

**Item 1 – Cover Page**

**ARETE CAPITAL, INC.**

**405 Severn Lane**

**Hillsborough, CA**

**415-442-0700**

**October 9, 2011**

**This Brochure provides information about the qualifications and business practices of Arete Capital, Inc., formerly known as PCA Real Estate Advisors, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Nori Gerardo Lietz at 415-442-0700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Arete Capital, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.**

**Additional information about Arete Capital, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated as of October 9, 2011, is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our firm’s fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Nori Gerardo Lietz at 415-442-0700. Additional information about Arete Capital, Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4 – Advisory Business**

Arete Capital, Inc., formerly known as PCA Real Estate Advisors, Inc. (the “Adviser”) is a consulting firm providing investment consulting and advisory services to large and mid-sized pension funds, endowments and foundations. Services are based on each client’s specific needs and may vary. The Adviser’s services include asset allocation, investment policy review, performance attribution analysis, portfolio review and restructuring, manager monitoring and searches and performance reporting.

The Adviser may also perform services that it believes require high levels of customization to meet the client’s needs and objectives. These services may include: sensitivity analysis on investment policy, client-driven topical research, strategic analysis of private transactions, private investment due diligence, independent fiduciary work, expert witness testimony and custom real estate and equity performance reporting.

The Adviser is compensated on either a fixed fee retainer basis or on an hourly basis, as requested by the client. All fees are negotiable. The amount of the retainer fee is based upon the size of the client’s portfolio and the complexity of the issues relating to the portfolio. Special projects may be charged a flat fee or on an hourly basis, based on client preferences.

Retainer fees may vary by client and are payable on a quarterly or monthly basis. The Adviser’s contracts have a thirty-day termination clause. The Adviser will not charge any fee for publications or reports provided by clients. All fees are paid in arrears.

The Adviser currently does not have any discretionary authority over its clients’ assets.

#### **Item 5 – Fees and Compensation**

All fees are subject to negotiation and are generally charged on a fixed fee or hourly basis. The specific manner in which fees are charged by the Adviser is established in a client’s written agreement with the Adviser. The Adviser will generally bill its fees on a quarterly basis. Clients may also elect to be billed directly for fees or may authorize the Adviser to directly debit fees from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

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

The Adviser does not presently charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). However, such fees may be negotiated with the client.

## **Item 7 – Types of Clients**

The Adviser provides advisory services to corporate pension and profit-sharing plans, state and municipal governments and other institutions, such as foundations and endowments.

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

The Adviser begins its analysis with a top-down market assessment where the underlying economic fundamentals are analyzed and a relative value outlook is developed for each market and for each real estate property type within these markets.

The Adviser also takes a bottom-up approach in the investment process. All investment opportunities are first logged into the firm's proprietary database. This deal log is screened weekly by senior professionals for opportunities that may potentially fit clients' needs.

The Adviser's investment analysis methods are primarily based upon original research. The Adviser reviews research reports generated by Wall Street firms, research prepared by others, interviews with investment managers and corporate inspections, financial newspapers and magazines, etc. In addition, the Adviser hires certain research or consulting firms on a fee-for-service basis (non-soft-dollar) to obtain access to research databases.

Investing in securities involves risk of loss that clients should be prepared to bear. Investors should have the financial ability and willingness to accept the risk characteristics involved in the type of investments applicable to the Adviser's business.

## **Item 9 – Disciplinary Information**

SEC registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of an investment adviser or the integrity of the adviser's management team. Arete Capital, Inc., formerly known as PCA Real Estate Advisors, Inc. has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The Adviser's sole principal executive officer and employee, Nori Gerardo Lietz, is also a Lecturer at the Harvard Business School.

## **Item 11 – Code of Ethics**

In an effort to avoid conflicts of interest and to prevent improper personal trading by its employees, the Adviser has adopted a Code of Ethics (the "Code") regarding personal trading regulations and procedures for its employees. This Code is provided to all employees and receipt is acknowledged in writing on an annual basis. The Code sets the guidelines for all personal trading and is available to clients and prospective clients upon request.

The Adviser requires that on a quarterly basis no later than the 30th day following the end of the quarter, the Adviser's employees must provide to the CCO, or other designated person, records pertaining to any trading in securities for personal accounts, or for accounts of family members or affiliates. The Adviser's employees must provide all transactions and holdings of securities in which the employee has beneficial ownership.

The Adviser's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Nori Gerardo Lietz at 415-442-0700.

## **Item 12 – Brokerage Practices**

The Adviser acts solely as an investment adviser to each client subject to the limitations in each client's investment management agreement and does not have discretionary authority nor custody over its clients' accounts.

## **Item 13 – Review of Accounts**

Client accounts are monitored regularly, or as needed, on various levels, including, but not limited to, portfolio level, asset class level and/or specific investment manager levels. If, on the basis of these reviews, the Adviser determines that changes to the investments or investment strategies need to be made, such recommendations are communicated to the client. Clients typically receive quarterly and annual written reports that reflect the performance of their respective investments, changes in account value and account activity. Clients may also receive interim reports which contain specific analysis relating to components of the portfolio upon a client's request.

#### **Item 14 – Client Referrals and Other Compensation**

The Adviser does not compensate other persons for client referrals who assist in the fundraising process. In the event that other persons or entities were compensated for sales and/or servicing services, the existence of such compensation arrangements would be fully disclosed to any affected clients of the Adviser.

#### **Item 15 – Custody**

The Adviser's acts solely as an investment adviser and does not have custody of any of its clients' accounts.

#### **Item 16 – Investment Discretion**

The Adviser must exercise its investment discretion in a manner consistent with the stated investment objectives for the particular client account. However, the Adviser does not have discretionary authority over any of its client accounts.

When making investment recommendations, the Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to the Adviser in writing.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, The Adviser does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. The Adviser may provide advice to clients regarding the clients' voting of proxies.

#### **Item 18 – Financial Information**

SEC registered investment advisers are required in this Item to provide clients with financial information or disclosures about the Adviser's financial condition. The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.

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**NORI GERARDO LIETZ**

**ARETE CAPITAL, INC.**

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**Hillsborough, California**

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**October 9, 2011**

**This Brochure Supplement provides information about Nori Gerardo Lietz that supplements the Arete Capital, Inc., formerly known as PCA Real Estate Advisors, Inc. (the "Adviser") Brochure. You should have received a copy of that Brochure. Please contact Nori Gerardo Lietz at 415-442-0700, if you did not receive the Adviser's Brochure or if you have any questions about the contents of this supplement.**

**Additional information about the Adviser's is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## **Item 2- Educational Background and Business Experience**

Nori Gerardo Lietz

Year of Birth: 1956

Formal education after high school: Stanford University, A.B., Political Science, 1979; UCLA School of Law, JD, 1982.

Nori Gerardo Lietz founded Pension Consulting Alliance, Inc. in 1988, the predecessor firm to PCA Real Estate Advisors, Inc. PCA Real Estate Advisors, Inc. has renamed the firm Arete Capital, Inc.

## **Item 3- Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

## **Item 4- Other Business Activities**

Nori Gerardo Lietz is also a Lecturer at the Harvard Business School.

## **Item 5- Additional Compensation**

Nori Gerardo Lietz does not receive additional compensation or other economic benefit for providing advisory services to any person or entity that is not a client or otherwise disclosed herein.

## **Item 6 - Supervision**

In an effort to avoid conflicts of interest, and to protect improper personal trading by its sole employee, the Adviser has adopted a Code of Ethics (the "Code") regarding personal trading regulations and procedures. This Code is provided to all employees and receipt is acknowledged in writing on an annual basis. The Code is available to clients and prospective clients upon request by contacting Nori Gerardo Lietz at 415-442-0700.