of the quarterly period. In the event the Agreement is terminated prior to the end of the quarterly period, such fees shall be prorated as of the date of termination.

In addition to the firm's management fee, the client may incur certain charges imposed by broker-dealers and custodians, such as brokerage commissions and/or transaction fees, transfer fees, wire transfer and electronic fund transfer fees, and other fees and taxes on the client brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees and other fees and expenses. These fees and expenses are described in the prospectuses of those funds, and are paid for by the funds, but are ultimately borne by the client.

The client's chosen custodian typically enables PCM to obtain some no-load mutual funds without transaction charges and other no-load and load-waived funds at nominal transaction charges. The transaction charges and/or commission rates charged by the custodian may be discounted from customary retail transaction charges and commissions. However, the commission and/or transaction fees charged by the custodian may be higher or lower than those charged by other broker-dealers.

Neither Private Capital Management nor any employee receives other compensation for selling or recommending securities or other investment products.

The annual advisory fee is based on a percentage of the total value of assets in all client accounts and may be negotiated, depending on various factors. These factors may include, but are not limited to: the services required by the client, client type, asset class, pre-existing relationship, the size of the account (current or anticipated) and/or other related accounts and investments. As a result, clients with similar assets may have differing fee schedules and some existing clients may pay higher or lower fees than new clients. Clients who negotiate a flat fee schedule may or may not pay higher total fee than those who pay under a tiered schedule.

Some Clients may be subject to fee schedules and billing practices under legacy arrangements that are generally no longer available. These terms are outlined in the Client's legacy agreement that was executed with either Private Capital Management or Cherry Hills Investment Advisors.

PCM's minimum annual fee is \$2,500. However, the minimum annual fee, or the annual fee percentage, may be lowered or waived at PCM's discretion.

The relationship may be terminated at any time by either PCM or client, by providing written notice of termination to the other party. If a client terminates PCM's services prior to the end of a quarter, any fees the client prepaid, that PCM has not yet earned, will be refunded to the client on a *pro rata* basis, *i.e.*, based on the number of days that have elapsed in the quarter in which termination occurs.

Item 12 further describes the factors that PCM considers in selecting or recommending broker-dealers/custodians for client transactions.

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

PCM does not charge any performance-based fees (i.e., fees based on a share of capital gains on, or capital appreciation of, the client's assets under management).

Item 7 – Types of Clients

PCM provides portfolio management and financial planning advisory services to individuals, businesses, corporate pension and profit-sharing plans, charitable institutions, trusts, estates and foundations. The firm generally requires a \$500,000 minimum in manageable assets to start or maintain an account. At PCM's discretion, the firm may approve exceptions to the minimum requirements. PCM may terminate accounts for falling below this minimum by providing a written notice to the client.

Accounts that do not meet the minimum requirement of \$500,000 may not receive the full benefits of the firm's typical investment strategy due to certain limitations on diversification and other considerations such as transaction costs.

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

PCM provides investment management of diversified portfolios composed of primarily no-load mutual funds, ETFs, or similar investments. PCM believes that funds offer straightforward diversification across asset classes, geographies and investment styles.

PCM's Investment Committee screens the universe of mutual funds and ETFs in an effort to find what the firm believes to be the most appropriate investments to represent various asset classes. PCM then rates potential investment candidates according to the firm's proprietary quantitative ranking system and the investment philosophy developed with more than 70 years of combined investment experience. Ranking criteria include both technical and fundamental indicators, such as cumulative returns over varying time periods, volatility, risk, bear market performance, and measures of risk adjusted returns. This may include conducting due diligence on the funds' investment managers, to conduct a more in-depth insight into the funds' processes.

Through PCM's proprietary fund selection system, PCM's investment team strives to:

- Place client assets in investments that the firm perceives to have attractive opportunity;
- Adjust the allocation of assets within broad investment categories based on perceived market opportunities; and
- Attempt to deliver reasonable results based on client's goals and objectives.

PCM's investment approach is an actively managed investment process. This could have a negative impact on the net after-tax gain in the client's taxable account. The client should not assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies the firm recommends), will be profitable or equal to past performance levels. Economic factors,

market conditions and investment strategies will affect the performance of any portfolio and PCM can make no assurances that the firm's performance will match or outperform any particular benchmark for measuring the performance of a portfolio. Investing in securities involves risk of loss that the client should be prepared to bear.

Investing provides for exposure to assets classes and/or investments that may be exposed to loss of principal due to economic downturns, world events, market fluctuations, inflation, and individual security performance, among other things. Investing in the commodities markets through commodity-linked funds will subject the portfolios to potentially greater volatility than traditional securities. International investments could subject our portfolios to greater risks including, but not limited to, currency fluctuation, economic conditions and different governmental and accounting standards. Emerging markets investments involve heightened risks related to these same factors as well as increased volatility and may have lower trading volume. Investments in underlying funds that own small- and mid-capitalization companies may be more economically vulnerable than larger, more established organizations. In general, the bond market is volatile, bond prices rise when interest rates fall and *vice versa*, an effect that is usually pronounced for longer-term securities.

Unlike mutual funds, ETFs are traded intraday meaning the price can fluctuate throughout the day, and cannot be purchased directly from the issuer. We do not invest in leveraged or inverse ETFs which can be higher risk for investors. **PCM will not apply any of its method of analysis or investment strategies to Unmanaged Assets. See Item 4-Advisory Business.**

Item 9 – Disciplinary Information

Neither Private Capital Management, nor its management team, has been subject to legal or disciplinary actions that are material to a client or prospective client's evaluation of the firm's Investment Adviser.

Item 10 – Other Financial Industry Activities and Affiliations

No individual associated with PCM is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No individual associated with PCM is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

PCM is a wholly-owned subsidiary of GBT. GBT is a Colorado-based community bank and wholly-owned subsidiary of Guaranty Bancorp (NASD: GBNK). Guaranty Bancorp is a bank holding company with \$3.4 billion in assets as of December 31, 2016. GBT occasionally refers prospective clients to PCM; see Item 14 for additional information.

PCM only receives compensation directly from advisory clients. PCM does not receive compensation from any outside source (e.g. 12-b-1 marketing fees or distribution or revenue sharing payments).

PCM does not recommend or select other Investment Advisers for the firm's clients.

Item 11 – Code of Ethics

PCM has adopted a Code of Ethics which describes the firm's standard of business conduct and fiduciary duty to PCM's clients. Some of the general principles of the code include:

- PCM adheres to the highest standards of integrity, trustworthiness, and truthfulness.
- PCM puts client interests ahead of the firm's interests.
- PCM keep clients information confidential.
- PCM provides full disclosure of all material facts to clients.
- PCM ensures that the firm and its employee's personal securities transactions do not adversely affect the securities transactions of clients.
- PCM complies with all relevant Federal, State and local rules, regulations and laws.

PCM authorizes employees to trade, for their personal accounts, in the same securities that the firm invests and recommends for our clients' accounts, including family related accounts, but specifically prohibit trading activity intended to benefit an employee at the expense of a client or leveraged off of a client's activities. Employee transactions in the same mutual funds recommended for PCM clients are executed at the same closing net asset value for all participants and no price impact is anticipated from either employee or client transactions. Consequently, clients are not adversely affected by these transactions. Employee transactions in ETFs may be executed at or around the same time as those transactions that are recommended or executed for clients. The firm has a personal trading policy (outlined below) in place to monitor and detect any potentially abusive practices.

Under the Code, employees must report all personal trading transactions, as defined in the Code and pre-clear all transactions concerning initial public offerings and private offerings. Employees are required to provide quarterly transaction reports and annual transaction holding reports. In addition, employees must report all personal accounts (as defined in the code) initially upon commencement of employment and no less than quarterly thereafter.

The client can obtain a copy of the Code of Ethics by contacting the Chief Compliance Officer at nancy.taylor@guarantybankco.com or by calling 303-293-5503.

Item 12 – Brokerage Practices

PCM does not maintain physical custody of any client accounts or any assets within them. Instead, clients are required to deposit assets at a broker-dealer, investment company, or another financial institution that meets the definition of a "qualified custodian" under the Investment Advisors Act, through which PCM will monitor the managed assets in the account. As a result, clients are required to complete all documentation required by the applicable custodian for each account, including the appropriate new account documentation. While PCM does not open custodial accounts for its clients, it can assist them in doing so. The ultimate responsibility rests with the client for the accuracy of the account opening and the information supporting the account.

In the event a broker-dealer is selected as the custodian of the client's account, PCM will process all trades in the account through that custodian. Because clients direct which broker-dealer will be used to process

trades in their accounts, this may impair PCM's ability to achieve best execution of transactions. This may result in clients paying higher commissions and other transaction costs or receiving less favorable net prices on transactions. Clients should understand that not all advisors require their clients to direct their brokerage. While clients designate the custodian, PCM seeks to limit the number of custodians which hold client's assets due to the complexity associated with managing accounts on multiple custodial platforms. PCM clients generally use Charles Schwab & Co. or TD Ameritrade to serve as custodian based upon the quality of their service, the types of services the firms offer, their overall capability, execution quality, competitiveness of transaction costs, the investment research they make available to PCM and PCM's clients, and the firms' reputation and financial stability, among other things.

Charles Schwab & Co. and TD Ameritrade may provide products and services to PCM that benefit it but may not directly benefit its clients. These products and services assist PCM in managing and administering its clients' accounts, such as providing access to investment research produced by the company's analysts or other third parties. In addition to investment research, these custodians offer PCM software and other technologies that provide access to client account data, facilitate trade execution for client accounts, provide pricing and other market data, facilitate payment of our fees from clients' accounts, and assist with back office functions, compliance, recordkeeping, and client reporting.

PCM's receipt of these benefits may create a conflict of interest because it relieves the firm from fully paying for these items or producing them itself. As result, the receipt of these benefits may make it more likely that PCM clients will generally use these companies as the custodian for its clients' accounts instead of searching for the broker that would provide the most favorable execution for each transaction in a client's account. However, PCM believes that the clients' use of these companies to serve as the custodians and brokers on clients' accounts is in the best interests of the firm's clients, based upon the scope, quality, and price of their services that benefit them, as opposed to the services that only benefit it.

Item 13 – Review of Accounts

PCM reviews the client's account each calendar quarter, which includes, but is not limited to, an analysis of asset allocations, significant cash flows, and current investments. When deemed appropriate, portfolio actions are taken. Investment portfolios are reviewed periodically with the client as circumstances may dictate. Such circumstances might include changes in capital market conditions, economic changes, tax changes, and/or a change in the client's financial objectives or risk tolerance. PCM attempts to ensure conformity with the client's stated goals, financial profile and investment objectives. The client agrees to inform PCM promptly of changes in the client's investment objectives or financial situation of which PCM would not otherwise have knowledge.

The client will be sent statements by the client's broker-dealer/custodian no less frequently than on a quarterly basis. In addition, PCM prepares supplementary reports for the client on the status of the client's account, usually on a quarterly basis.

PCM will have no responsibility for "Unmanaged Assets" and will not provide updates, advice, recommendations or research on them. These "Unmanaged Assets" may also appear on statements from the Client's broker-dealer/custodian and on supplementary reports provided to the Client by PCM. These

“Unmanaged Assets” appear on the statements/reports only as a service to the Client. The fact that they may appear on statements and reports does not mean that PCM is providing any advice regarding these “Unmanaged Assets”. PCM will not attempt to determine if an “*Unmanaged Asset*” is in conformity with the client’s stated goals, financial profile or investment objectives. PCM will not take “Unmanaged Assets” into account when making investment decisions for the client. These “*Unmanaged Assets*” shall remain the sole and exclusive responsibility of the Client. PCM will not provide updates, advice, recommendations or research of any kind regarding the “*Unmanaged Assets*”.

Item 14 – Client Referrals and Other Compensation

As noted in Item 12, above, PCM may receive economic benefits from the custodians of its customers’ accounts in the form of support, products, and services made available to PCM. However, these offers of products and services are not based on the willingness of PCM or its investment advisor representatives to provide any particular investment advice to their clients, such as recommendations to purchase any particular securities products.

PCM and its investment advisor representatives may receive indirect compensation from third parties. This compensation may include payments for PCM’s investment advisor representatives and/or other associated persons to attend educational and marketing seminars, an occasional meal, or ticket to a sporting event. In addition, investment product and service providers may sponsor educational seminars and/or client marketing events conducted by PCM. However, such compensation is not tied to the sales of any products. PCM maintains records of all such payments, and those records are available for inspection at a client’s request.

PCM’s related persons may compensate their employees through an internal bonus system that rewards those employees for facilitating the opening of new PCM account relationships. These solicitor agreements are structured to be in compliance with applicable securities laws, which include the existence of a formal contract between PCM and the solicitor. Pursuant to that contract, the solicitor is required to provide each potential client with a disclosure statement, which describes the specific relationship between PCM and the solicitor – prior to or at the time the client enters into an investment advisory or management agreement.

Item 15 – Custody

PCM requires clients to designate an unaffiliated qualified custodian to hold assets in their accounts. PCM does not hold these assets, it is deemed by statute to have a form of custody related to these accounts held at Charles Schwab or TD Ameritrade because it calculates the applicable advisory fee and has authority to instruct the custodian to deduct the fee from the client’s account and remit it to PCM. Our investment management agreement typically includes a limited power of attorney to permit PCM to make securities trades and other transactions on the clients’ behalf. However, it will not give PCM the authority to transfer funds out of the client’s account other than between two or more of Client’s accounts maintained with the same qualified custodian or different custodians.

Clients will receive account statements directly from the account’s custodian not less frequently than each calendar quarter, which will detail all activity and list any fee deductions noted above. These reports will be

sent to the email or mailing address the client provided. Clients should carefully review the account statements they receive from the custodian to ensure they accurately reflect the assets the client believes are in the account.

Item 16 – Investment Discretion

For most client accounts, PCM will have discretionary authority to manage the investments within the accounts. The investment management agreement provided to the client will typically include a limited power of attorney that outlines the specific authority PCM will have to initiate investment transactions in the client's accounts. That document also permits PCM to notify the account's custodian and/or broker-dealer of its authority (although these entities may require clients to execute separate forms to confirm PCM's discretionary authority over each account).

Specifically, PCM will have the authority to:

- buy, sell, and trade securities;
- place, withdraw, or change transaction orders or instructions with the account's custodian and;
- instruct the custodian as to which cost basis formula to apply to each account.

PCM will strive to manage each client's account consistent with the client's investment objectives, which are established at the opening of the account but are subject to change at any time at the client's direction.

In addition, clients may designate specific restrictions on the investments to be held in their accounts, termed *Unmanaged Assets*. *Unmanaged Assets* are subject to the limitations in Items 4, 8 and 13 above.

The client agrees to accept sole responsibility for any *Unmanaged Assets* that the client has chosen to maintain in the clients account(s).

Item 17 – Voting Client Securities

PCM will not accept authority to vote on securities held in client accounts (i.e., proxy requests). In addition, it does not take any action or render advice with respect to the voting of proxies, unless required by law.

Item 18 – Financial Information

Registered investment advisors are required, in some cases, to provide certain financial information and or disclosures about financial condition. For example, if PCM required clients to prepay advisory fees six months or more in advance, had a financial condition that was reasonably likely to impair its ability to meet its contractual commitments to its clients, or had been the subject of a bankruptcy petition during the past ten (10) years, it would be required to include certain financial information and make disclosures. However, none of these factors are applicable to PCM, so no such disclosures are necessary.