

Item I: Cover Page



1195 North Meridian Street, Suite 140
Carmel, Indiana 46033
Tel: (317) 705-1999
<http://www.pcminvestment.com>

March 28, 2014

This brochure provides information about the qualifications and business practices of Provident Capital Management, Inc. ("PCM"). If you have any questions about the contents of this brochure, please contact PCM at 317-705-1999. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Provident Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Item 2 discussed the material changes that Provident Capital Management, Inc. (“PCM”) has made since our last firm brochure update dated April 2013. There are no material changes to be discussed under this Item.

Item 3: Table of Contents

Item		Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	6
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9	Disciplinary Information	15
Item 10	Other Financial Industry Activities and Affiliations	15
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	16
Item 12	Brokerage Practices	17
Item 13	Review of Accounts	18
Item 14	Client Referrals and Other Compensation	19
Item 15	Custody	20
Item 16	Investment Discretion	21
Item 17	Voting Client Securities	21
Item 18	Financial Information	21
Item 19	Requirements for State-Registered Advisers	21

Item 4: Advisory Business

SERVICES

PCM is a fee-only investment advisory and investment management firm. The firm was started January 2000 by founder, President, and Chief Compliance Officer, Michael J. Chapman, CFP®. 95% of PCM's shares are owned by Michael Chapman and the remaining 5% is owned by Todd Wood, our Chief Operating Officer

We currently offer the following services:

- Money Management Services
- Sub-Advisory Services
- Financial Planning Services

MONEY MANAGEMENT SERVICES

PCM manages client portfolios in separate accounts, which are held at various discount brokerage firms. PCM invests clients' assets with the goal of capital appreciation in up markets and preservation of capital in down markets. We advocate an approach that employs risk management at the strategy level. To address the inconsistency of asset class correlation, we diversify our clients' portfolio into non-correlated strategies. We attempt to employ risk management at the strategy level to guard against the reality of unexpected adverse price movement. This approach tends to smooth out portfolio performance resulting in smaller equity draw-downs. While there are no guarantees in investing, we believe the key to superior long-term performance is consistent positive returns.

PCM is committed to providing the investment community with high-quality absolute return and tactical solutions that are non-correlated, liquid and transparent. We offer a non-traditional approach built upon fundamentally solid investment principles (diversification and risk management) and believe this approach can be an attractive alternative to hedge funds, mutual funds, and traditional buy and hold strategies. The success or failure of tactical and absolute return strategies depend upon many factors including but not limited to the manager's ability to avoid large market losses. There can be no guarantee that PCM will be able to avoid such losses or that PCM will be able to identify periods of weak performance in the stock market.

Client portfolios are tailored to each client's investment objective by the percent or mix of the various strategies used. Clients are permitted to place reasonable restrictions on certain securities or type of securities purchased or sold for their accounts.

SUB-ADVISORY SERVICES

PCM may act as sub-advisor in our strategies for other Registered Investment Advisors, broker dealers, family offices, institutions and hedge funds.

FINANCIAL PLANNING SERVICES

PCM offers Financial Planning Services to individual clients and institutional pools of assets, such as qualified retirement plans, not-for-profit organizations and endowments or foundations.

- Investment Policy Statement
- Historical Performance Evaluation
- Investment Recommendations
- Investment Manager Search, Selection and Due Diligence
- Performance Measurement and Monitoring of Investment Managers

An Investment Policy Statement is a written document that articulates the specific goals and objectives for a given investment pool. Included in a typical policy are the following:

- Background information
- General objectives
- Risk tolerance and capacity
- Asset allocation guidelines
- Asset diversification guidelines
- Benchmarks for assessing investment manager results
- Securities guidelines
- Control Procedures

Historical Performance Evaluations primarily involve the gathering of data for five to seven years on each component of a client's portfolio. Each is separately evaluated against suitable performance benchmarks. Additionally, overall correlation of components to each other is reviewed to determine the level of diversification in the portfolio. This analysis often serves as part of the rationale for PCM's recommendation of whether a client's current investment manager should be terminated or retained.

Investment Recommendations focus primarily upon strategic allocation and diversification issues and risk reduction techniques. Investment portfolios are generally advised to include multiple investment strategies and styles that have a low correlation, thereby increasing diversification attributes.

Investment Manager Search and Selection includes the recommendations of specific money management organizations that are strong candidates to fulfill the strategy allocation requirements called for in the policy guidelines.

Performance Measurement and Monitoring of Investment Managers involves monthly data entry into PCM's computer system of all relevant portfolio information for every client account. From this source, performance is quantified and evaluated, including a host of various analytical procedures.

On a quarterly basis, clients receive a written report that illustrates their portfolio returns on a time-weighted basis and compares these to various applicable benchmarks (i.e., market indices, risk measurements and peer groups of similarly managed accounts).

Monitoring also includes regular contact with the money management firms employed. Topics include changes in the manager's organization, continuity of portfolio management personnel, investment outlook and various items for follow-up noted in the quantitative performance measurement and evaluation noted earlier.

Ongoing Performance and Evaluation Service fees are billed differently than other IPE services. Ongoing Performance and Evaluation Services are invoiced quarterly in advance and are based on a percentage of assets. Client asset values are generally consolidated by asset class including equity, equity/balanced, fixed income, and miscellaneous/alternative. Percentages range from .10% to .25% depending upon the portfolio size, circumstances, asset classes, and the amount of work included in an engagement.

Clients can terminate the contract by giving written notice and will receive a prorated return of any fees paid in advance.

As of February 28, 2014, PCM had \$ \$123,441,014 under management. Of that, \$122,882,009 was invested in discretionary portfolios, and \$559,005 was non-discretionary.

Item 5: Fees and Compensation

Money Management Fees

Money management fees are billed quarterly generally in advance, based upon the total net asset value of client's account on the last business day of the prior quarter based upon the market value of the account at the end of the current quarter. The initial quarterly payment will be calculated on a pro-rata basis commencing on the day the client accounts are designated to PCM for management and shall include the number of days remaining until the end of the initial quarter. (In some cases, a client is also billed for the balance of the quarter in which his account was opened in addition to the following full quarter, and in some cases, billing is in arrears.) Fees are deducted from client accounts.

Fees range from .30% to 1.25% for strategies that contain only fixed income investments and up to 2.00% for accounts that use other investment strategies. Fees are generally negotiable within these ranges based upon a number of factors, including but not limited to; the custodian selected by the client, the active or passive investment strategy selected by the client, the selected asset classes, amount of capital managed by PCM on behalf of the client, the number of accounts held by client at PCM, the type of accounts, and if the client is considered "Qualified Client" under rule 205-3 of the Investment Advisors Act of 1940. PCM offers a performance fee arrangement for clients who are "*Qualified Clients*" as defined under rule 205-3 under the Investment Advisors Act of 1940.

Fees for Sub Advisory Services

Fees for sub-advisory services are determined on a case-by-case basis and is set forth in the advisory agreement between PCM and the client.

Fees for Financial Planning Services

PCM's fees for the development of an Investment Policy Statement and Historical Performance Evaluation are primarily based upon time and are billed as a non-recurring (first year only) "base fee." Should the client elect to retain PCM as investment advisor, up to 50% of base fee may be applied towards the first year of advisory fees.

Other Fees

Apart from PCM's fees described above, clients may also be liable for certain charges imposed by unaffiliated third parties, such as, but not limited to, custodial fees, brokerage commissions, fees charged by mutual fund or private money managers and other fees and taxes on brokerage accounts and securities transactions.

Holdings in PCM's Quantitative Strategies as well as holdings in PCM's Dynamic International ETF Portfolio, Dynamic Overlay, the U.S. Equity Growth accounts and PCM Absolute Return Strategies will include investment companies that pay a separate management fee to third party advisors Exchange-Traded Funds (ETFs). PCM will not receive any commissions or fees from these investment companies. However, the fees paid to the investment companies or third parties may be in addition to the fees paid by the client to PCM. As an example, the PCM's Absolute strategies might hold the S&P 500 ETF (Exchange Traded Fund). The internal management fee for this ETF is 9/100's of 1%, or 9 basis points.

Please see Item 12 for further details relating to the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Termination

Either party, upon 30 days written notification in accordance with the applicable contractual notice of termination, may terminate PCM's services. Upon termination, the fees described above will be pro-rated. Upon termination of the contract, security positions in client portfolios will generally, at the client's request, be liquidated; however, if in some instances, where for example liquidation is impossible or impractical, client portfolio securities may be delivered in kind to the client upon termination at the discretion of PCM.

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

In certain situations, PCM may consider receiving fees based on criteria other than a percentage of assets under management, such as a fee based on the performance of the account. Performance based fees may create an incentive for PCM to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. Additionally, PCM's compensation may be larger than it would otherwise have been because the fee will be based on account performance instead of percentage of assets under management. Any performance fee arrangement is applicable only to clients who are "*Qualified Clients*" as defined under rule 205-3 under the Investment Advisors Act of 1940.

PCM offers two types of performance-based fee and clients are designate in their advisory agreements which performance fee option is chosen. The first performance fee is up to 50 bps payable 30 days from end of the performance period if the account achieves a particular rate of return compared to the previous year. The rate of return over the previous year and the performance bonus are determined in advance. The percentage is calculated based upon the value of the account at the end of the applicable year. This performance bonus fee may be negotiable based upon a number of factors including but not limited to; the custodian selected by the client, an active or passive investment strategy selected by the client, the selected asset classes, amount of capital managed by PCM on behalf of the client, the number of accounts held by client at PCM, the type of accounts and is available to clients that qualify under the State of Indiana "Qualified Client" rule or under rule 205-3 of the Investment Advisors Act of 1940 whichever standard is higher.

PCM, Inc. also offers a fee arrangement that allows us to share in a percent of profit above certain agreed upon return. When earned, this bonus is payable 30 days from end of the performance period. The bonus is calculated based upon the profit above an agreed upon hurdle rate of return at the end of the applicable year. This performance bonus can be up to 20% of profits above the agreed upon hurdle rate. This performance bonus fee may be negotiable based upon a number of factors including but not limited to; the custodian selected by the client, an active or passive investment strategy selected by the client, the selected asset classes, amount of capital managed by PCM on behalf of the client, the number of accounts held by client at PCM, the type of accounts and is available to clients that qualify under the State of Indiana "Qualified Client" rule or under rule 205-3 of the Investment Advisors Act of 1940 whichever standard is higher.

Item 7: Types of Clients

PCM provides its services to high net-worth individuals and their family members, as well as other Registered Investment Advisors and institutional investors.

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

PCM owns and actively manages quantitative indexes that have a total return approach. Periodic adjustments to structure or strategy may be made from time to time at the discretion of Provident Capital's Investment Committee.

All of PCM's Absolute and Index Composites utilizes a multi-factor proprietary quantitative approach for ETF selection and rotate bi-monthly, monthly, or quarterly depending on the index. Absolute Indexes typically include one or more ETFs that are inverse to the long positions. The inverse ETFs must meet the same criteria as the long ETFs to be included in the active index.

Should the ETFs, broad-based, multi-asset sector specific, industry specific or country specific ETFs or inverse ETFs, not meet the inclusion criteria then the Index will rotate into a cash equivalent ETF or short-duration U.S. Treasuries. As the index selects a number of ETFs based upon the quantitative criteria for the index, and if the respective Index includes an inverse ETF, it is possible that the index may be simultaneously in a long position and an inverse position in the same asset class.

PCM's separately managed account composites attempt to match the holdings and performance of PCM's Absolute and Total Return Indexes. PCM may use all or a portion of PCM's quantitative risk management overlay to protect against negative market environments. Absolute return strategies by nature are not conducive to comparison to broad-based indexes such as the S&P 500 Index. Comparison to a comparable hedge fund is more appropriate.

PCM Composites:

Provident offers discretionarily-managed accounts predicated on Provident Capital's absolute total return investment philosophy.

PCM Absolute Return Strategy Exchange Traded Fund (ETFs) Composite

The portfolio objective of the Absolute Return Strategy Exchange-Traded Fund (ETFs) Composite is "*absolute positive returns*" regardless of market direction. The PCM Absolute Return Strategy (ETFs) will achieve its objective by strategically holding concentrated positions of leading indexes, sectors and or industry group ETFs. It may, at any given time, hold up to 100% in one index, industry or sector. The strategy may hold cash or cash equivalents for an extended period. Furthermore, the strategy may hold long or inverse (short) ETFs, either of which may also be leveraged.

PCM Absolute Return Strategy Mutual Fund Composite (Rydex)

The portfolio objective of the Absolute Return Strategy Mutual Fund Composite is "*absolute positive returns*" regardless of market direction. The PCM Absolute Return Strategy (PCM ARS) will achieve its objective by strategically holding concentrated positions of leading indexes, sectors and or industry group mutual funds. It may, at any given time, hold up to 100% in one index, industry or sector. The strategy may hold cash or cash equivalents for an extended period. The Strategy may hold long or inverse (short) mutual funds, either of which may also be leveraged.

In addition, PCM offers the following Quantitatively-Managed Composites:

PCM Absolute Bond Composite

The primary objective of the Absolute Bond Composite is low volatility and consistent income. The secondary objective is preservation of capital. The Composite will achieve its objective by investing in a proprietary allocation of various domestic and international debt instruments of varying durations and credit quality. By using inverse ETFs, PCM's Risk Management Overlay may allow the capture of positive returns in periods of falling markets. The Composite may rotate bi-monthly.

PCM Absolute Currency Composite

The objective of PCM's Absolute Currency Composite is total return. The Composite will achieve its objective by investing long directional currencies including the U.S. Dollar, Canadian Dollar, the Euro, and the Yen. PCM's risk management overlay does not include inverse (short) position in this composite. To preserve capital in declining market conditions the composite may temporarily move to cash or short term U.S. Treasuries. This composite may rotate monthly.

PCM Absolute Equity Income Composite

The objective of PCM's Equity Income Composite is total return through income and growth. The Composite will achieve its objective through ETFs that offer broad exposure to dividend-yielding domestic and international stocks, preferred stocks, and publicly-traded real estate investment trusts (REIT). PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may rotate monthly.

PCM Absolute Metals Composite

The objective of PCM's Absolute Metals Composite is to achieve total return with a secondary objective of little to no correlation to equities and bonds. The Composite will achieve its objective by investing in a basket of pre-selected industrial and precious metals including but not limited to gold, silver, platinum, nickel, aluminum ETFs. Presently the only inverse ETF is DGZ (an inverse gold ETN). The Composite may rotate bi-monthly.

PCM Absolute U.S. Sector Composite

The Absolute U.S. Sector Composite seeks to achieve total returns regardless of market direction. The Composite will achieve its objective by investing in a proprietary allocation of investments quantitatively selected from among the nine primary U.S. sectors. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. Investment candidates may rotate monthly.

PCM Alpha 1 Composite

The objective of PCM's Alpha 1 is total return regardless of market direction. The strategy seeks to achieve its objective by selecting investments from a multi-asset class basket of ETFs; including domestic and international equities, global bonds, major currencies, broad commodities, and precious metals. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. Alpha 1 may rotate bi-monthly.

PCM Commodity Composite

The objective of PCM's Absolute Commodity Strategy is to achieve total returns with little or no correlation to equities and bonds. The Composite will achieve its objective by choosing from a basket of pre-selected commodity ETFs including agricultural crops, livestock, precious metals, oil, and natural gas. Quantitative risk management screens use short term U.S. Treasuries or an allocation to cash to reduce drawdown in lieu of inverse ETFs. The Composite may rotate bi-monthly. *Prior to January 1, 2012, the Direxion Commodity Trends Strategy Mutual Fund was used.*

PCM Emerging Market Blend Total Return Index Composite

The primary objective of PCM's Emerging Market Blend Total Return Index Composite is total return in the emerging market debt and equity space. The Composite will achieve its objective by investing in a proprietary allocation of various broad-based and country-specific emerging market bond ETFs of varying durations and credit quality as well as broad-based and country-specific equity ETFs. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. This composite may rotate monthly.

PCM Emerging Market Total Return Bond Index Composite

The primary objective of PCM's Emerging Market Total Return Bond Index Composite is total return in the emerging market debt space. The Composite will achieve its objective by investing in a proprietary allocation

of various broad-based and country-specific emerging market ETF debt instruments of varying durations and credit quality. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. This composite may rotate monthly.

PCM Emerging Market Total Return Equity Index Composite

The objective of PCM's Emerging Market Total Return Equity Index Composite is total return in the emerging market equity space. The Composite will achieve its objective by investing in a proprietary allocation of various broad-based and country-specific emerging market ETFs. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. This composite may rotate monthly.

PCM Global Macro Index Composite

The objective of PCM's Global Macro Index Composite is total return through broad asset classes including global equities, fixed income, key currencies, precious metals, and commodities. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. This creates a multi-directional strategy, making it possible to have gains when markets decline. This composite may rotate on a monthly basis.

PCM Global Macro 3 Index Composite

The objective of PCM's Global Macro 3 Index Composite is to achieve positive total return regardless of market direction through broad exposure to a multi-asset basket of preferred equities, U.S. and international equities, broad commodities, precious metals, and global bonds across the yield curve. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. The Composite may rotate bi-monthly.

PCM Global Macro 3M Index Composite

The objective of PCM's Global Macro 3M Index Composite is to achieve positive total returns regardless of market direction through broad exposure to a multi-asset basket of preferred equities, U.S. and international equities, global bonds across the yield curve, broad commodities, and precious metals. Similar to the Global Macro 3 Index Composite the Global Macro 3M differs in that it may rebalance monthly. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class.

PCM Global Tactical Composite

The objective of PCM's Global Tactical Composite is consistent positive total return. The Composite will achieve its objective through targeted exposure to international and country-specific equities, fixed income, key currencies, U.S. sectors and commodities. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. The Composite may rotate bi-monthly.

PCM Liquid REIT

The primary objective of the Liquid REIT Composite total returns through investments in domestic and international apartment, commercial and residential real estate markets, energy limited partnerships and mortgages. PCM Liquid REIT uses various ETFs to gain exposure to the real estate investment providing the added benefit of liquidity versus traditional non-liquid real estate holdings or securities offered. This composite may use inverse ETFs. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. This composite may rotate monthly.

PCM Managed TIPs Index Composite

The objective of PCM's Managed TIPs Index Composite seeks total return in U.S. and international inflation protected bond space. The Composite will achieve its objective by quantitatively selecting inflation-protected security ETFs. If the ETF candidates do not meet the quantitative criteria the pre-allocated portion, the allocation will move to cash or short term U.S. Treasuries. PCM's risk management overlay does not include inverse (short) position in this composite. To preserve capital in declining market conditions the composite may temporarily move to cash or short term U.S. Treasuries. This composite may rotate monthly.

PCM U.S. Bond Total Return Index Composite

The primary objective of the U.S. Bond Total Return Index Composite is consistent positive total returns through a quantitative investment model focused exclusively in U.S. bonds. Preservation of capital is a secondary objective. The Composite will achieve its objective by investing in a proprietary allocation of various domestic debt instruments of varying durations and credit quality. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. This composite will rotate bi-monthly.

PCM U.S. Industries Total Return Index Composite

The objective of PCM's U.S. Industries Total Return Index Composite is higher returns regardless of market direction. The Composite will achieve its objective by investing in a proprietary allocation of investments quantitatively selected from among the 25 U.S. industry sectors. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. This composite will rotate monthly.

PCM Portfolio Composites**PCM Conservative Portfolio Composite**

The objective of PCM's Conservative Portfolio Composite is total return while minimizing overall portfolio drawdown. To achieve its objective the portfolio is constructed with a proprietary allocation to PCM's Absolute Global Macro, Global Tactical, Bond, Commodity, Equity Income, Metals, and US Bond Total Return strategies within a unified managed account. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. 45 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 55 percent may rotate on a monthly basis.

PCM Diamond Composite

The objective of PCM's Diamond Composite is consistent total return regardless of market direction. The Composite will achieve its objective by investing in a proprietary allocation of investments quantitatively selected from among 107 investment candidates, both long and inverse (short). PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. 52 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 48 percent may rotate on a monthly basis.

PCM Emerald Long-Short Debt HF (Hedge Fund) Index Composite

The objective of PCM's Emerald Long-Short Debt HF Index Composite total return and income using global fixed income ETFs that offers liquidity and transparency. The Composite will achieve its objective by investing in a proprietary allocation of U.S. and international debt instruments. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various debt markets or within certain maturities. 50 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 50 percent may rotate on a monthly basis.

PCM Income Portfolio Composite

The objective of PCM's Income Portfolio Composite is total return while minimizing overall portfolio drawdown and further emphasis added to income. To achieve its objective the portfolio is constructed with a proprietary allocation to PCM's Absolute Global Macro, Global Tactical, Bond, Commodity, Equity Income, Metals, and US Bond Total Return strategies within a unified managed account. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously. 45 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 55 percent may rotate on a monthly basis.

PCM Global Balanced Portfolio Composite

PCM's Absolute Global Balanced Composite seeks total return and steady growth with low drawdowns through equal allocations to PCM's Global Macro, Global Tactical and Absolute Return Strategy. This unique composite utilizes two of PCM's Absolute Strategies (Global Macro and Global Tactical), which utilize a proprietary quantitative method of selecting ETFs, and is combined with PCM's flagship discretionary Absolute Return Strategy. PCM's Risk Management Overlay may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various debt markets or within certain maturities. Global Macro and Tactical individual composite strategies use no leverage inverse ETFs. Absolute Return Strategy Composite may use 2-to-1 leveraged ETFs.

PCM Global Bond HF (Hedge Fund) Portfolio Composite

The primary objective of the Global Bond HF Composite is total return. The secondary objective is preservation of capital. The Composite will achieve its objective by investing in a quantitatively selected allocation of global fixed income ETFs utilizing PCM's proprietary quantitative model. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various debt markets or within certain maturities. 50 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 50 percent may rotate on a monthly basis.

PCM Ruby Multi-Asset HF (Hedge Fund) Total Return Index Composite

The objective of PCM's Ruby Multi-Asset HF Total Return Composite is consistent positive total returns regardless of market direction. The Composite will achieve its objective by investing in a proprietary allocation of investments quantitatively selected from among 107 investment candidates. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. 52 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 48 percent may rotate on a monthly basis.

PCM Sapphire Global Macro HF (Hedge Fund) Index Composite

The objective of PCM's Sapphire Global Macro HF Index Composite is positive total returns regardless of market direction. The Composite will achieve its objective by investing in a proprietary allocation of investments quantitatively selected from among 70 investment candidates. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold long and inverse (short) positions simultaneously in various asset classes or similar asset class. 100 percent of the Composite portfolio may rotate on a bi-monthly basis.

PCM Stable Growth Plus+ Portfolio Composite

The objective of PCM's Stable Growth Plus Portfolio Composite is growth plus income. The Composite will achieve its objective via a quantitatively selected allocation to PCM's Global Macro, Global Tactical, Global Macro 3M and Absolute Equity Income strategies within a unified managed account. 32.5 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 67.5 percent may rotate on a monthly basis.

PCM Super Global Macro Composite

The objective of PCM's Super Global Macro Composite is consistently positive total returns, growth, combined with low drawdown. The Composite will achieve its objective via a quantitatively selected allocation to PCM's Global Macro 3M and Alpha 1 strategies within a unified managed account. 50 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 50 percent may rotate on a monthly basis.

PCM Total Return Portfolio Composite

The objective of PCM's Total Return Portfolio Composite is consistent positive total returns with low draw down. The Composite will achieve its objective via a quantitatively selected allocation to PCM's Absolute Bond Index, Absolute Currency Index, Absolute Equity Income Index, Global Tactical Index, Managed TIPS Index, and Global Macro 3 strategies within a unified managed account. 27.5 percent of the Composite portfolio may rotate on a bi-monthly basis the remaining 72.5 percent may rotate on a monthly basis.

PCM Focused Investment Series:**PCM Focused Commodity Strategy Composite**

The objective of PCM's Focused Commodity Strategy Composite is total return. Focused Commodity Strategy Composite uses broad asset class ETFs; commodities and precious metals which are not typically correlated with other asset classes. PCM's risk management overlay does not include inverse (short) position in this composite. To preserve capital in declining market conditions the composite may temporarily move to cash or short term U.S. Treasuries. This composite may rotate monthly.

PCM Focused DOW Stock Strategy Composite

The objective of PCM's Focused DOW Strategy Composite is total return. Focused DOW Strategy Composite selects the top 10 stocks of the DOW Industrial Average based upon a quantitative performance and risk management approach. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold (short) positions through inverse ETFs simultaneously to long stock positions. This composite may rotate monthly.

PCM Focused Income Composite

The objective of PCM's Focused Income Composite is to maintain steady income in all market environments. The Focus Income Composite will achieve its objective by selecting dividend-paying US and/or international equity ETFs and or stocks regardless of company capitalization. Risk management overlays may rotate to various bond ETFs to enable investors to receive some yield in negative markets. The composite may rotate monthly.

PCM Focused Socially Responsible Stock Strategy Composite

The objective of PCM's Focused Socially Responsible Stock Strategy Composite total return in companies Invest in socially-responsible companies do not have significant involvement in alcohol, tobacco, firearms, nuclear powers, military weapons or gambling. The Focused Socially Responsible Stock Strategy Composite selects the top 10-30 stocks based upon a quantitative performance and risk management approach. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold (short) positions through inverse ETFs simultaneously to long stock positions. This composite may rotate monthly.

PCM Focused Technology Stock Strategy Composite

The objective of PCM's Focused Technology Strategy Composite is total return. The Focused Technology Strategy Composite selects the top 20-30 technology stocks based upon a quantitative performance and risk management approach. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold (short) positions through inverse ETFs simultaneously to long stock positions. This composite may rotate monthly.

PCM Focused Utility Stock Strategy Composite

The objective of PCM's Focused Utility Strategy Composite is income and total return. The Focused Utility Strategy Composite selects the top 10-20 Utility stocks based upon a quantitative performance and risk management approach. PCM's Risk Management Overlay, by using inverse ETFs, may allow the capture of positive returns in periods of falling markets. The Composite may hold (short) positions through inverse ETFs simultaneously to long stock positions in addition to allocations to cash or cash equivalents. This composite may rotate monthly.

Other Investment Strategy Composites

529 Composite (State of Virginia)

The objective of PCM's 529 Composite is growth. To achieve its objective, PCM employs an investment sub-advisor, American Funds Group, who administers the 529 Plan for the State of Virginia. To achieve its objective, PCM will allocate, on an annual basis, client's 529 assets to three funds believed to provide the best performance each year given market conditions and PCM's Investment Committee.

Dynamic International ETF Composite

The objective of Dynamic International ETF Composite is capital appreciation through equity investments in foreign developed and emerging markets. To achieve this objective, PCM employs the international research from its sister company, MRM Asset Allocation Group, Inc. (St. Louis, Missouri). MRM researches and follows a number of country-specific and country-blended ETFs. From these candidates,

Dynamic Overlay Composite

The Dynamic Overlay Strategy is actively managed for long-term growth. PCM employs the research from its sister company, MRM Asset Allocation Group, Inc. (St. Louis, Missouri). MRM produces an ongoing list of investment recommendations from a quantitative screen along with an allocation within the portfolio. PCM will execute trades per these recommended allocations and investments as they change.

Fixed Income Composite

The primary objective of PCM's Fixed Income Composite is to produce regular income while preserving capital. To achieve this objective the average duration of the bond portfolio is kept at three to five years. Bonds are arranged in the portfolio to mature each year over an agreed upon time period from three to ten years depending on client preference. It is expected that each bond will be held to maturity.

Passive Return Composite

PCM's Passive Return Composite includes all accounts not held in any of the other actively managed strategy and portfolio composites. These accounts hold positions transferred into PCM where special situations are a factor. An example of such would be a concentrated position that, if liquidated in its entirety at one time, would create an unwanted tax burden for the client. Proceeds from ongoing partial liquidations are funneled into various other PCM strategies and portfolios over time.

Protective Equity Income Composite

The objective of PCM's Protective Equity Income Composite is to produce current income with long-term growth. Protection of capital of capital is a secondary objective. The Composite will achieve its objective by investing in 20-30 domestic and international dividend-paying stocks across industry sectors and with appreciation potential. Dividend-paying ETFs may also be utilized to gain sector exposure when needed. Equity positions are selected for purchase and/or sell based on a proprietary and quantitative screening model which includes fundamental, technical, and momentum analysis. Clients have the option of capital protection. If so chosen, the Composite will protect against the downside through the purchase of out-of-the money put options when deemed appropriate given market conditions.

Real Estate (REIT) Composite

The objective of the Real Estate (REIT) Composite is high current income derived from real estate assets with typically little to no correlation to other asset classes. To achieve its objective, PCM employs an investment

sub-advisor, KBS, Inc., who manages Non-Public Real Estate Investment Trusts (REITs) for these PCM clients. There are various liquidity restrictions depending on the specific investment.

Variable Annuity Total Return Composite

The objective of PCM's Variable Annuity Total Return Composite is total return for clients whose needs are best accomplished through tax-deferral. To achieve its objective, PCM custodies client assets with Jefferson National Insurance Company within a variable annuity offering a robust selection of mutual fund sub-accounts. Within the variable annuity, PCM will allocate 50% of client assets to sub-accounts most closely related to the Absolute Return Strategy Composite and 50% of client assets to sub-accounts most closely related to the Absolute Global Macro Composite.

U.S. Equity All-Cap Growth Composite (CANSLIM)

The objective of PCM's U.S. Equity All-Cap Growth Composite is growth of capital with a risk-managed overlay that has historically experienced 50 percent of the drawdown of traditional equity portfolios. To achieve its objective, PCM employs a sub-advisor, NorthCoast Asset Management, under the terms of the Investment Sub-Advisory Agreement. Subject to supervision and direction by PCM, NorthCoast will manage client accounts in accordance with its own investment management philosophy and policies and pursuant to any instructions from the client and/or PCM. The allocation to equities will vary from 10 to 100 percent. It is expected that each stock will represent 3 to 10 percent of the account and at times may be as high as 20 percent. Industry concentration is expected to be 10 to 20 percent. Market capitalization is not a factor. Current income from dividends will be minimal. NorthCoast has a minimum account size of \$100,000.

Item 9: Disciplinary Information

In March of 2005, Provident Capital Management, LLC merged into Provident Capital Management, Inc. Provident Capital Management, Inc. believed that its investment adviser representative was registered with the Indiana Secretary of States, Securities Division, but, due to an administrative error, he was not. This issue was resolved through a consent agreement, with the Indiana Secretary of State, Securities Division, dated February 15, 2011, in which the Securities Division made no finding of any violation and a civil penalty was paid. Provident Capital Management, Inc. was registered at all times with the United States Securities and Exchange Commission.

Other than set forth above, there are no legal, disciplinary or administrative events affecting PCM, or any of its management persons.

Item 10: Other Financial Industry Activities and Affiliations

Other Investment Adviser

PCM may engage various sub-advisers to provide investment supervisory services to clients whenever PCM believes that the sub-advisers' services will enhance the overall investment advice given to clients. PCM will provide clients whose accounts are sub-advised with a copy of the Sub adviser's brochure, which explains fully the services to be rendered by the sub-adviser. PCM may refer clients to other advisory firms and share in that advisory firm's advisory and/or performance fees. (These are often referred to as "third-party money managers.") Full disclosure of any advisory or performance fee sharing will be made up front to clients prior to implementing any recommendations. Additionally, all performance based fee arrangements will comply with the requirements of Rule 205 – 3 under the Investment Advisers Act of 1940.

PCM and MRM Asset Allocation Group, Inc ("MRM") are associated companies and have entered into a unique agreement where both companies have the right to use investment strategies developed by each

company to manage and sub manage accounts for investors. Although each company remains under separate ownership for the present time, PCM and MRM have agreed to share their respective investment systems with each other, to provide full statistical and logistical support for their respective systems and to work together to develop further enhancements. PCM and MRM have entered into cross licensing agreements and a business continuity agreement to provide for continued management of client assets in the event of the retirement, death or disability of the principal of either company.

Neither PCM nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer, are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Education and Business Standards:

PCM, requires that all individuals involved in determining or giving investment advice to clients possess the highest ethical standards and technical abilities necessary to meet the needs of those who retain PCM's services. PCM will provide a copy of its code of ethics upon request.

Employee security trading policy:

PCM or any related person(s) may have an interest or position in certain securities that may also be recommended to a client. PCM has established the following restrictions in order to ensure its fiduciary responsibilities:

1. All supervised persons of PCM are required to obtain pre-clearance before directly or indirectly acquiring beneficial ownership of any security in an initial public offering and in a limited offering, such as a private placement.
2. A director, officer or employee of PCM shall not buy or sell securities for their personal portfolio where based upon material non-public information.
3. Directors, officers and employees of PCM are permitted to take positions that are identical to, similar to or opposite to positions taken in client accounts. No cross trades will be permitted between client accounts and accounts of directors, officers or employees. The performance in accounts of directors, officers and employees may be better than, the same as or worse than the performance in client accounts. Investment objectives and risk tolerance may vary resulting in differing returns.
4. No principal trades will be permitted between client accounts and accounts of directors, officers or employees.
5. Agency cross transactions are not permitted.
6. PCM maintains a list of all securities holdings for itself, and anyone associated with the investment advisory practice. These holdings are reviewed on a regular basis by PCM's principals.
7. PCM requires that all individuals associated with the firm, in transacting personal securities transactions, must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
8. Directors, officers and employees of PCM are permitted to batch trades with trades executed on behalf of client accounts. In the event that trades are batched, all accounts will be provided an average cost. If the entire batched order is not filled, the best prices will be allocated to customer accounts.
9. All access persons are required to report their personal securities transactions. All personal securities transactions are reviewed by an employee not involved in the trade on a quarterly basis.

Item 12: Brokerage Practices

Brokerage

Factors considered when selecting brokers:

- Professionalism, quality of execution, reliability, integrity, and financial stability.

Factors in determining the reasonableness of their commissions:

- Commissions are one of several important factors to consider in choosing the appropriate broker. PCM desires the most competitive commissions from brokers for the clients' security executions.
- Value of products, research and services:
- PCM searches out and desires its clients have the most appropriate and suitable products for their needs.
- Higher commissions: generally, clients pay competitive commissions for similar products and services from similar brokers.
- Research: N/A
- Transactions for products: N/A

Soft Dollar Arrangements

PCM not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar basis other than what is included in the following paragraphs regarding our participation in the TD Ameritrade Institutional customer program.

Soft dollars generally refers to arrangements whereby a discretionary investment adviser is allowed to pay for and receive research, research-related or execution services from a broker-dealer or third-party provider, in addition to the execution of transactions, in exchange for the brokerage commissions from transactions for client accounts.

PCM participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. These benefits may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons, in and of itself, creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

Brokerage for Client Referrals

PCM does not select or recommend broker-dealers based on such broker-dealer's ability to make client referrals.

Directed brokerage arrangements:

In general, investment advisory clients of PCM will be referred to one or more of the following broker dealers or registered investment companies. (This list is not inclusive; other broker dealers may be used): 1) Charles Schwab and Company, 2) TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA, 3) Rydex Family of Funds, 4) FolioFn, or 5) Mid-Atlantic Trust Co. However, clients are permitted to direct PCM to execute transactions on their behalf through other broker-dealers. Clients should be made aware that the practice of directing brokerage to a particular broker dealer generally restricts and/or removes PCM's discretion or ability to select brokers for the client, negotiate commission rates on behalf of the client, and include the client's trade orders in block trades with other advisory clients, which may ultimately adversely affect our ability to obtain best price and execution for the client. In addition, such client may be unable to participate in block trades with PCM's other advisory clients and consequently, may not receive execution process as favorable as PCM's other advisory clients.

Trade Errors:

PCM defines a trade error in the placement, execution or settlement of a client's trade. If an error is corrected before the trade is settled, such is not deemed by PCM as a trade error and shall not be subject to trade error procedures.

It is PCM's policy that clients will never benefit or be disadvantaged as a result of a trade error and that all trade errors in client accounts will be recorded and resolved as soon as practicable.

If an error occurs relating to a client's transaction that is the fault of the executing broker/dealer or another third party, PCM will take steps to ensure that the responsible party corrects the error in a manner that does not either benefit or disadvantage the client and will document its actions on behalf of the client.

Aggregation:

Equity trades placed at brokerage firms are aggregated and then allocated based on an average price. Some accounts may pay more than if trades were executed individually. PCM may use Goldman Sachs to execute aggregated block orders across all custodians through a Step-in / Step-out process. Block orders are sent to Goldman Sachs for execution and the allocations of the trades are forwarded to the respective custodians. This trade execution process helps to ensure equitable pricing across multiple custodians for the same security, helps with liquidity, reduces slippage, and minimizes dispersion across accounts.

Item 13: Review of Accounts**A. Review of money management accounts:**

Most portfolios are reviewed at some level monthly. Reviews, or special reviews not involving all accounts, are triggered by one or more of the following: 1) A change in investment objectives, financial situation and/or guidelines, 2) Diversification, 3) Equity ratio, 4) Tax considerations, 5) Cash added or withdrawn from management, 6) Purchase or sale of a security, and 7) computer exception reports which monitor cash available for investment and security holdings whose size exceed certain guidelines.

B. Nature and frequency of regular reports for investment advisory clients:

Investment advisory clients receive monthly custodial transaction and asset statements. PCM conducts reviews (in person or via phone) with clients, generally, on a quarterly (calendar) basis to discuss the status of their account(s). PCM provides a quarterly statement of assets that presents a concise summary of the cost or other basis and current market value of all managed assets held in the portfolio at the close of each quarter. PCM provides clients with year-end summaries of transactions for capital gains and losses.

Item 14: Client Referrals and Other Compensation

Additional compensation:

PCM may participate in TD Ameritrade and/or Charles Schwab & Company's Financial Advisors Service and other such programs. While there is no direct linkage between the investment advice given and participation in these programs, economic benefits are received which would not be received if PCM did not give investment advice to clients. These benefits may include: receipt of duplicate client confirmations and bundled duplicate statements, access to a trading desk, access to block trading that provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts, ability to have investment advisory fees deducted directly from client accounts, access (for a fee) to an electronic communications network for client order entry and account information, receipt of compliance publications, and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors.

As disclosed under Item 12.B. above, Registrant participates in TD AMERITRADE's INSTITUTIONAL customer program and Registrant may require clients to maintain accounts with TD AMERITRADE/recommend TD AMERITRADE to clients for custody and brokerage services. There is no direct link between Registrant's participation in the program and the investment advice it gives to its clients, although Registrant receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain INSTITUTIONAL money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Registrant by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by Registrant's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Registrant's personnel to attend conferences or meetings relating to the program or to TD AMERITRADE's advisor custody and brokerage services generally. Some of the products and services made available by TD AMERITRADE through the program may benefit Registrant but may not benefit its client accounts. These products or services may assist Registrant in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help Registrant manage and further develop its business enterprise. The benefits received by Registrant [or its personnel] through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. Clients should be aware, however, that the receipt of economic benefits by Registrant or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Registrant's choice of TD AMERITRADE for custody and brokerage services.

Registrant also receives from TD AMERITRADE certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. Registrant may make these Additional Services available to its affiliates without cost. Specifically, the Additional Services include Morningstar Office. TD AMERITRADE provides the Additional Services to

Registrant in its sole discretion and at its own expense, and Registrant does not pay any fees to TD AMERITRADE for the Additional Services. Registrant and TD AMERITRADE have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Registrant's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Registrant, TD AMERITRADE most likely considers the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, Registrant's client accounts maintained with TD AMERITRADE. TD AMERITRADE has the right to terminate the Additional Services Addendum with Registrant, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD AMERITRADE, Registrant may have an incentive to recommend to its clients that the assets under management by Registrant be held in custody with TD AMERITRADE and to place transactions for client accounts with TD AMERITRADE. In addition, Registrant shares the Additional Services with its affiliated entities. Consequently, Registrant's clients' brokerage commissions and custodial fees generated at TD AMERITRADE may be used to benefit Registrant's affiliates. Registrant's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

Registrant has agreements with brokerage firms and investment advisory firms to provide advisory services to clients of those entities. Sometimes the services are performed as a sub advisor and sometimes the services are provided as a model manager. When the ultimate client selects PCM, the advisory fee is shared between PCM and the brokerage firm or investment advisory firm for the ultimate client. There is no other compensation to PCM other than a share of the advisory fee charged to the ultimate client.

Solicitor Compensation:

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this Disclosure Brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client, or until such time as our agreement with the Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This creates a conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Item 15: Custody

PCM, Inc. does not custody client assets and views 3rd party custody arrangements as an additional check and balance against fraud. Client assets are maintained with qualified independent third-party custodians, which include registered broker-dealers, banks and other qualified custodians. Clients will receive at least quarterly statements directly from the custodian that holds and maintains their assets. We urge clients to review these statements and compare them to the quarterly reports they receive from us.

Item 16: Investment Discretion

The firm is granted discretionary authority over assets by its client. Such discretionary authority regarding investments may, however, be subject to certain limitations, e.g. restrictions or prohibitions placed by the client on transactions in certain types of securities or industries. Any such limitations are to be agreed upon in advance with each client.

Item 17: Voting Client Securities

It is PCM's policy not to vote proxies for or on behalf of our clients. Clients are advised that they retain responsibility for voting proxies and custodians of client securities will be instructed to deliver proxies directly to the client. Any proxy voting materials received by PCM will be forwarded immediately to the client's address of record.

Item 18: Financial Information

Not applicable to this firm.

Item 19: Requirements for State-Registered Advisers

Not applicable to this firm.