



Firm Brochure

(Part 2A of Form ADV)

Private Advisory Group

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This brochure provides information about the qualifications and business practices of Private Advisory Group. If you have any questions about the contents of this brochure, please contact us at 425-498-2320 or by email at douglas@private-advisory.com. 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.

Additional information about Private Advisory Group is available on the SEC's website at www.adviserinfo.sec.gov.

March 31, 2014

Material Changes

This section discusses material changes made to Private Advisory Group's Firm Brochure since its last annual update on May 7, 2013.

The Advisory Business section of this brochure was amended in order to make you aware that Stephen C. Bean is no longer an owner of Private Advisory Group and that S Christopher Bean and Douglas R. Bean now each control 50% of the firm. Additionally, we consolidated disclosures in this section in an attempt to provide greater transparency into the types of advisory services we offer and how we tailor our services to your needs. Furthermore, we added disclosure regarding our use of third party asset management platforms as a key component of implementing our investment recommendations, updated our disclosure to reflect our assets under management as of January 31, 2014, and moved disclosures regarding fees for the services we offer to the Fees and Compensation section.

The Fees and Compensation section was amended in order to restructure the prior disclosures to correspond with the types of services offered and to consolidate disclosures relating to those services in one location. Additionally, the disclosure was amended to reflect that the minimum annual fee for Advisory Service and Retainer Agreements is \$5,350 instead of \$5,000, and that the fixed annual fee for Tax Preparation Work is now \$2,500 instead of \$1,500. In addition, disclosure was added to reflect that fees for a la carte Tax Preparation Work are payable in advance and to explain how refunds of Financial Planning, Retainer Agreement and Tax Preparation Agreement fees would be calculated. Furthermore, a prior disclosure indicating that fees charged to new Advisory Service clients would not be calculated according to the schedule, but rather based on a formula that takes into account gross revenues, gross assets and other financial conditions was removed from this brochure. Finally, disclosures regarding other fees, charges and expenses that clients may incur as a result of the advisory services provided by Private Advisory Group were consolidated and enhanced to more fully disclose that clients may pay multiple layers of investment management fees, directly or indirectly, depending on the types of securities recommended to clients and whether an asset management platform is used in the management of the client's account by Private Advisory Group.

The Types of Clients section of this brochure was amended to reflect the types of clients that Private Advisory Group currently provides advisory services to, but also to reflect the other types of clients to which Private Advisory Group offers its services.

The Methods of Analysis, Investment Strategies and Risk of Loss section of this brochure was amended to provide more clarity as to the amount of typical exposure clients may have to equity, fixed income and alternative asset classes in their portfolios. Additionally, new risk disclosures were added with respect to Call risk, Credit risk, Speculation risk, Foreign Market risk, Counterparty risk, Leverage risk, Alternative Strategy Mutual Fund risk, and Manager risk. Furthermore, we enhanced our risk

disclosure regarding Liquidity risk and added specific disclosure to make you aware that alternative investments such as structured or private notes expose clients to heightened levels of liquidity, credit, interest rate, and counterparty risks.

The Other Financial Industry Activities and Affiliations section was amended to disclose that supervised persons of Private Advisory Group have insurance licenses and may sell insurance to clients. Furthermore, the commission compensation that they may receive from such sales is independent of any advisory fees charged by Private Advisory Group and disclosure was added regarding the potential conflicts of interest that may consequently arise. Additionally, disclosure was added to reflect that S Christopher Bean and Douglas R. Bean are officers and indirect minority owners of a newly registered investment adviser called Private Advisory Group LLC ("PAG") and that they will be assisting Private Advisory Group clients in becoming clients of PAG if they so choose. During this interim period, however, side-by-side management conflicts may arise and consequently, disclosure was added to make you aware of the potential conflict and how Private Advisory Group addresses it. In addition, disclosure was added regarding Private Advisory Group's use of other third-party investment advisers and/or their asset management platforms in the management of client accounts and to specifically disclose how such third-party investment advisers may have substantial conflicts of interest when making recommendations to clients regarding securities or execution services and how Private Advisory Group's principals may have an interest in recommending the use of that investment adviser's asset management platform to clients because the principals of that investment adviser are also indirect owners of PAG.

The Code of Ethics, Participation or Interest in Client Transactions and Personal Trading section was amended to more fully describe our Code of Ethics and to provide specific disclosure as to the conflicts of interest that may arise when supervised persons of Private Advisory Group invest in the same securities recommended to clients and engage in transactions in those securities at or near the time when clients engage in similar transactions.

The Brokerage Practices section of this brochure was amended to disclose that transaction orders for clients relating to equities and shares of mutual funds are generally always placed with the broker-dealer selected by the client to be their account's custodian and that Private Advisory Group does not have the ability to negotiate commission rates for its clients in these circumstances. Additionally, specific disclosure was added with regard to fixed income, over-the-counter, private placement and private security transactions to disclose that the investment adviser sponsoring the asset management platform makes the determination as to the selection of the broker-dealer to be used for the execution of client transactions, that such investment adviser may have substantial and multiple conflicts of interest with clients in making that determination and that Private Advisory Group may not have sufficient transparency in order to properly assess whether clients are receiving best execution in this situations. Finally, disclosures were added to reflect the types of complimentary services that the broker-dealers that serve as the custodians to advisory client accounts may make available on an unsolicited basis to Private Advisory Group, disclosure was deleted in

order to reflect that Private Advisory Group no longer receives a marketing reimbursement from Genworth Financial Trust Company, and disclosures were added to provide more transparency into our order aggregation practices.

The Review of Accounts section was amended to reflect that Stephen Bean no longer performs account reviews for Private Advisory Group and to focus the prior disclosure on the types of reports that we make available to clients.

The Voting Client Securities section of this brochure was amended to provide additional disclosures regarding Private Advisory Group's proxy voting policy and to disclose how clients may obtain a copy of Private Advisory Group's complete proxy voting policies and procedures and information on how their proxies were voted.

Please be aware that our summary in this section only discusses material changes made to the Firm Brochure. Other amendments were made, which are not discussed in this summary, and consequently, we encourage you to read this version of the Firm Brochure in its entirety. Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 425-498-2320 or by email at douglas@private-advisory.com.

Table of Contents

Material Changes	i
Table of Contents	iv
Advisory Business	1
Firm Description	1
Principal Owners	1
Types of Advisory Services	1
Tailored Relationships	1
Types of Agreements	2
Termination of Agreement	3
Fees and Compensation	3
General	3
Fee Billing	4
Other Fees	5
Past Due Accounts and Termination of Agreement	5
Termination of Agreement	5
Performance-Based Fees	6
Sharing of Capital Gains	6
Types of Clients	6
Description	6
Account Minimums	6
Methods of Analysis, Investment Strategies and Risk of Loss	6
Methods of Analysis	6
Investment Strategies	7
Risk of Loss	7
Disciplinary Information	10
Legal and Disciplinary	10
Other Financial Industry Activities and Affiliations	10
Financial Industry Activities	10
Affiliations	11
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Code of Ethics	13
Participation or Interest in Client Transactions	13
Brokerage Practices	13
Selecting Brokerage Firms	13
Soft Dollars	14
Order Aggregation	15
Review of Accounts	16
Account Reviews	16
Regular Reports	16
Client Referrals and Other Compensation	16
Incoming Referrals	16

Referrals Out	17
Other Compensation	17
Custody	17
Account Statements	17
Investment Discretion	18
Discretionary Authority for Trading	18
Voting Client Securities	18
Proxy Votes	18
Financial Information	18
Financial Condition	18
Information Security Program	19
Information Security	19
Privacy Notice	19

Advisory Business

Firm Description

Private Advisory Group is a fee-based financial planning and investment management firm that was founded in 1999.

Principal Owners

S Christopher Bean and Douglas R. Bean each own 50% of Private Advisory Group.

Types of Advisory Services

Private Advisory Group provides personalized confidential financial planning and investment management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Implementation of financial planning and investment recommendations is generally achieved through the use of third-party asset management platforms, which provide Private Advisory Group with access to investments in different kinds of asset classes, including investment products that Private Advisory Group might not otherwise have access to such as private notes; access to other third-party investment advisers, their investment recommendations, or to managed investment strategies based on their recommendations that can be applied to all or a portion of a client's account; day-to-day monitoring and management of the securities held in client portfolios; and assistance in placing trade orders for clients on either a discretionary or non-discretionary basis.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) may be engaged by Private Advisory Group for the benefit of a client on an as needed basis.

As of January 31, 2014, Private Advisory Group managed approximately \$185,000,000 in assets for 96 clients, of which \$183,000,000 was managed on a discretionary basis and \$2,000,000 was managed on a non-discretionary basis.

Tailored Relationships

All financial planning and investment advice provided by Private Advisory Group is tailored to the individual needs of the client. In order to determine the client's individual needs, an initial meeting is held, which may be by telephone, which consists of an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the prospective client. From that and other subsequent discussions during the initial consultation process, Private Advisory Group determines the client's goals and objectives, develops a general allocation for the client

and provides the client with a written evaluation of their initial situation, often in the form of a net worth statement. Periodic reviews are conducted with the client to provide reminders of the specific courses of action that have been or need to be taken and to determine appropriate changes to the client's allocation as both the client's situation and the markets change. We update the client annually, at a minimum, on their allocation and discuss if any changes should be made. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

The following agreements define the typical client relationships.

Financial Planning Agreement

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed. Private Advisory Group has agreed to provide such on a very limited basis.

Such a financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to six months.

Advisory Service Agreement

Most clients choose to have Private Advisory Group manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the client's financial affairs are reviewed, possibly including those of their children.

Realistic and measurable goals are set and interim objectives to reach those long-term goals as defined. Since client goals and objectives have been known to change over time, suggestions are likewise made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. An Advisory Service Agreement generally includes: cash flow management; insurance review; investment management (including performance reporting); education planning; retirement planning; estate planning; and tax preparation, as well as the implementation of recommendations within each area.

Tax preparation work is performed as an integral part of the Advisory Service Agreement. Eligible federal and applicable state returns are filed electronically without an additional fee. Certain client relationships do not qualify for the tax preparation service.

Assets are invested primarily in exchange-traded funds, individual equities, bonds, private notes, no-load mutual funds and other assets. Investments may also include: warrants, commercial paper, certificates of deposit, variable life insurance, variable annuities, options contracts, futures contracts, and interests in partnerships. Initial public offerings (IPOs) are not available through Private Advisory Group.

Retainer Agreement

In some circumstances, a Retainer Agreement is executed in lieu of an Advisory Service Agreement when it is more appropriate to work on a fixed-fee basis.

Tax Preparation Agreement

Tax preparation work is generally included in the scope of work for Advisory Service Agreements and Retainer Agreements, but may be offered on an a la carte basis

Termination of Agreement

A Client may terminate any of the aforementioned agreements at any time by notifying Private Advisory Group in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination.

Fees and Compensation

General

Private Advisory Group may, in its sole discretion, waive its minimum fees and/or charge a lower investment advisory fee and/or fee rate based upon certain criteria (e.g., historical relationship with the client, anticipated future earning capacity of the client, anticipated future assets of the client to be managed by Private Advisory Group, number and/or asset size of related accounts under Private Advisory Group's management, account composition, negotiations with clients).

Private Advisory Group primarily bases its fees on a percentage of assets under management, but may on occasion charge hourly or fixed fees

Financial Planning Agreement

The fee for a financial plan is predicated upon the facts known at the start of the engagement and the degree of complexity associated with the client's situation. The fee range is from \$0 to \$5,000 and is negotiable. Since financial planning is a discovery process, situations can be detected wherein the client is unaware of certain financial

exposures or predicaments that effect the complexity of the financial planning services required.

In the event that the client's situation is substantially different than that disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

Advisory Service Agreement

The annual Advisory Service Agreement fee is based on a percentage of the client's investable assets under Private Advisory Group's management according to the following schedule:

1.07% on the first \$1 million	
1.03% on the next \$2 million	\$1,000,001 to \$3,000,000
0.94% on the next \$2 million	\$3,000,001 to \$5,000,000
0.73% on the next \$5 million	\$5,000,001 to \$10,000,000
0.61% on the next \$10 million	\$10,000,001 to \$20,000,000
0.49% on amounts over \$20 million	

The minimum account size, as disclosed below, is \$500,000, which results in a minimum annual fee of \$5,350. Advisory service fees, including any minimum annual fees, are negotiable and Private Advisory Group may waive its minimum account size requirements. Clients, however, who do not meet the minimum account size requirement may pay a higher annual fee percentage rate than clients who do meet the minimum account size requirement. Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Retainer Agreement

Retainer Agreements are generally priced based on the complexity of the work to be performed and the anticipated amount of time necessary to complete the scope of the work, especially when asset management is not the most significant part of the relationship. The minimum annual fee for a Retainer Agreement is \$5,350. Retainer Agreement fees, however, can be as high as \$20,000 or more.

Tax Preparation Agreement

Tax preparation work performed separately from Advisory Service or Retainer Agreements is billed at a fixed rate of \$2,500 per year. Eligible federal and applicable state returns are filed electronically without an additional fee.

Fee Billing

Fees for Advisory Services are billed quarterly in advance, meaning that we invoice the client just after the three-month billing period has begun. Fees are deducted directly

from a designated custodial account of the client who must generally consent in advance to direct debiting of their advisory fees.

Fees for Financial Planning and Tax Preparation Services are billed 100% in advance.

Other Fees

Private Advisory Group's fees are exclusive of custodial fees, brokerage commissions, transaction fees, bank service fees, interest on loans and debit balances, wire transfer and electronic fund transfer fees, interest on margin accounts, borrowing charges on securities sold short, and any other fees and taxes on brokerage accounts and securities transactions. Please see the "Selecting Broker Dealers" section below for a discussion regarding brokerage that may also be relevant to this discussion of fees.

Client assets may be invested in mutual funds, including open-end and closed-end mutual funds and exchange-traded funds, as well as other types of pooled investment vehicles, which generally pay an investment management fee, separate from Private Advisory Group's fees, to another investment adviser. As such, clients with investments in these types of securities may be subject to one or more additional layers of management fees.

Additionally, clients whose accounts are managed using third-party asset management platforms may incur various fees imposed by the third-party asset manager, including platform or strategy fees. The amount of such fee will vary depending upon the nature of the platform and the investments recommended and/or purchased on behalf of the client. Platform and strategy fees are assessed in addition to the fees paid to Private Advisory Group and a portion of such fees generally includes payment for investment management services to the third-party asset manager. Consequently, clients whose accounts are managed using a third-party asset management platform may be subject to two layers of management fees and if ultimately invested in mutual funds, three or four layers of management fees.

Private Advisory Group does not receive any portion of the fees noted in this "Other Fees" section.

Past Due Accounts and Termination of Agreement

Private Advisory Group reserves the right to stop work on any account that is more than 30 days overdue. In addition, Private Advisory Group reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when such is necessary and appropriate, in Private Advisory Group's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded within 60 days.

Termination of Agreement

If a client terminates any of the aforementioned agreements and made advance payment of fees to Private Advisory Group, Private Advisory Group will refund any

unearned portion of the advance payment. For asset based fees, the amount of the refund will be calculated by dividing the most recent management fee by the number of days in the quarter and multiplying that figure by the number of days left in the quarter following the date of termination. For Financial Planning, Retainer, and Tax Preparation agreements, the amount of the refund will be determined by taking the amount of the fee collected in advance and reducing it by the product of the number of hours of work performed multiplied by a \$335 an hour bill rate.

Performance-Based Fees

Sharing of Capital Gains

Private Advisory Group does not enter into performance-based fee arrangements with clients.

Types of Clients

Description

Private Advisory Group generally provides investment advice to individuals, trusts and estates, but makes its advisory services available to pension and profit sharing plans, charitable organizations, corporations and other business entities.

Account Minimums

The minimum account size is \$500,000 of assets under management. As noted above, however, Private Advisory Group has the discretion to waive the account minimum. Accounts with less than \$500,000 in assets may be set up when Private Advisory Group and the client anticipate that the client will add additional funds to his/her/its accounts under Private Advisory Group's management bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to the accounts of employees of Private Advisory Group and their relatives, or relatives of existing clients.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission, and company press releases.

Other sources of information that Private Advisory Group may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

Investment Strategies

The primary investment strategy used to manage client accounts is to blend a mix of fixed income, equities, and alternative investments in ways which tend to reduce overall portfolio risk while providing less volatile returns over time. While exact portfolio weightings between fixed income, equities, and alternative investments will vary from client to client, the neutral starting point is usually a one-third portfolio allocation to each of these three asset classes. Alternative investment exposure, which as previously noted can exceed 33% of a client's portfolio, is generally achieved through investments in structured and/or private notes, private placements and investments in alternative strategy mutual funds. Portfolios are globally diversified to control the risk associated with domestic markets.

However, each client's investment strategy is based upon the unique objectives stated by the client during consultations. The client may change these objectives at any time.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

Risk of Loss

All investment programs have certain risks that are borne by the investor that they should be prepared to bear, including the possible loss of both income and principal. While our investment approach seeks to always respect and, in many ways, minimize the potential risk of loss, the following is a non-exclusive list of the description of risks that clients should be willing to bear in the management of their accounts by Private Advisory Group:

- Market Risk: The price of any security, including ETFs, equities, bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer.

Reduced liquidity in the secondary market for certain securities may also make it more difficult to obtain market quotations based on actual trades for the purpose of valuing the security.

- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to bonds.
- Call Risk: Bonds that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized.
- Credit Risk: This is the risk that an issuer will default in the payment of principal and/or interest on a security. The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment.
- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Speculation Risk: Commodities and other markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a commodity or security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of commodities or securities.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange-rate risk.
- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may affect Private Advisory Group's ability to acquire or dispose of securities at a price and time it believes is advisable. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.

- Counterparty Risk: This is the risk that the other party to a contract will not fulfill its contractual obligations. Certain assets, such as swap agreements, will be exposed to the credit risk of counterparties when engaging in exchange-traded or off-exchange transactions.
- Leverage Risk: Although Private Advisory Group does not employ leverage in the implementation of its investment strategies; some exchange-traded and closed-end funds employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. However, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Alternative Strategy Mutual Funds: Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involve special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. The limited liquidity of some foreign markets may make it difficult or impossible to acquire or dispose of securities at a price and time that is advisable. Further, many foreign governments are less stable than that of the United

States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries.

- **Manager Risk:** Private Advisory Group may recommend or utilize the services of other registered investment advisers in the management of client accounts. Third-party investment advisers who have been successful in the past may not be successful in the future; they may deviate from their stated investment mandate or strategy; and since Private Advisory Group does not control the third-party investment adviser, Private Advisory Group may not be able to fully identify internal control weaknesses or fully evaluate the accuracy of representations made by such investment advisers when performing due diligence on them. Furthermore, such investment advisers may have substantial conflicts of interest when providing investment advice to Private Advisory Group clients, including, but not limited to, recommending the use of investment vehicles or products that are offered, sponsored, or advised by the investment adviser or an affiliate of the investment adviser or placing orders for the purchase or sale of securities on behalf of Private Advisory Group clients on a principal or agency basis with their affiliates in order to increase their financial profitability through the receipt of commissions and/or markups/downs, increased advisory fees, and/or solicitation fees.

Clients invested alternative investments such as structured or private notes should be aware that these types of investments expose the client to heightened levels of liquidity, credit, interest rate, and counterparty risks.

Disciplinary Information

Legal and Disciplinary

Neither Private Advisory Group nor any of its supervised persons have been the subject of any legal or disciplinary events that would be material to your evaluation of Private Advisory Group or the integrity of Private Advisory Group's management.

Other Financial Industry Activities and Affiliations

Financial Industry Activities

Some employees and/or officers of Private Advisory Group are also licensed as Insurance Producers with various insurance companies, including, but not limited to, Banner Life Insurance Company, Nationwide Life and Annuity Insurance Company, Principal National Life Insurance Company, Protective Life Insurance Company, Banner Life Insurance Company and Pruco Life Insurance Company. These individuals may offer insurance products and services to advisory clients and receive commissions from the sale of those insurance products that are in addition to any advisory fees charged by Private Advisory Group.

Advisory clients should be aware that the receipt of additional compensation by Private Advisory Group and/or its officers or employees, may create a conflict of interest that may impair the objectivity of Private Advisory Group and/or the individuals making advisory recommendations on Private Advisory Group's behalf. These individuals may have an incentive to recommend investment products based on the compensation received, rather than the needs of the client or the quality of the investment. Private Advisory Group endeavors at all times to put the interests of its clients first as part of its fiduciary duty as an investment adviser. To help Private Advisory Group address these potential conflicts of interest, Private Advisory Group attempts, at all times, to fully and fairly disclose to clients the existence of all material conflicts of interest so that clients can make informed decisions regarding the management of their advisory client accounts.

Affiliations

Private Advisory Group's principals, Douglas R. Bean and S Christopher Bean, own, in aggregate, 80% of Bean Holdings LLC, a Washington limited liability company that in turn owns 25% of Private Advisory Group LLC ("PAG"), an investment adviser registered with the U.S. Securities and Exchange Commission that operates out of Private Advisory Group's Redmond, Washington office. At this time, Private Advisory Group is in the process of assisting its existing clients in becoming advisory clients of PAG. Once this transition is completed, Private Advisory Group will cease to provide investment advisory services. However, during this interim period, both Douglas R. Bean and S Christopher Bean will continue to provide investment advisory services to clients of both Private Advisory Group and PAG and, consequently, conflicts of interests may arise due to the side-by-side management of accounts. Both entities, however, address this potential, temporary conflict of interest by managing all client accounts as if they were clients of both entities.

In providing advisory services to clients, Private Advisory Group recommends and selects other third-party investment advisers and/or utilizes the asset management platforms that they offer and operate in order to manage client assets. These third-party investment advisers include, but may not be limited to, Strategic Capital Group LLC and Assetmark, Inc. Private Advisory Group recommends and makes extensive use of the advisory and platform services offered by Strategic Capital Group LLC in managing client accounts. Strategic Capital Group LLC, in turn, makes extensive use of the trade execution services of its affiliated broker-dealer RP Capital LLC, when recommending fixed income securities, structured notes, and private placements to Private Advisory Group clients, and extensive use of the mutual funds advised by its affiliated investment adviser Genesis Capital, LLC, currently the Granite Harbor Alternative Fund, Granite Harbor Tactical Fund, and the Anchor Alternative Income Investor Fund.

Although Private Advisory Group does not receive any compensation from Strategic Capital Group LLC or its affiliates, Strategic Capital Group LLC's practice of frequently recommending investment products and/or trade execution services of or associated with their affiliates creates a substantial conflict of interest for Private Advisory Group's clients, which clients should consider in evaluating, as a whole, the services offered and

provided by Private Advisory Group. The owners of Strategic Capital Group LLC, however, are currently indirect owners of PAG along with Private Advisory Group's principals. Consequently, Private Advisory Group may have an incentive to recommend the advisory services of Strategic Capital Group LLC over the advisory services of other unaffiliated third-party investment advisers. Private Advisory Group does not believe that any conflicts of interest exist as a result of or with respect to its arrangements with third-party investment advisers other than Strategic Capital Group LLC.

In addition to the other financial industry activities noted above, Private Advisory Group has material relationships and/or arrangements with the following accountants, accounting firms, lawyers, and law firms.

- Carol Didier, CPA, of Summit Account Services in Bellevue, Washington, an accounting firm that provides a full range of tax preparation, accounting and bookkeeping services.
- Michael E. Wiggins of Assure Estate Planning, PLLC, a law firm in Maple Valley, Washington, specializing in estate planning.
- Peterson Sullivan LLP, a certified public accounting firm in Seattle, Washington, that services companies, high net worth individuals and nonprofit organizations.
- Clothier and Head, PLLC, a certified public accounting firm in Seattle, Washington that services companies, high net worth individuals and nonprofit organizations.
- Joseph Forde of Forde Financial & Tax, Inc. in Bellevue, Washington, an accounting firm that provides personalized auditing, accounting, tax, and business advisory services to closely-held businesses and high net worth individuals.
- Tax Consultants of Washington, an accounting firm in Federal Way, Washington, that provides tax, business, and estate planning services.

Private Advisory Group contracts with the persons and/or firms noted above in order to provide estate planning, tax planning, tax preparation, and/or tax filing services to advisory clients. On occasion, Private Advisory Group may receive an unsolicited referral from one or more of the persons/firms noted above, but does not consider such referrals to be material to Private Advisory Group's advisory business and does not factor any such referrals in its decision-making process when selecting the person/firm to be used to provide services to any particular client.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of Private Advisory Group have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Private Advisory Group's access persons. The Code of Ethics also requires that access persons obtain pre-clearance from Private Advisory Group's Chief Compliance Officer prior to acquiring interests in a limited offering (e.g., private placement) or an initial public offering. Private Advisory Group's Code of Ethics also includes oversight, enforcement and recordkeeping provisions and includes a policy that prohibits the use of material non-public information.

Participation or Interest in Client Transactions

Private Advisory Group and its employees may buy or sell securities that are also recommended to and/or held by clients and may buy or sell them at or about the same time they are recommended to clients. This may create potential conflicts of interest because (1) those holdings may create an incentive for Private Advisory Group and/or its officers and employees to not recommend the sale of securities to clients in order to protect the value of their personal investment, and (2) Private Advisory Group and/or its officers and employees may have an incentive to place their orders before those of clients in order to obtain a better price. Private Advisory Group's Code of Ethics addresses these conflicts of interest by prohibiting employees from trading their own securities ahead of client trades.

Brokerage Practices

Selecting Brokerage Firms

Private Advisory Group recommends that clients use the custodial account services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade"), Pershing, Genworth Financial Trust Company ("Genworth"), and Charles Schwab & Co. Inc. While Private Advisory Group may recommend one or more of these custodians to clients, clients are ultimately responsible for deciding who they open a custodial account with and are not under any obligation to use one of the custodians noted above. However, Private Advisory Group reserves the right to decline the acceptance of any client account, for which the client has selected a custodian that is not listed above if Private Advisory Group believes that the choice would hinder its ability to fulfill its fiduciary duty to the client and/or its ability to service the account. Private Advisory Group is not affiliated with or a related person of any of the custodians noted above.

When Private Advisory Group utilizes a third party asset management platform, trade order and brokerage allocation decisions for Private Advisory Group clients are generally made by the investment adviser sponsoring the asset management platform and not by Private Advisory Group. But, when clients open an account with a custodian that is also a broker-dealer, and no prime brokerage arrangement exists, all equity and mutual fund trade orders are generally placed with the custodial broker-dealer for execution. Clients should be aware that when they select a custodial broker-dealer, Private Advisory Group will not have the authority to negotiate commissions on their behalf or obtain volume discounts, and may not be able to obtain best execution for the client. Specific custodian recommendations are made to clients based on their needs and based on the custodian's proven integrity, financial responsibility, and their ability to provide best execution of orders.

Transactions involving fixed income securities, securities traded over the counter, as well as private placements and other private securities available through broker-dealers, however, are generally placed with broker-dealers other than the custodial broker-dealer. This is because the custodial broker-dealers recommended to clients generally do not maintain sufficient inventory of these types of securities, do not offer competitive pricing, and/or are not authorized to distribute the specific alternative investment products that may be recommended to clients. Clients should be aware that when the third party investment adviser sponsoring the platform makes a determination as to which broker-dealer to allocate client brokerage, substantial conflicts of interest may arise. For example, with respect to Strategic Capital Group LLC, orders for these types of securities are oftentimes placed with and executed by Strategic Capital Group LLC's affiliated broker-dealer, which generally receives commissions, transaction fees, markups/markdowns and/or solicitation fees for executing these transactions and, consequently, has a self-interest in directing client brokerage to its affiliate as opposed to allocating brokerage for the purpose of obtaining best execution. Furthermore, Strategic Capital Group's affiliated broker-dealer may execute these transactions on a riskless principal basis and have a material conflict of interest when determining the price at which to effect the transaction with the client. Clients should be aware that while Private Advisory Group can attempt to assess the overall qualitative execution received by clients with respect to these transactions, where Private Advisory Group does not place the trade order for the client, Private Advisory Group may not have sufficient transparency to assess the overall qualitative execution received by the client and generally relies on the investment adviser sponsoring the platform to ensure that Private Advisory Group clients are receiving best execution.

Soft Dollars

Private Advisory Group does not have any formal soft dollar arrangements. However, TD Ameritrade and other custodians that may be used by clients such as Charles Schwab & Co. Inc. may make available to Private Advisory Group other products and services that benefit Private Advisory Group, but may not directly benefit clients. These products and services assist Private Advisory Group in managing and administering client accounts, and can include investment research, both proprietary and that of third parties. Private Advisory Group may use this research to service all or a substantial

number of client accounts, including accounts that utilize other custodians. In addition to investment research, TD Ameritrade, Schwab, and/or other custodial broker-dealers may also make available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements);
- Facilitates trade execution and the allocation of aggregated trade orders to multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of Private Advisory Group's fees from clients' accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

TD Ameritrade, Schwab, and/or other custodial broker-dealers also offer other services to Private Advisory Group that are intended to help Private Advisory Group manage and further develop its business enterprise that generally benefits only Private Advisory Group. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from TD Ameritrade, Schwab, and/or other custodians are not contingent upon any commitment on the part of Private Advisory Group with respect to brokerage commissions, loads, or transactions fees, but are generally dependent on Private Advisory Group meeting minimum aggregate client custodial account balance requirements. As the receipt of these services benefits Private Advisory Group, because Private Advisory Group does not have to produce or purchase them, a conflict of interest arises if it recommends these custodians to clients due to Private Advisory Group's interest in receiving these benefits rather than based on clients' interests in receiving the best value in custody services and/or the most favorable transaction execution. When recommending custodians to clients, however, Private Advisory Group does not base its recommendation on the benefits it may receive.

Order Aggregation

When it is advantageous to clients, Private Advisory Group will generally aggregate purchase or sale orders for a security for the accounts of multiple clients into a single

transaction, oftentimes referred to as a block or bunched trade. Private Advisory Group will typically aggregate trades among clients when those accounts are held in the custody of the same broker-dealer and are managed by the same third-party investment adviser or third-party investment adviser platform. If a block trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block were executed. Block trades can lower transaction costs and/or help clients achieve better execution. Accounts participating in a block trade share transactions costs on an equal and pro rata basis, unless a participating client has an agreement with the broker-dealer that specifically dictates the brokerage commissions and/or transaction fees that the client must pay. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner. Private Advisory Group is not obligated to include any client account in a block trade. No client participating in a block trade will be favored over any other client that also participates in the same block trade.

Review of Accounts

Account Reviews

Account reviews are performed quarterly by S Christopher Bean and/or Douglas Bean and may be performed more frequently when material events occur, such as changes in the tax laws, new investment information, and changes in a client's own situation. Account reviewers are members of Private Advisory Group's Investment Committee. When reviewing accounts, the Investment Committee is instructed to consider the client's current security positions and the likelihood that the performance of each approach will contribute to the investment objectives of the client.

Regular Reports

Clients receive or have access to daily online reports that include a net worth statement, portfolio statement, tax return (if the client relationship includes tax preparation services), and other reports. Net worth statements and net worth graphs are generated from Private Advisory Group's client relationship management system and contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. Net worth statements are used for long-term financial planning where the exact values of assets are not material to the financial planning tasks.

Client Referrals and Other Compensation

Incoming Referrals

Private Advisory Group has been fortunate to receive many referrals from its clients and other relationships over the years. Referrals have come from current clients, estate

planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate these individuals or entities for referrals.

Referrals Out

Private Advisory Group does not accept referral fees or any form of remuneration from other professionals when Private Advisory Group refers a prospect or client to them.

Other Compensation

As noted above in the “Financial Industries Activities” section, employees of Private Advisory Group may sell insurance and annuities, or other commissioned products when such are deemed appropriate for the client. The receipt of additional compensation by Private Advisory Group and/or its officers or employees, may create a conflict of interest that may impair the objectivity of Private Advisory Group and/or the individuals making advisory recommendations on Private Advisory Group’s behalf as an incentive exists to recommend investment products based on the compensation received, rather than the needs of the client or the quality of the investment. To address these potential conflicts of interest, Private Advisory Group attempts, at all times, to fully and fairly disclose to clients the existence of all material conflicts of interest so that clients can make informed decisions regarding the management of their advisory client accounts. Additionally, as noted in the “Brokerage Practices” section, Private Advisory Group may receive or obtain access to various products or services from the broker-dealers who serve as the custodians for advisory clients’ accounts, which may present a potential conflict of interest. Private Advisory Group does not receive any other economic benefits from someone who is not a client in connection with our provision of investment advice or other advisory services to clients.

Custody

Account Statements

Clients authorize Private Advisory Group to directly deduct its Advisory Service fees from client’s custodial accounts and, consequently, Private Advisory Group is considered to have custody of the funds and/or securities in such accounts. All assets under management, with the exception of certain privately offered securities that are uncertificated, are maintained in accounts held at a qualified custodian who provides custodial account statements directly to such clients at their address of record, or electronically if elected, monthly and occasionally quarterly. Clients should carefully review those statements.

Investment Discretion

Discretionary Authority for Trading

Private Advisory Group obtains discretionary authority to manage securities accounts on behalf of clients pursuant to its written investment management agreements with clients. Pursuant to such authority, Private Advisory Group has the power to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold.

Voting Client Securities

Proxy Votes

Private Advisory Group votes proxies for all client accounts; however, clients always have the right to vote proxies on their own behalf. Clients can exercise this right by instructing Private Advisory Group in writing to not vote proxies for securities in their account. Clients can also instruct Private Advisory Group on how to cast their vote in a particular proxy contest. For example, clients can instruct Private Advisory Group to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called “poison pill” defense against a possible takeover). Where Private Advisory Group exercises proxy voting discretion, proxies will be voted in the best interests of clients and in accordance with Private Advisory Group’s established policies and procedures. Private Advisory Group will typically obtain and assess the opinions of the third-party investment managers that it recommends and utilizes in the management of client accounts when determining how to vote a specific proxy. If Private Advisory Group has a conflict of interest in voting a particular action, Private Advisory Group will notify the client of the conflict and retain an independent third-party to cast the vote.

Clients may obtain a copy of Private Advisory Group’s complete proxy voting policies and procedures, request information on how their proxies were voted by Private Advisory Group, and/or request that Private Advisory Group not vote proxies on their behalf or vote proxies in a specific manner by emailing Private Advisory Group’s Chief Compliance Officer at douglas@private-advisory.com or writing to him at 16880 NE 79th Street, Redmond, Washington 98052.

Financial Information

Financial Condition

Private Advisory Group does not have any financial impairment that is reasonably likely to preclude the firm from meeting its contractual commitments to clients and has not been the subject of a bankruptcy petition since its inception.

Information Security Program

Information Security

Private Advisory Group maintains an information security program to reduce the risk that personal and confidential information may be breached.

Privacy Notice

Private Advisory Group is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us.

The categories of nonpublic information that we collect from clients may include information about personal finances, information about health to the extent that it is needed for the financial planning process, and information about transactions between the client and third parties.

With client permission, we disclose limited information to attorneys, accountants, mortgage lenders and other professionals with whom the client or Private Advisory Group has established a relationship. Clients may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by phone, mail, fax, email, or in person. With client permission, we share a limited amount of information with the brokerage firm in order to execute securities transactions on the client's behalf.

We maintain a secure office to ensure that client information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide personal client information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to client personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our Company records and client personal records as permitted by law.

Personally identifiable information about clients will be maintained while a person is a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify clients in advance if our privacy policy is expected to change. We are required by law to deliver this Privacy Notice to clients annually, in writing.