

Price Capital Management, Inc.

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This Brochure provides information about the qualifications and business practices of Price Capital Management, Inc. (“PCM”). If you have any questions about the contents of this Brochure, please contact us at 850-934-6300. 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.

PCM 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 PCM is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United States 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 is prepared according to the SEC’s rules and regulations.

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 the last annual update of our brochure.

Pursuant to SEC Rules, we will ensure that our clients receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide our clients with a copy of our Brochure at any time without charge upon their request by contacting Dexter Lyons, Operations Manager at 337-983-0676 or dexter@pcm-mail.com.

Additional information about PCM is available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with PCM who are registered as investment adviser representatives of PCM.

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PCM was formed in 1996. Michael Price is the sole owner and control person.

As of December 31, 2011, PCM had \$352,229,584 in discretionary assets under management. PCM does not manage any assets on a non-discretionary basis.

PCM provides investment supervisory services to five (5) private funds: Price Flex Fund, Price Flex-QP Fund, Price Flex Qualified Fund, Price Flex Qualified-QP Fund and Price Fund AQ. The private funds were formed by Price Asset Management, Inc., the General Partner to each of the Funds. Price Asset Management, Inc. is owned and controlled by Michael Price.

PCM utilizes a range of investment strategies, including investing in publicly-traded equity securities, both long and short, as well as a broad array of other securities in both private and public markets. The Price Funds use a flexible investment approach that emphasizes capital preservation, but allows PCM to adopt a less conservative posture and to increase emphasis on capital growth when the PCM believes the additional risk is warranted by favorable market conditions. To achieve its objective, PCM intends to invest primarily, but not necessarily exclusively, in mutual funds, exchange traded funds, individual stocks and bonds, and various derivative products.

Four of the private funds (Price Flex Fund, Price Flex-QP Fund, Price Flex Qualified Fund, and Price Flex Qualified-QP Fund) share a single objective and investment style. However, the Funds differ significantly by organizational structure and their applicability to different types of investors. Two funds (Price Flex Fund and Price Flex-QP Fund) are available for non-tax-exempt investors. Two funds (Price Flex Qualified Fund and Price Flex Qualified-QP Fund) are available for tax-exempt investors. Two funds (Price Flex-QP Fund and Price Flex Qualified-QP Fund) are available only to investors who qualify as “Qualified Purchasers”. The following diagram illustrates the form and structure of these four Funds.

	Accredited Investors	Qualified Purchasers
Taxable Accounts	Flex Section 3(c)(1) Fund Accredited Investors Taxable Accounts	Flex-QP Section 3(c)(7) Fund Qualified Purchasers Taxable Accounts
Qualified Accounts	Flex Qualified Section 3(c)(1) Fund Accredited Investors Tax-deferred Accounts	Flex Qualified-QP Section 3(c)(7) Fund Qualified Purchasers Tax-deferred Accounts

The fifth private fund managed by PCM, the Price Fund AQ, is a pooled investment vehicle relying on section 3(c)(1) of the Investment Company Act. This Fund employs a conservative investment strategy.

While the investment process and philosophy is similar to the Funds discussed previously, the Price Fund AQ does not utilize margin and, therefore, carries less risk than the other Funds.

Each private fund is managed according to the investment objectives, strategies and guidelines outlined in each respective Fund's private placement memorandum. Investment decisions are not tailored to the individualized needs of any particular investor. Therefore, investors must consider whether the Funds meet their investment objectives and risk tolerance. Prior to investing, PCM will provide each investor with a private placement memorandum that provides detailed information about the Fund, including investment strategy, risks, fees, conflicts of interests and other required disclosures. Investors should read the private placement memorandum in its entirety before making an investment into any pooled investment vehicle.

Item 5 – Fees and Compensation

Fees and expenses paid by private funds are described to investors, in detail, in each Fund's private placement memorandum.

PCM investors who are “qualified clients” as that term is defined in federal securities laws have the option of selection one of two fee structures: Option 1) a performance-based fee and a management fee; or Option 2) a management fee only.

Option 1) consists of (1) a monthly management fee computed at an annual rate of 0.95% of the capital account balance, calculated and payable monthly in advance; and (2) an annual performance-based profits allocation payable at the end of each year in the amount of ten percent (10%) of the annual combined net profits of the Fund attributable to each account, but only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula.

Option 2) consists of a higher monthly management fee at an annual rate of 2.5% of the assets under management, calculated and payable monthly in advance, and not subject to the performance-based allocation.

Even though we charge our management fee each month in advance, the investors in our Funds can generally only withdraw money from a Fund on the last day of each month, so they are not likely to pay a management fee in excess of what they owe.

To the extent that an investor in a private fund is not a “qualified client”, such investor will be charged the fixed fee only structure at an annual rate of 2.5% of the assets under management, calculated and payable monthly in advance, and is not eligible to participate in the performance-based fee.

To the extent that PCM utilizes margin to leverage the investments in the Funds, margin strategies entail additional fees and expenses, as the Funds must pay interest on any amounts borrowed against the account. When using margin, investment advisory fees are calculated on the net account balance (rather than the total market exposure) in order to avoid any incentive for PCM to use margin to potentially increase the fee paid by the client. In addition, to the extent any transactions are entered into through the RAM-Price Fund (described in more detail in Item 10), the Funds are responsible for their pro rata portion of any fees and expenses incurred at the RAM-Price Fund level in executing transactions.

All fees paid to PCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or in conjunction with internal expenses associated with exchange-traded funds. The client will be solely responsible, directly or indirectly, for these additional expenses. PCM does not receive any portion of these additional fees. Refer to Item 12 for a detailed discussion of brokerage practices.

The investment advisory fee covers only the portfolio management and advisory services provided by PCM and does not include brokerage commissions, redemption fees, mark-ups and mark-downs, exchange fees, dealer spreads or other costs associated with the purchase and sale of securities, custodian fees, transfer fees, wire fees, interest, taxes, or other account expenses. Other fees paid by the Funds are attorney's fees, audit and accounting fees, administrator fees and any other fees or expenses deemed to be an obligation of the Funds. Refer to each respective Fund's private placement memorandum for a more detailed discussion of the fees and expenses associated with an investment in the Funds.

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

PCM structures any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940. In calculating the performance fee, PCM includes realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for PCM to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts when allocating investment opportunities among clients. To prevent this conflict from influencing PCM's portfolio management decisions and to avoid any potential to preference any account over any other, all Funds apply the same fee schedule.

Item 7 – Types of Clients

PCM offers its investment strategy exclusively to private funds. The qualifications and minimum account requirement for each of the Funds is provided below. The minimum investment for each of the Funds is current as of the date of this document. However, PCM may raise or lower the account minimums at any time at its discretion and without notice. PCM also may choose to waive any minimum investment requirement at its discretion.

Fund Name	Qualifications	Minimum
Price Flex Fund	Accredited Investor	\$1,000,000
Price Flex-QP Fund	Qualified Purchaser	\$1,000,000
Price Flex Qualified Fund	Accredited Investor	\$500,000
Price Flex Qualified-QP Fund	Qualified Purchaser	\$500,000
Price Fund AQ	Accredited Investor	\$500,000

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

We use chart analysis to meet the objectives of the Funds with the goal of achieving above market average returns with below market average drawdown and risk. We use business cycle analysis in an attempt to

avoid the steep losses associated with bear markets and to recognize particularly favorable market environments since four of five Funds' objectives allow us to invest more aggressively during such periods.

All Funds except Price Fund AQ may utilize margin to manage the market exposure of each of the respective Funds. Margin transactions involve borrowing money to make additional investments using the securities held in each Fund as collateral. Margin transactions involve significantly more risk than cash transactions in that you can lose more money than you invested. Brokerage firms require a minimum amount of capital in order to maintain margin balances. If the Funds do not maintain the minimum, the broker could require additional capital or force the Funds to sell securities in falling markets.

All Funds may invest in swaps created for the purpose of increasing market exposure through a series of derivative transactions. Swaps are an agreement between the Funds (in this case, the General Partner, Price Asset Management) and a counter-party (a financial institution). The parties agree to make payments to each other based on the performance of one or more securities. Swaps increase risk to the Funds for two primary reasons. First, swaps permit the Funds to maintain a higher amount of leverage than a typical margin account will allow. And second, there is additional risk that the counterparty will not be able to fulfill its obligations in the transaction. Certain transactions, including, but not limited to, transactions in swaps or derivative instruments, may be executed through the RAM-Price Fund, an aggregating trading vehicle in which only the Funds may invest. Please see Item 10: Other Financial Industry Activities and Affiliations for more information regarding the RAM-Price Fund.

The following is a description of some important risks associated with each Fund's investment strategy. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in our investment strategies. For a more detailed explanation of the risks involved with each Fund, investors in the Funds should also review each applicable Fund's private placement memorandum, which may contain additional explanations risks and other related details not discussed below.

Use of Margin. Certain of the Funds permit PCM to leverage those Funds' investment positions by borrowing funds from securities broker dealers, banks, or others. This type of leverage, if employed, would increase both the possibilities for profit and the risk of loss. Consequently, the effect of fluctuations in the market value of a Fund's portfolio would be amplified. Margin borrowings are usually from securities brokers and dealers and typically are secured by the borrower's securities and other assets. Under certain circumstances, a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. If a Fund were to become subject to liquidation in that manner, it could suffer extremely adverse consequences. In addition, the amount of that Fund's borrowings, if any, and the interest rates on those borrowings, which would fluctuate, could have a significant effect on that Fund's profitability. Interest on borrowings will be a portfolio expense of that Fund and will affect the operating results of the Fund.

Derivatives. PCM may cause certain of the Funds to invest in derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the

underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of the same type of asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom a Fund contracts for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, a Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive.

Short Selling. PCM may cause certain of the Funds to invest in mutual funds and exchange traded funds that specialize in short selling or which make short selling a significant part of their overall investment strategy. Certain of the Funds themselves may also engage in short selling. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on an investment portfolio. A short sale is a sale of a security that the investor does not own, in hopes of a decline in the security’s price. To deliver the security to the buyer and complete the sale, the investor must borrow the security. To return the security, the investor must buy it at the market price at the time of repayment. That price may be less than the price at which the investor made its short sale, in which case the investor would have made a profit, or it may be more, in which case the investor would have suffered a loss. Short sales create the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit. Limited use of short selling and the purchase of mutual funds and exchange traded funds that engage in short sales may be employed in an attempt to limit portfolio risk.

Options. PCM may cause certain of the Funds to invest in options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market’s perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor’s entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Although it is not currently the intention of PCM to invest in options (except incidentally to invest in one or more mutual funds that might invest to a limited extent in options), PCM has the authority to buy or sell options. To the extent the Funds enter into option transactions, it would most likely be part of a hedging tactic.

Mutual Fund Trading. PCM may cause the Funds to invest in mutual funds, which are registered investment companies regulated by the SEC. Mutual funds carry their own inherent risks, including the risk that the managers of the mutual fund will misdiagnose the market or the risk inherent in the market. The Funds will have no direct control over the management of any of the mutual funds in which they invest.

Mutual funds reserve the right to reject purchases or delay redemptions, sometimes after the purchase decision is made. These rights may affect PCM’s efforts to manage the Funds’ risk. In addition, it is possible for the value of a mutual fund to fall (or to rise more slowly than the stock market as a whole)

even when stock prices in general are rising. Risk is involved in fund selection as well as in the timing of trades. Most mutual fund shares can be traded only at the end of each day, potentially exacerbating losses on days of steep overall market declines.

Limitations on Mutual Fund Exchange. The number of mutual funds that allow for frequent and unrestricted trading is limited, and the selection of mutual funds in which the Funds can invest in accordance with their trading strategies is therefore limited to that extent. Mutual funds with which the Funds may trade may under-perform other mutual funds that will not permit short-term trading.

Exchange Traded Funds and Other Similar Instruments. PCM may cause the Funds to invest in shares of exchange traded funds (“ETFs”) and other similar instruments. An ETF is an investment company that is registered under the Investment Company Act of 1940 (the “Investment Company Act”) that holds a portfolio of stocks or bonds designed to track the performance of a particular index.

Instruments the Funds may purchase that are similar to ETFs represent beneficial ownership interests in specific “baskets” of stocks or bonds of companies within a particular industry sector or group. These securities may also be listed on national securities exchanges and purchased and sold in the secondary market, but unlike ETFs, these securities are not registered as investment companies under the Investment Company Act.

Investments in ETFs and other instruments involve certain inherent risks generally associated with investments in a broadly-based portfolio of stocks or bonds including risks that the general level of stock or bond prices may decline, thereby adversely affecting the value of each unit of the ETF or other instrument. In addition, an ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain index securities in the secondary market or discrepancies between the ETF and the index with respect to the weighting of securities or number of stocks or bonds held. Because ETFs and pools that issue similar instruments bear various fees and expenses, the Funds’ investment in these instruments will involve certain indirect costs, as well as transaction costs, such as brokerage commissions. PCM considers the expenses associated with an investment in determining whether to invest in an ETF or other instrument.

The market value of ETF shares may differ from their net asset value. This difference in price may be due to the fact that, at any given point of time, the supply and demand in the market for ETF shares is not always identical to the supply and demand in the market for the underlying basket of securities. Therefore, an ETF share may trade at a premium or discount to its net asset value. PCM’s strategy of investing in ETFs could affect the timing, amount, and character of distributions to limited partners of the Funds and may affect their tax liability.

Foreign Exposure Risks. PCM may cause the Funds to invest in mutual funds, ETFs and other similar instruments that invest in foreign securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Funds are maintained) and the various foreign currencies in which the Funds’ portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) less

liquidity, greater volatility, less developed or less efficient trading markets; and (v) the extension of credit, especially in the case of sovereign debt.

Costs Associated with Mutual Fund and ETF Investments. Investment managers of mutual funds and ETFs selected by PCM will generally be entitled to a fee based on net assets under management. Any of these fees charged by an investment manager of a mutual fund or ETF in which the Funds invest are in addition to the management fee and the performance-based profit allocation received by PCM and its affiliate and will reduce the Funds' assets accordingly.

Investments in Bonds, Bond Funds, and Bond ETFs. PCM may cause certain of the Funds to invest in bonds, bond funds and bond ETFs. These types of investments are subject to a number of risks, including:

(i) Credit risk: the risk that the issuers of the bonds may default (fail to pay the debt that they owe on the bonds that they have issued). This risk may be minimal for investments in insured or U.S. Government bonds.

(ii) Prepayment risk: the risk that prior to the bond maturity dates, the issuers of the bonds will prepay (call) them at a time when interest rates have declined. This risk is sometimes also known as "call risk." Because interest rates have declined, the Funds or their underlying bond funds, as applicable, may have to reinvest the proceeds in bonds with lower interest rates, which can reduce the return. Not all bonds, however, can be prepaid.

(iii) Interest rate risk: the risk that the market value of the bonds will fluctuate as interest rates go up and down. Nearly all bond funds are subject to this type of risk, but bonds with longer maturities are more subject to this risk than bonds with shorter maturities. Because of this type of risk, bond investors may suffer losses, including those investors in insured bonds or government bonds.

These risks could affect the value of a particular investment or investments by the Funds, possibly causing the Funds' asset value and total return to be reduced and fluctuate more than other types of investments. In addition, the Funds may invest directly, or through bond mutual funds and ETFs, in what are sometimes referred to as "junk bonds," which are speculative investments that carry greater risks and are more susceptible to real or perceived adverse economic and competitive industry conditions than higher quality debt securities.

Additional Layer of Fees and Expenses. PCM may cause certain of the Funds to invest a portion of their assets in the RAM-Price Fund. The RAM-Price Fund is an aggregating trading vehicle in which only the Funds may invest for purposes of carrying out certain transactions, including, but not limited to, swaps or futures transactions. The Funds investing in the RAM-Price Fund will be subject to an additional layer of fees and expenses with respect to any portion of their assets invested in the RAM-Price Fund.

Trade Errors. PCM has created a trade error account to facilitate trade error corrections. PCM shall fund the trade error account, which will reimburse the Funds for any errors caused by PCM or its affiliates. However, PCM shall not be responsible for any errors caused by third-party service providers. To the extent a trade error results in a gain, that gain will be included in the trader error account and can be used to offset any prior or future trade errors. PCM may not use any funds from the trade error account for its

or its affiliates benefit. To the extent the trade error account for any particular year ends with a surplus balance, PCM may choose to donate all or portion of that balance to a charity of PCM's choice.

Research data is obtained from a variety of sources, although the primary source of information comes from Investors FastTrack, Worden Brothers Telechart, TD Ameritrade and Ceros Financial Services. These research products provide a comprehensive quantitative analysis tool, which allows PCM to analyze performance and risk measurements to aid in constructing portfolios consistent with the objectives described in the applicable private placement memorandum.

Investing in securities involves risk of loss that clients should be prepared to bear. PCM uses its best judgment and good faith efforts in providing advisory services to clients. PCM cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by PCM will be profitable. Investments in securities are subject to various market, currency, inflation, economic, political and business risks. PCM attempts to minimize these risks by using technical indicators, trading strategies and hedging techniques.

Item 9 – 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 PCM or the integrity of PCM's management. PCM has no disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

As discussed previously, Price Asset Management, Inc. created five (5) private funds: Price Flex Fund, Price Flex-QP Fund, Price Flex Qualified Fund, Price Flex Qualified-QP Fund and Price Fund AQ. Interests in such Funds will only be offered to a limited number of investors who are able to bear the risk of an investment in the Funds and who meet the requirements set forth in each Funds' offering documents.

From time to time, PCM may cause certain of the Funds to place a portion of their assets into the RAM-Price Fund, which serves as a trading vehicle for certain investment strategies (i.e. leverage, swaps, etc.) employed by PCM on behalf of the Funds. Rafferty Asset Management, an un-affiliated third party, serves as the investment adviser to the RAM-Price Fund and has discretionary authority over the assets of the RAM-Price Fund, subject to certain investment parameters communicated by PCM to Rafferty. The RAM-Price Fund does not accept investments by anyone other than PCM.

Michael Price also owns Investors OnTrack, Inc., which publishes an investment newsletter available by subscription. Investors OnTrack, Inc. provides only impersonalized advice and the advice provided is not tailored to the individual needs of specific individuals. The newsletter provides a general analysis of the stock market that may include an overview of business cycle indicators, market breadth sector performance, and suggested areas of the market for aggressive and conservative investors to focus their portfolios.

Lee Harris, Chief Compliance Officer of PCM, owns and operates Lee Harris Capital Management, Inc. ("LHCM"), a state-registered investment adviser in Gulf Breeze, FL. While PCM and LHCM employ a

similar active trading and risk management style, trading decisions for each firm are made independently of each other. Clients of LHCM are not solicited to invest in any PCM Funds. Likewise, investors in PCM Funds are not solicited to obtain the advisory services offered by LHCM. PCM and Michael Price do not own or control any portion of LHCM.

Dexter Lyons, Operations Manager of PCM, is co-owner of Horizon Capital Management, Inc. ("HCM"), an SEC-registered investment adviser in Lafayette, LA. Horizon Capital Management is the sub-adviser to the Direxion HCM Freedom Fund, a registered investment company, where Dexter serves as Portfolio Manager. While PCM and HCM employ a similar active trading and risk management style, trading decisions for each firm are made independently of each other. Clients of HCM are not solicited to invest in any PCM Funds. Likewise, investors in PCM Funds are not solicited to obtain the advisory services offered by HCM or to purchase shares of the Direxion Horizon Freedom Fund. PCM and Michael Price do not own or control any portion of HCM.

Item 11 – Code of Ethics

PCM requires all officers, directors, and employees to adhere to the Code of Ethics. The purpose of the Code of Ethics is to ensure that PCM conducts its business with the highest level of ethical standards and fulfills its fiduciary duties to its clients. PCM has a duty to exercise its authority and responsibility for the benefit of its clients, to place the interests of its clients first, to refrain from having outside interests that conflict with the interests of its clients, to safeguard clients' personal information, and to comply with all federal securities laws as they apply to the business of PCM. PCM and its employees must avoid any circumstances that might adversely affect or appear to affect its duty of loyalty to its clients. A complete copy of the Code of Ethics will be furnished upon request.

An investment adviser's Code of Ethics requires certain employees (Access Persons) to report their personal securities holdings within ten days of being hired and annually thereafter, and are required to report securities transactions within thirty days of the end of each calendar quarter. In addition, any investment in an IPO or limited offering must be pre-approved by the Chief Compliance Officer prior to any transaction by the employee. The Chief Compliance Officer or other designated person reviews the personal investment activity of each employee to ensure employee-trading activity does not conflict with advice provided to clients.

Employees are permitted to invest in the same securities that are purchased and sold for client accounts, including investing in the Funds offered by PCM. However, to eliminate any potential conflicts of interest this may create, employees must obtain the prior written consent of the Chief Compliance Officer prior to executing a trade.

Item 12 – Brokerage Practices

PCM primarily utilizes TD Ameritrade and Ceros Financial Services as custodians for the Funds and to execute transactions for the purchase and sale of securities. The reason for preferring these brokers are their discounted commission rates; availability of no-load mutual funds; electronic trading capabilities; online access to account information; dedicated service team; and familiarity of our staff with their

operational procedures. PCM receives no fees or compensation as a result of the custodial or brokerage relationship.

Limited Partners participating in the Funds through their IRA assets are required to maintain an account at TD Ameritrade. Limited Partners do not pay any additional fees to PCM or to TD Ameritrade because of this requirement.

PCM regularly assesses the services provided by TD Ameritrade and Ceros Financial Services to determine that the reasonableness of commissions is consistent with their ability to provide quality services to PCM and its clients. PCM believes that, in consideration of all services provided by the custodians/brokers, including but not limited to commission rates and other fees, the custodians/brokers are providing overall execution quality consistent with PCM's duty to seek best execution for its clients.

PCM seeks to negotiate the best overall fee available to the client considering such items including, but not limited to, cost, margin interest rates, execution quality, research, service, technology, and trade facilitation.

PCM may choose, but is not required, to aggregate orders consistent with its policy of seeking best price and execution. Accounts participating in an aggregated order participate at the average share price. Partially filled transactions will be allocated pro-rata based on each account's participation in the transaction.

PCM currently does not have any formal soft dollar arrangements, but may receive other forms of soft dollar benefits, such as proprietary research from brokers. Research services may include, but are not limited to, market or financial data; economic studies or forecasts; pricing and availability of securities; and analyses concerning specific companies, industries, or sectors. The value of any research received is not dependent on any specific amount of commissions paid to a particular broker. PCM's soft dollar practices are consistent with its fiduciary duty to seek best overall execution for client transactions and are intended to be used only for research and research-related expenses that fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934.

[Item 13 – Review of Accounts](#)

Fund holdings and market exposure are reviewed daily to ensure each Fund is positioned appropriately given the current market conditions. Michael Price is responsible for the reviews and all investment decisions for each Fund.

Investors in the Funds receive a monthly report of their respective capital account that show the beginning and ending value of their investment in the Fund(s), any deposits or withdrawals and the performance of their account. Reports for Fund investors are prepared by the Funds' third-party administrator. Investors will also receive an annual audit report prepared by an independent certified public accountant within 120 days of the Funds fiscal year end.

Item 14 – Client Referrals and Other Compensation

PCM has access to free or discounted research materials from broker-dealers and/or third-party providers in exchange for having client assets custodied at TD Ameritrade and Ceros Financial Services. TD Ameritrade and/or Ceros Financial Services may provide free industry information that does not qualify as research, such as newsletter or other publications pertaining to compliance, marketing, practice management, etc. Benefits may also include attendance at sponsored events, such as workshops and conferences, at reduced cost or no cost. These benefits are not provided on the basis of client transactions. Under no circumstances do any clients pay additional fees or commissions in order for PCM to obtain these products or services.

PCM and its employees do not compensate anyone for client referrals.

Item 15 – Custody

PCM complies with the requirements of the Custody Rule under the Investment Advisers Act of 1940 with regard to the custody of Private Funds, including engaging the services of an independent accountant to conduct a financial audit of the private funds each year. A copy of the audit is provided to participants in the funds within 120 days of each Fund's fiscal year-end.

Item 16 – Investment Discretion

The advisory agreement between PCM and each Fund provides PCM with discretionary authority over the Funds. This authorization gives PCM the authority to determine, without first obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, the broker/dealer used for execution of client transaction, and the commission rate paid by the client.

Item 17 – Voting Client Securities

Price Asset Management, Inc. ("PAM"), as general partner of the Funds, has been delegated the authority and right to vote proxies received by the Funds. Given that PAM and PCM are under common ownership and control, PCM has adopted a proxy voting policy to ensure that PCM votes proxies to further the best interests of each client. PCM determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. PCM votes in a manner that we believe reasonably furthers the best interests of our clients and is consistent with our investment philosophy.

If a proxy vote creates a material conflict between our interests and the interests a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client or take other steps designed to ensure that a decision to vote the proxy was based on our determination of the client's best interest and was not the product of the conflict.

Clients may obtain, free of charge, a full copy of our proxy voting policies and procedures upon request to the contact information listed on the first page of this brochure.

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about PCM's financial condition. PCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

This Brochure Supplement provides information about Michael Price that supplements the PCM Brochure, which is attached to this document. Please contact Dexter Lyons, Operations Manager, at 337-983-0676 or dexter@pcm-mail.com if you have any questions about the contents of this supplement.

Price Capital Management, Inc.
85 Chanteclair Circle
Gulf Breeze, FL 32561

850-934-6300

Educational Background and Business Experience

Michael Price Year of Birth: 1945

Education:

1971	BS, Applied Physics	Auburn University
1979	MS, Systems Management	University of Southern California
1991	MA, National Security and Strategic Studies	United States Naval War College

Business Background:

Price Asset Management, Inc.	President	2000 - Present
Price Capital Management, Inc	President/Portfolio Manager	1997 – Present
Investors OnTrack, Inc.	President	1993 - Present
U.S. Navy	O-6, Captain	1963 - 1994

Disciplinary Information

There are no disciplinary actions to disclose.

Other Business Activities

Michael Price is President of Price Asset Management, Inc.. Price Asset Management, Inc. is the General Partner to the Price Flex Fund, Price Flex-QP Fund, Price Flex Qualified Fund, Price Flex Qualified-QP Fund, and Price Fund AQ. These Funds are offered to clients who meet the qualifications set forth in each respective Fund's private placement memorandum.

Michael Price also owns Investors OnTrack, Inc., which publishes an investment newsletter available by subscription.

Additional Compensation

Michael Price does not receive additional compensation or other economic benefit from any third party in connection with the advisory services offered to clients.

Supervision

Michael Price is the President of PCM and is responsible for all supervisory functions.