



## Client Relationship Summary

### Introduction

Private Capital Management, LLC is registered with the Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### What investment services and advice can you provide me?

We offer investment advisory services, including account management and financial planning, to retail investors. If we have discretion to manage your account, we will execute transactions on your behalf without asking you in advance. We will seek your consent, however, prior to substantially changing the agreed-upon investment strategy or asset allocation for your account. You may also contact us to impose certain restrictions on the management of your account, subject to our right to reject the request if the restrictions are inconsistent with our investment strategy or philosophy. If you engage us to provide non-discretionary investment advisory services, we will recommend purchases and sales of investments, but *you* will make the ultimate decision regarding each recommendation (although we will place the transaction when able with your custodian, bank or other third-party).

Our standard investment advisory services include monitoring and reviewing each account (or the portion of the account under our management) at least quarterly to ensure that the asset allocations remain materially aligned with PCM's recommended asset allocations and to evaluate whether your investment allocations continue to be consistent with your stated investment objectives, risk tolerance and investment horizon. To provide investment advice, we typically require at least \$1,000,000 to be placed under our management subject to exceptions granted at PCM's sole discretion.

We may also be engaged to provide financial planning services, which generally include reviewing material aspects of your current financial situation and your anticipated future needs/goals/objectives, and developing a financial plan to help maximize your ability to achieve those aspects of your life.

We do not offer proprietary investment products, and generally seek to manage client accounts using an array of investments, which include, but are not limited to, mutual funds, exchange-traded funds, certificates of deposit, certain insurance products, structured notes, private investments, and other non-registered pooled investments.

*For additional information, please see Items 4, 7 and 8 of our Form ADV, Part 2A Brochure.*

#### **Conversation Starters:**

- **Given my financial situation, should I choose an investment advisory service? Why or why not?**
- **How will you choose investments to recommend to me?**
- **What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?**

### What fees will I pay?

We will charge you an annual fee calculated as a percentage of the total value of the assets that we manage on an ongoing basis on your behalf. Account management fees are typically billed quarterly, in advance, and we will deduct our fee directly from your account(s). However, your agreement with us may provide different fee and/or billing terms. For example, we may agree to charge you a flat fee.

Because we typically charge an asset-based fee, the greater the value of your assets under our management, the more you will pay in management fees. We therefore have an incentive to encourage you to increase the amount of assets in your account(s) under our management.

In addition to our fees, certain investments you own (e.g., mutual funds, exchange-traded funds, and other pooled investment vehicles) will charge additional management fees and other expenses, which are ultimately borne by you. You will also be required to pay any fees and expenses charged by your custodian and/or broker-dealer, which may include brokerage commissions, transaction fees, and wire/electronic fund transfer fees. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

*For additional information, please see Items 5 and 12 of our Form ADV, Part 2A Brochure.*

**Conversation Starter: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

Certain custodians that we recommend to clients make services available to us, free of charge. These services include consulting, access to publications, conferences on practice management and research reports. We are not required to pay for these services because of the amount of client assets held by these custodians. This presents a potential conflict of interest in that we may recommend opening or maintaining accounts with certain custodians based on our interest in continuing to receive these free services.

We are a wholly-owned subsidiary of Independent Financial, and may at times recommend Independent Financial's banking products and services to clients. While neither our firm nor any of our personnel receive compensation for referring clients to Independent Financial, this still presents a conflict of interest given our ownership.

**Conversation Starter: How might your conflicts of interest affect me, and how will you address them?**

*For additional information, please see Items 10, 11, 12 and 14 of our Form ADV, Part 2A Brochure.*

**How do your financial professionals make money?**

Our financial professionals are compensated, in part, based on the amount of client assets they service. This presents a potential conflict of interest in that our professionals are incentivized to encourage you to increase the amount of assets in your account(s) managed by us or to otherwise transition accounts/assets to our management. In addition, all of our financial professionals receive a regular salary, and are eligible for discretionary bonus compensation.

**Do you or your financial professionals have legal or disciplinary history?**

No. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter: As a financial professional, do you have any disciplinary history? For what type of conduct?**

**Additional Information**

*For additional information about our investment advisory services, or to request copy of our latest Client Relationship Summary, please visit our website at [www.pcm-inc.com](http://www.pcm-inc.com) or call us at 303-370-0055.*

**Conversation Starter: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**

Investment products recommended by PCM:

Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Not A Deposits	Are Not Insured by any Federal Government Agency	