



FORM ADV PART 2A AND 2B
INVESTMENT ADVISOR BROCHURE
AND
BROCHURE SUPPLEMENT

Cover Page

Name of Firm	Private Management Group, Inc. ("PMG")
Address	15635 Alton Parkway, Suite 400, Irvine, CA 92618
Phone Number	(949) 752-7500
E-mail Address	jluciano@pmgadvisory.com
Website	www.privatemanagementgroup.com
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This Form ADV Part 2A (Investment Advisor Brochure) gives information about the investment advisor and its business for the use of clients and prospective clients. If you have any questions about the contents of this brochure, please contact us using one of the methods listed above. 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. Registration is mandatory for all persons meeting the definition of investment advisor and does not imply a certain level of skill or training.

Additional information about our firm is available on the SEC's website at: www.adviserinfo.sec.gov.

Material Changes

The purpose of this section is to discuss only material changes since the last annual update of PMG Investment Advisor Brochure. The date of the last annual update was March 10, 2014.

Summary of Material Changes:

There have been no material changes in the way PMG provides services, charges fees, or works with counterparties.

Delivery:

Within 120 days of our fiscal year end we will deliver our annual Summary of Material Changes if there have been material changes since the last annual updating amendment.

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Advisory Business

Advisory Firm

PMG has been providing investment advisory services since 1986. Dennis Reiland is the President/Secretary and Robert Summers is the Chief Financial Officer. As co-owners and Portfolio Managers, both share in the vision of the company and in investment management functions. Our staff is comprised of portfolio managers, traders, customer service, and other back-office support staff.

Advisory Services

PMG provides investment supervisory services. We construct and manage portfolios after counseling and based on specific risk/return objectives.

We have \$2,361,413,939 of assets under supervision on a discretionary basis as of December 2014.

Our mission statement is “Serving our Client’s Investment Objectives Thorough Sound Research and Capital Allocation.” PMG attempts to accomplish this mission by meeting two important goals:

1. Develop honest, comfortable, long-term relationships with clients.
2. Supervise the client's capital in a professional manner while taking commensurate risk inherent in managing stock, bond, and securities portfolios.

We select securities to build individual portfolios based on input from our clients. These portfolios consist of all the assets under management for a particular client and may cover multiple accounts, both taxable and non-taxable. Since taxability is a consideration in the investment process, we may concentrate certain investments in either taxable or non-taxable accounts. As we view absolute returns as the most important goal in our process, we view our performance in comparison to a risk-free benchmark plus a required return. We feel this is most indicative of client success. This required return, or risk premium, will vary over market conditions and between client objectives, but it is generally considered to be in the low single digits. We will assign a very rough general investment benchmark based on client risk attributes and the desire to have relative comparisons. For simplicity purposes, we use three main benchmarks which can vary based on market conditions. They are generally described below:

- **Growth – Accumulation:** This comparative composite benchmark will typically be largely equity oriented and has historically been restricted to the Standard & Poor’s 500 Industrial Index. This category emphasizes long-term capital appreciation, but may consist of significant allocations to fixed income investments. However, all asset types are acceptable so significant deviations from the benchmark are possible. Funds will normally be left in the account to accumulate so liquidity factors are minimized. While stability through broad diversification is desired, the account may be concentrated in a few holdings and subject to considerable volatility.

- **Balanced – Accumulation:** This comparative composite benchmark will typically be skewed towards equities along with a modest amount of general fixed-income indices. The assets will be supervised for growth and income accumulation. Accounts will generally consist of a balanced portfolio of equities and fixed income securities, with a slight emphasis on growth. Account funds are normally held for accumulation, so liquidity is not a primary objective. While stability through broad diversification is desired, the account may be concentrated in a few holdings and subject to considerable volatility. Allocations may vary substantially and include aggressive holdings.
- **Balanced –Cash Flow:** This comparative composite benchmark will typically be comprised of a majority of fixed-income and a smaller degree of equity indices. Accounts will normally consist of higher yielding fixed income securities with a smaller degree of equities than the other composites. The assets will be supervised for income, with lower emphasis on growth while allowing for cash liquidity requirements. Cash liquidity is not a primary objective, but short-term liquidity needs will generally be provided from investment cash flows. While stability through broad diversification is desired, the account may be concentrated in a few holdings and subject to considerable volatility. Account allocations may vary substantially and include aggressive holdings.

Clients should not place too much emphasis in these categories. Our allocations will vary among many different assets classes and investment types depending on our tactical approach at any given time. As we previously stated, we view a risk free return plus a risk premium as more important than relative performance. However, selection of a comparative benchmark is used for relative performance measurement. The benchmark descriptions are a general objective only and all accounts will be supervised individually according to your unique situation. Therefore, you should expect to see variances between benchmark allocations and your portfolio. You may request reasonable account restrictions; such as prohibiting investments in certain companies or industries. PMG can provide a benchmark performance report upon request. This is normally included in our Annual Report to clients.

You are asked to notify us if there have been any changes in your financial situation, investment objectives, or if any account restrictions should be imposed or modified. The better you keep us informed of any material changes the better we can tailor your investments to meet your objectives. We will request you provide updates to this information via our quarterly and annual report disclosures. While we normally change your portfolio's relative benchmark when circumstances your change, you may request this at any time. You are encouraged to consult with PMG during volatile market conditions or whenever you feel your risk parameters have changed. You may call in during normal business hours to discuss any aspect of your account, financial situation, or other investment needs and speak directly with a portfolio manager.

PMG normally seeks stability through broad diversification of your portfolio of accounts. At times, however, portfolios or individual accounts may be concentrated in a few holdings or asset classes. This may create more risk. Allocations may vary substantially and include aggressive holdings. The account may consist of investments that are illiquid or have no formal market. Please refer to "Methods of Analysis, Investment Strategies, and Risk of Loss" for additional disclosures.

Accounts will remain unrestricted in asset allocation or type unless you request otherwise.

PMG does not generally use margin as part of an investment strategy. Small margin balances may arise temporarily during portfolio rebalancing, if you withdraw funds before securities are sold, or if otherwise initiated by you. Margin debt is a loan extended against securities held in your account. Margin is utilized when more than all of your available cash is either invested or withdrawn from the account. For example, assume you write a check that exceeds the cash balance in your account. If you have a sufficient amount of “marginable” securities in your account the brokerage firm can extend you a loan for the difference - and your check would clear. Interest will be charged for as long as the margin balance is outstanding. There is a risk of borrowing too much, however. If the account value falls below a certain minimum, securities may be involuntarily sold in order to repay the margin balance. You will be responsible for any resulting realized gains or losses, including income tax liabilities, commissions, or other charges.

An important part of the investment process is reporting. We will provide detailed quarterly statements with asset allocation, return, and specific holding information. Tax reports to be discussed with your tax advisor can also be provided. In addition, we can normally provide detailed information on all managed assets so that you can determine material holdings and asset allocations attributes. We currently provide quarterly and annual reports with insight into current topics and/or some important factors under consideration. You will also receive confirmations and account statements directly from your custodian/brokerage firm. Your periodic statements will contain a description of transactions and account activity. You will retain all rights of ownership to securities and funds in your account just as if you held the assets outside of PMG’s supervision. You can contact your custodian to provide third party verification of your account.

Fees and Compensation

We typically do not charge for setting up an account, although a charge may occur in certain situations. Our standard advisory fees are calculated as follows based on assets under management (see other disclosures for additional information): For account assets up to \$100,000 at .40% per quarter (1.60% annually), then .35% per quarter (1.40% annually) of assets between \$100,000 and \$1,000,000, plus .25% (1.00% annually) of assets between \$1,000,000 and \$2,000,000, plus .20% (.80% annually) of assets between \$2,000,000 and \$10,000,000, and then .15% (.60% annually) of assets in excess of \$10,000,000.

You will be responsible for brokerage commissions, stock transfer fees, or other fees charged by the brokerage/custodial firms. These expenses may be deducted and paid from assets in the account. Please refer to section heading “Brokerage Practices” for more information.

If you have multiple accounts within your household you may benefit from having these accounts aggregated to lower your overall fees. Some exceptions may apply.

Our fees will be billed in advance and payable quarterly. The first payment is due based upon the execution date of the Agreement. It will be assessed pro-rata in the event the Agreement is not executed on the first day of the new calendar quarter. Subsequent payments are due and will be assessed from the first day of each calendar quarter based on the value of the portfolio as of the start of that quarter.

You will authorize the custodian to deduct the advisory fees directly from your account as part of the investment service. We generally don’t allow clients to pay fees directly from outside sources because of the costs involved with collecting and monitoring payments. Keeping collections simple and somewhat automated allows us to reduce costs and lower expenses. This fee collection from the custodian will be done in accordance with the statements we prepare. We submit a fee request to the custodian and can provide detailed fee calculations to you upon request. The custodian will provide periodic account statements to you. These statements will reflect any fee withdrawals by PMG. It is your responsibility to verify the accuracy of the fee calculation

Fees are not collected for services to be performed more than six months in advance.

Fees are negotiable. Discounts may apply for relatives, associates of employees of PMG, non-supervised account holdings, trial accounts, long-term client relationships, charitable accounts, or other special circumstances. While we believe these fees are reasonable and competitive, lower fees for comparable services may be available from other sources.

PMG and some of its representatives (IA Reps) may have historical relationships with broker/dealers or insurance companies and may continue to receive trailing commissions from these companies on assets or policies that are unrelated to managed client assets.

We generally do not invest in open-ended mutual funds to avoid a duplication of costs – including any fund fees that would be layered on top of ours. To the extent that we invest in closed-end funds we factor in fund expenses

and attempt to purchase such funds at a discount sufficient to mitigate those expenses and provide a rate of return sufficient to meet our investment goals.

Your account may be terminated on 10 days written notice by either you or PMG. If your account is terminated before the last day of a calendar quarter, we will issue to you a pro-rated refund of any unearned fees.

Upon termination, your account will remain at the custodian. You will be responsible for the ongoing management of the account, including providing instructions regarding your assets. As part of the termination process you may request that we consider certain actions, including liquidating all or a portion of the account. If PMG declines to sell any or all of your securities, you may be subject to future losses on any retained securities. You may need to complete any desired trades directly with the custodian/broker-dealer. Any assistance we provide will be at our sole discretion. Termination of your account may result in material tax liabilities, large trading costs, and significant opportunity costs. PMG believes that transfers of assets to new advisors may be harmful to clients. This is due to their propensity to sell most, if not all of the transferred securities and their inability or capability to complete trades at fair prices. Particularly problematic would be the sale of small holdings of corporate bonds, foreign stocks, and other less liquid securities. PMG will no longer be your investment advisor as of the termination date and our fiduciary relationship with you will cease.

The Advisory Agreement contains a pre-dispute arbitration clause. You understand that the agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such a waiver would be void under federal securities laws. Arbitration is final and binding on all parties.

Performance-Based Fees

We do not charge performance-based fees, a fee that is based on capital gains in the client account. Although we do not charge performance-based fees, the higher the rate of return in your account generally translates into a larger account value upon which our fee is based.

Types of Clients and Account Minimums / Conditions

PMG provides advisory services to individuals, pension and profit sharing plans and other ERISA accounts, trusts, estates, banking institutions, and business entities.

We have no set dollar minimum account. We believe \$100,000 is the minimum needed to diversify account assets. We recommend and may impose a minimum account size of \$250,000. We may temporarily stop accepting new accounts at any time.

Small accounts are subject to higher volatility and therefore have a greater risk of potential losses. This volatility results from the lack of sufficient assets needed for proper diversification. We generally purchase securities in cost-efficient “round” lots. This is in an effort to minimize account expenses. Small accounts may not be able to efficiently participate in all available investment opportunities, hindering our efforts to maintain a properly diversified portfolio. Smaller accounts are acceptable and can be successful, but may be more focused on liquid securities which can be traded in smaller denominations. For example, some accounts could be too small to adequately diversify a portfolio of corporate bonds.

If your portfolio consists of more than one account it will be supervised in a “portfolio context.” This means that each account will be viewed as a sub-component of the entire portfolio in order to properly evaluate performance and risk. Some degree of variation in performance of the individual portfolio accounts should be expected, at times greater than others. Particularly, small accounts (within an overall larger portfolio) may exhibit greater volatility and potentially sustain greater percentage losses than when viewed in isolation. Conversely, small accounts may hold a high concentration of cash relative to the rest of a portfolio. While this would ultimately reduce volatility it could also lead to a material relative underperformance.

Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis

PMG uses fundamental analysis to analyze stocks and bonds for the investment portfolio.

Investment Strategies

We review and may use investments other than traditional stock and bond instruments including, but not limited to:

- Preferred Stock
- Convertible Securities
- Hybrid Securities
- Foreign Securities
- Mutual or exchange traded funds
- U.S. government securities or government sponsored entities
- Municipal securities
- Real estate or oil/gas limited partnerships
- Options or warrants
- Other business ventures

We generally do not participate in Initial Public Offerings, although we may consider them at any point. To the extent that limited opportunities are presented and we chose to participate, normal block trading policies will apply.

We typically invest in assets for the long-term (over six months). To a lesser degree we may make short-term purchases.

Risk of Loss

While all investments have risk, some carry a greater degree of risk and/or higher costs. There is no guarantee that the investment strategy selected for you will result in your goals being met. There is no guarantee of profit or loss protection. For those investments sold by prospectus (including mutual funds, public offerings, and limited partnerships), you should read the entire prospectus.

Below are some of the common market-based risks that may affect your portfolio:

- **Stocks:** Stocks are subject to “market risk” which refers to capital losses due to stock price declines. Market risk can be company specific or related to general economic trends. It can include risk of changes in interest rates, business conditions, competitive forces, pricing problems, supply chain disruptions, human misjudgments, political conditions, legal developments, foreign markets, currency exchange rates, investigations or allegations related to fraud, technological advancements, and many other factors that are known and still unknown. Stock prices can change due to news, such as company earnings, or simply in

reaction to the overall stock market. Prices can react to many other factors and clients should read and be familiar with the disclosures given by PMG, specific companies' SEC filings, custodians, management presentations, public news sources, and other parties. Market risk is affected by investor attitude.

- **Debt Securities:** Debt securities (bonds) are also subject to “market risk” as described above. More specifically, bonds are associated with credit risk (the risk of non-payment for various reasons), interest rate risk (risks associated with changes in interest rates), and currency risks (risk that the payment received in local currency will be lower due to currency fluctuations). For example, a major risk typically associated with higher quality debt is that if the general interest rate on newly issued bonds increases, the value of other bonds will decline. Prices can react to many other factors and clients should read and be familiar with the disclosures given by PMG, specific companies' SEC filings, custodians, management presentations, public news sources, and other parties.
- **High Yield Securities:** High yield securities are debt securities rated below investment grade. These have a higher risk of non-payment (default) by the issuing company or municipality. They are also subject to market risks as described above. Prices can react to many other factors and clients should read and be familiar with the disclosures given by PMG, specific companies' SEC filings, custodians, management presentations, public news sources, and other parties.
- **Real Estate and/or Mortgage Securities:** PMG will purchase investments in real estate securities and real estate mortgages. These real estate securities can be held in a variety of forms, but the most common is a Real Estate Investment Trust (“REIT”). REITs are also subject to “market risk” as described above. REITs can entail significant leverage to purchase properties which can increase their overall risk and their ability to pay dividends. REITs can hold real estate investments that are illiquid and have limited marketability. REITs have both equity and fixed attributes which PMG may deem acceptable for income oriented accounts. These accounts may be impacted if dividends are reduced or halted.
- **Foreign Stocks, Bonds, or other Securities:** PMG will invest in foreign securities which have additional risks related to political, currency, legal, military, taxation, and/or special circumstances. These can be difficult to predict or anticipate and can cause significant negative impacts. Foreign entities are often required to make additional disclosures to U.S. investors which are deemed to be included as part of our disclosures.
- **Businesses:** PMG invests in businesses through various forms including common stocks, preferred stocks, convertible securities, and debt securities. Businesses are also subject to market risk as described above, but also have specific risks unique to their specific situation. These are too numerous to detail, but PMG clients should carefully review the risk disclosures provide in company filings, including the annual form 10-K filings. Some of the more common risks disclosed by companies include problems with general market conditions, industry risk, specific business issues, competition, supplies, customers, management, financial, liquidity, legal, governmental, and other risks. Company filings will provide more detail on specific risks and is very helpful information for investors. These filings are easily available to all investors at any time through the SEC's Edgar Filing system. These disclosures are deemed included as part of our disclosures and PMG can provide these risk disclosures upon request.
- **Liquidity:** We may purchase, or certain assets may convert into, illiquid securities that are difficult to trade or value. We may not be able to execute trades at or near the market price during the prevailing market conditions. The prices realized on illiquid securities have a greater chance of being significantly less than those prices shown on a client statement. This may present losses to clients if we are forced to

sell illiquid securities quickly. Illiquid securities can also be more expensive to trade such that clients may incur higher trading costs.

- **Asset Valuation:** Securities, particularly illiquid securities, can be hard to price. Matrix or other pricing may be used by pricing agents, whereby prices are determined in good faith based on the prices of similar securities, yield curve models, or other price valuation models. The prices assigned by any of these methods may differ materially from realizable market prices at any given point in time. PMG uses third parties custodians to independently price securities, but may provide input to correct errors and will correct obvious mistakes where appropriate.
- **Bankruptcy and/or Financial Distress:** There is a high risk of loss in the event a company becomes insolvent or financially distressed. We have invested in companies in distressed situations and anticipate future investments in this area. All security classes would be affected and possibly impaired. Any recovery may involve a significant delay; potentially years. Certain accounts (i.e. pension plans) may incur extraordinary costs and administrative delays until a bankruptcy plan is confirmed.

The following are some personal risks that may affect you:

- **Tax Consequences:** Changes in tax laws may increase tax liabilities and result in decreases in values of securities impacted by the changes in tax laws. Securities and/or businesses may receive special tax benefits or credits which can be terminated which would result in portfolio losses. There are times when securities may be sold within a year. Your capital gains may be taxed at short-term capital gain rates instead of at a potentially lower rate long-term capital gain rates.
- **Lifestyle Changes:** You have the responsibility to help set proper risk parameters in our initial interviews, during the early stages of our relationship, and on an on-going basis throughout the term of our agreement. Many changes in your lifestyle and feelings about risk may evolve without our knowledge. We are relying on you to proactively inform us of any material changes. We offer annual reviews for your convenience.
- **Failure to meet Expectations or Projections:** Private Management Group, Inc. believes past returns are not reflective of future performance and that most investors have overly optimistic outlooks. Future returns are highly likely to be significantly lower than past experiences. It should not be assumed that recommendations made in the future will be profitable or will equal past performance. Past performance was generated using an investment philosophy similar to current methods, but future investments will be made under different economic conditions, with different securities, and using different investment strategies. Duplicating performance superior to the past is unlikely. Past performance reflects investment results for a limited period of time and not cover all economic or market cycles.

The following are some of the risks involving our firm that may affect you:

- **Errors in Judgment:** We do not guarantee performance and losses are always possible. Past performance is not indicative of future results. We may fail to meet your goals and objectives. There is the potential that you fail to communicate to us or we fail to understand your investment objectives, risk tolerance, or goals. As we also supervise other clients' assets we will not devote our exclusive attention to your account.

- **The health and retention of key employees:** Key employees may become ill or leave the company which could result in problems in managing your account.
- **Potential conflicts of interest:** There are a myriad of conflicts that arise in the management of your account. For example, PMG believes it is important to promote long-term relationships with clients and this may impact short-term aggressiveness in purchasing securities and may result in a greater emphasis on managing volatility. On the other hand, we are aware that a superior track record can bring in additional business such that there may be more incentive to take risk that could result in better relative performance. Our employees also purchase securities for their own accounts. This may result in greater attention paid to these securities and an emphasis on selecting securities that they would consider owning. Other conflicts may come up in the normal course of business that may impact your portfolio, but PMG attempts to establish procedures which allow us to meet our fiduciary obligations to you.
- **Our financial health and ability to sustain proper business relationships.**
- **Compliance, Legal, Political, Governmental, and Regulatory issues.**
- **Threat of litigation against us by clients, regulators, or by investments we hold.**

There are many other risks that may affect you:

Forward-Looking Statements: During the normal course of business we may make verbal or written statements that are forward-looking in nature. We note that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in such forward-looking statements. Information discussed with you contains forward-looking statements relating to anticipated financial performance, business prospects, returns, market forces, new services, technological developments, and other matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, Private Management Group, Inc. notes that a variety of factors could cause actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward-looking statements. Factors may change in future and we take no responsibility to update or modify statements. Forward-looking statements typically contain words such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “continue,” “believes,” “expects,” “hopefully,” “tend,” “forecasts,” or variations of these words, suggesting that future outcomes are uncertain.

Overview of General Risks: The following discussion is intended to identify certain factors (though not necessarily all such factors) that could cause future outcomes to differ materially from those set forth in forward-looking statements made by PMG. Some of the risks and uncertainties that may affect results, performance, development, operations of client portfolios, securities owned or PMG business include, but are not limited to, the following factors: changes in client requirements or demands, cash flow needs of clients, general economic conditions, competitive factors and pricing pressures, overcapacity in industries involved with, shifts in market demand, changes in federal, state and local laws, licensing and regulations, especially financial and security regulations, potential increases in costs of operations, increases in labor costs, the performance and needs of industries involved with, continued costs of investments in technology, uncertainties of litigation, the ability of entities to generate cash flow or finance operations, compliance with securities debt covenants, success or timing of completion of capital and maintenance spending projects, planned and unplanned outages due to maintenance,

equipment malfunctions or work stoppages, availability of adequate levels of insurance, management retention and development, changing accounting requirements, maintenance of health of key PMG employees, and various hazards which could disrupt operations (including fires, explosions and severe weather conditions). Discussions related to asset classes are general in nature only. Assets can change classifications and definitions can be broadly interpreted.

Additional Risks related to your Account: We may occasionally make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the custodian of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless it is otherwise not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax issues, insignificant amounts, etc.).

Error amounts less than \$100 may be covered by the custodian or broker/dealer of the account. If a loss occurs greater than \$100, PMG may be liable to pay for the loss. If related trade errors result in both gains and losses in your account, they may be offset. Different custodians may have different policies regarding the settlement of trade losses.

Unsupervised assets are account holdings which we did not recommend or may be restricted from selling. We strongly advise against holding non-supervised assets and recommend that you transfer them to a separate account. We will not provide investment advice for unsupervised assets. Any incidental comments we may make regarding these securities may be incomplete or inaccurate. You assume all risks of holding these assets in your account. We will not charge a fee to hold these assets in most circumstances.

Principals of PMG may be unreachable for periods of time due to travel, sickness, personal, or other reasons. This may create additional risks related to knowledge of timely events, specific client needs, or other issues. Clients should be aware that they have the ability to access their account assets (which may include check-writing or issuing wire instructions) without the assistance of PMG and/or under emergency circumstances.

Disciplinary Information

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. PMG does not have any disclosure items.

Other Financial Industry Activities and Affiliations

PMG does not believe that it or its IA Reps have any other material financial industry activities and affiliations.

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

Code of Ethics

PMG maintains a Code of Ethics. This Code of Ethics sets forth standards of conduct expected of our advisory personnel. It requires compliance with federal securities laws and addresses conflicts that arise from personal trading by our staff. A synopsis of the personal trading policies is below. You may request a complete copy of our Code of Ethics.

Participation or Interest in Client Transactions

PMG and its IA Reps do not have any affiliation to an issuer of securities. We do not act as an underwriter, general or managing partner, or an offeree representative.

PMG and its IA Reps generally do not directly own more than 5% of the outstanding common stock in any security. If we obtain a direct ownership of more than 5% of the outstanding shares of a voting equity security, we will file a Schedule 13D report with the SEC. If we acquire a direct interest in the shares in the ordinary course of business but not for the purpose or effect of changing or influencing control, we will file a Schedule 13G report. PMG and its clients may be deemed to beneficially own more than 5% of the outstanding common stock and will make the required filings when appropriate.

We do not directly match trades with buyers and sellers (agency cross transactions) in off-market transactions. It is rare if one client were selling the same security that another client was buying, but we may occasionally put out simultaneous buy and sell orders. These trades, if they occur, would be executed by third party brokerage firms or custodians and can be improved upon by normal market participants. We do not buy or sell securities from our own account to fill client trades (principal trades).

Personal Trading

PMG believes that it is prudent that its IA Reps and other related parties interests are aligned with client interests. We generally take positions in the same securities as you. We have established supervisory procedures in an attempt to avoid conflicts with you. We will not violate our fiduciary responsibilities to you. We will transact personal orders only after all current client orders (and orders contemplated within the next 24 hour period) are complete. Trading shortly ahead of any contemplated trades for your benefit (scalping) is prohibited. This includes a prohibition of personal trades while a client has an open order pending. Contemplated trades mean any trades that are currently being considered given the current cash balances in client accounts and current market prices. It would not include potential cash deposits/withdrawals or hypothetical situations where market prices or conditions could change. Our personal orders may be executed the same day as client trades on a “last in” and “last out” basis after all contemplated client trades are complete. Occasionally, a bond trader may aggregate personal trades behind client trades, but PMG will keep trades separate and make sure that all client trades are completed first and take priority. Our IA Reps that are involved in the decision-making process are prohibited from buying or selling in anticipation of a trading recommendation by PMG.

We will disclose certain material conflicts to you at the time of a personal trade. For example, we would disclose if a related party had a large position (deemed greater than 5% of the shares outstanding) in a thinly traded stock that if traded would likely have a material impact on the stock's price. However, we would not disclose a related party's relatively small security position, that if traded, we believe would have negligible effect on the stock's price.

Brokerage Practices

Selection or recommendation of broker/dealers

You may choose to custody your assets and execute trades through a PMG recommended broker/dealer. PMG works with many broker/dealers and may receive similar benefits from these other firms, but does have benefits coming from services provided by the Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”) which are currently recommended to provide custodial and broker/dealer services for essentially all our clients. Schwab is a FINRA registered broker/dealer and member SIPC.

PMG or our IA Reps are not affiliated with Schwab or other broker/dealers and do not receive any commissions or fees for recommending their services.

Our selection is made based on a wide range of factors including (but not limited to):

- Competitiveness of commission rates.
- Trade execution capabilities and quality with minimization of trading error history.
- Ability to handle trades and answer calls in volatile markets.
- Research for the benefit of clients and that assist us in making investment decisions.
- Willingness, ability, facilities, infrastructure to work with Investment Advisors.

Client accounts maintained in custodial accounts generally are not charged separately for custody, as broker/dealers are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through their firm. The custodian may also charge a fee as “prime broker” for “trade away” transactions executed by other broker/dealers but settled into (held at) the custodial account and for other transactions, tender offers, tax reporting, or other services. You may pay transaction fees to the broker/dealer for the purchase of “no-load” funds. Prime custodians generally provide the clients with consolidated statements.

Soft Dollar Practices

PMG generally pays directly for research directly out of our own funds. However, we may receive benefits from a brokerage firm in the form of research, products or services. Such benefits may be termed “soft dollars.” When a firm uses client brokerage commissions to obtain soft dollars, the firm receives a benefit by not having to separately produce or pay for such items. A firm may have an incentive to select or recommend a broker/dealer based on soft dollars received, rather than best execution for the client.

Custodians and/or broker dealers provide PMG with access to its institutional brokerage – trading, custody, reporting and related services – many of which may not typically available to other customers. We also have available other support services (or soft dollar benefits as described above). Some of those services help us manage or administer out clients’ accounts while others help us manage and grow our business. Support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we keep a minimum dollar of our clients’ assets in accounts at a custodian (for example, Schwab states they require a \$10 million dollar minimum). If we do not have the qualifying assets, we may be subject to quarterly fees.

Services that Benefit You: Custodians and broker/dealers services include access to a broad range of investment products, execution of securities transactions, and custody of your assets. Some of the investment products available include those that we might not otherwise have access to, or that would require a higher minimum initial investment by our clients.

Services that May Not Directly Benefit You: Other products and services that benefit us but may not directly benefit you or your account. This includes investment research, both proprietary and that of third parties. We may use this research to service all or some of our clients' accounts, including accounts maintained at custodians other than our prime custodian. In addition, there is other available software and technology that provides some of the following:

- access to client account data
- facilitation of trade execution and trade aggregation (block trades)
- pricing information and market data
- facilitate payment of our fees from client accounts
- assistance with back-office functions, recordkeeping and client reporting

Services that Generally Benefit Only Us: Services that help us manage and further develop our business enterprise include:

- educational conferences and events
- technology, compliance, legal, and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers
- marketing

For all the categories listed above, the custodian or broker/dealer may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. Discounts or fee waivers for some of these services may pay all or part of a third party's fees, even where PMG is not aware of such arrangements.

Schwab has made special arrangements (substantial fee waivers or discounts) with PMG on Portfolio Center (portfolio management software) that we believe is not offered to all advisors working with Schwab, although we believe it is likely arrangements are common for similar sized companies. Schwab has not requested any special commitments in return beyond the standard qualifying amount disclosed in this section. PMG did not solicit these arrangements and had already committed to use of software before arrangements were given to us so PMG does not believe these arrangements were a material consideration.

Custodians and other broker/dealers may also provide us with other benefits such as occasional business entertainment of our personnel.

We understand our duty of best execution and try to consider all factors in making recommendations to you. These research services may be useful in servicing all of our clients, and may not necessarily be used in connection with any particular account that may have paid compensation to the firm providing such services.

Our recommendation that clients maintain their assets or effect transactions at custodians and/or other broker/dealers may be based in part on the benefit to us of the availability of some of the foregoing products and

services and not solely on the quality or cost of services provided, which creates a potential conflict of interest. While we may not always obtain the lowest commission rate from at a particular broker/dealer, we believe their rates are reasonable in relation to the value of the brokerage and research services provided.

Trade Aggregation

Your trades may be aggregated with other client trades as part of a “block trade.” This may be done regardless of the fact that individual client advice is provided to each account. We therefore encourage all clients to use PMG’s “lead custodian.” Usually only accounts at a specific custodian are eligible to participate in aggregated securities transactions. Trades using the lead custodian may be aggregated and submitted under a PMG master account which may be used for trade executions. We will inform the executing broker that the trades are for the account of PMG’s clients, and not for PMG itself.

Accounts within the block trade will not be favored over one another, except that PMG will generally allocate sells to more fully invested clients and allocate buys to underinvested clients. The degree to which a client is invested is based on total cash balances, the percentage of cash held as part of the overall portfolio, the amount invested in a particular security, and other similar factors. We will also occasionally consider sector or industry weightings when determining the degree invested. Trades will be prorated where possible and trading costs are not significantly increased. Proration may be used more frequently with illiquid, harder-to-trade securities and with more volatile securities. Each account within the order will receive their standard commission rates and the average share price.

We believe that on average the aggregation should slightly reduce execution costs. We will not aggregate your order when we believe that the aggregation would increase the overall execution costs. Part of the execution costs considered is the market impact and our ability to accurately track the trades of multiple accounts. We will notify the custodian of the trade allocation for each account. PMG and/or its IA Reps may participate in block trades with clients. We may also participate on a pro rata basis for partial order fills, but only if clients receive fair and equitable treatment. Trades for client accounts are filled and completed before trades are executed in the personal accounts of those IA Reps that are involved in the purchase decisions or trade executions.

Review of Accounts and Reports on Accounts

Reviews

PMG supervises the individual investments on a continuous basis. Changes made in the recommended securities are based on assumed profit potential and changing market conditions.

The investment decision-making process generally centers on many factors, but some typical major factors and sub-factors are shown below:

- **Management**
 - Accounting
 - Compensation
 - Ownership
 - Fairness
 - Reputation
 - Track Record
- **Business**
 - Competition
 - Customers
 - History
 - Sustainability
 - Outlook
- **Capital**
 - Debt
 - Return on Capital
 - Risks/Potentials Renewals or Repayments
 - Dividends
 - Use of Capital
 - Capital Allocation
- **Growth**
 - Revenue, Cash Flow, Earnings
 - Real, Organic, Sustainable Growth
 - Catalysts
 - Track Record of Managing Growth
 - Relative Growth
 - Forecasted Growth
- **Value**
 - Price to Value

These are general factors only and we may use a number of different methods and analysis to select investments. We may not review every factor before selecting a security for purchase or sale. We will not always document or thoroughly examine our thoughts for every factor. We may make decisions about these factors that prove incorrect. We may still invest in securities that fail to meet one, many, or most all of these factors. The price we pay relative to the estimated underlying private market value may be the single most important factor. Other factors can play a role in the assumed value we place on a stock. For example, the higher the growth of a business generally results in a higher value. You should be aware that because price to value is so important, we may buy securities that have very poor marks in all of the other categories if the price is cheap enough. Sometimes the fact that a security is poorly perceived by the financial community or public news sources causes buying opportunities. We have purchased these out-of-favor securities in the past and believe that they will be an important part of our strategy in the future.

The rebalancing of your account is generally based on:

- Changes in your investment objectives
- Tax considerations
- Deposits to your account
- Account withdrawals
- Individual security performance
- Portfolio sector weightings

Portfolios are reviewed regularly for security rebalancing, cash needs, and tactical changes. The reviewers include Portfolio Managers, Head Trader, and Chief Compliance Officer (each licensed personnel), each of who oversee a varying number of accounts. PMG does not assign specific accounts to individual reviewers, but in aggregate we will review all PMG supervised accounts for potential changes.

PMG offers clients portfolio review meetings on an annual basis.

Reports

PMG will deliver quarterly reports to you. Our reports generally will detail account holdings, performance, and assets allocations. We will deliver interim and more detailed reports to you upon request. You will receive independent account statements detailing your portfolio holdings and transactions from your broker, custodian, mutual fund, or other investment sponsors. These statements generally are delivered either monthly or quarterly. Trade confirmations are sent at the time a trade is executed by the custodian / brokerage firm.

PMG statements may vary from other statements due to differences in accounting methods. These differences in accounting methods include a greater use of accrual accounting by us, a timelier posting of trades, and other items. We use the pricing services of the independent custodians, so pricing should be the same. We will correct obvious errors where appropriate. See reconciling reports discussion below for more information. Tax reporting can also be prepared by us to give to your tax advisor.

Client Referrals & Other Compensation

Referral Fees Paid

We may compensate solicitors for client referrals. Solicitor agreements are drafted in compliance with applicable federal and state laws and the Investment Advisers Act of 1940. All clients referred to us by a solicitor will be given a written disclosure (“Solicitor’s Disclosure Letter”) describing the terms and fee arrangements between PMG and the solicitor. Form ADV and the Solicitor’s Disclosure Letter must be delivered to you at the time of, or prior to, our entering into the Investment Advisory Agreement.

Solicitors are not IA Reps, supervised persons, or agents of PMG. Solicitors do not provide investment advice on our behalf. They are paid solely for the referral in exchange for a percentage of the management fee. Certain solicitors may be licensed as Registered Reps, IA Reps, or Insurance Agents of other firms. Any investment or insurance advice offered by persons not supervised by us is solely under the purview of their employing firm. Solicitors may earn compensation (including commissions and fees) on investments or insurance from sources unaffiliated with us. Solicitors are not paid any compensation beyond the referral fee for any activity involving your PMG supervised account.

We may give bonuses or additional pay to our employees for client referrals. We will disclose to you any additional compensation arrangements at the time of the referral.

Other Compensation

As previously described under “Fees and Compensation,” PMG and some of its IA Reps may have historical relationships with broker/dealers or insurance companies and may continue to receive trailing commissions from these companies on assets or policies that are unrelated to managed client assets. PMG believes these amounts to be minor and not material.

Other Referrals

FSG Tax & Accounting is owned and operated by Michael Summers, CPA. Michael is the brother of Robert Summers. PMG and Robert Summers are not affiliated with FSG Tax & Accounting and are not liable for any aspect of the business. PMG does not give tax advice. We may have mutual clients with FSG Tax, but our clients are under no obligation use any of the services provided by FSG Tax. From time to time we may refer clients to or receive referrals from FSG Tax but no referral fees are paid by either party. We encourage clients to seek their own tax advisor to provide services for their specific needs.

Custody

Although your assets are held at a third party independent custodian, we are deemed to have custody of your funds solely because of the fee deduction authority granted by you in the Investment Advisory Agreement. We provide this disclosure to comply with securities regulations and to make you aware that fees will be deducted from your account.

We have no authority to withdraw funds out of your account, except for the fee deduction noted above.

As previously described, you will receive periodic account statements (at least quarterly) from your broker-dealer or other custodian. You are urged to compare your custodial account statements against our reports for accuracy.

When reconciling PMG reports to brokerage / custodial statements, you may encounter reconciling items due differences in:

- Reporting dates
- Accrual methods used for dividends and interest
- Pricing issues
- Corporate reorganization issues
- Other factors.

The custodial statements and year-end supporting reports are your official records for income tax purposes.

Investment Discretion

We maintain trading discretion in your account under a limited power of attorney.

We are not authorized to withdraw, transfer, or to take custody of your funds or securities. We do have the power to deduct our management fees per our Investment Advisory Agreement.

You will designate the broker/dealer to be used for trading and custodial services. We currently recommend that you select Schwab. We may “trade away” from the designated broker/dealer for security trades in order to seek best execution. The securities will be held by your designated broker/dealer under a prime brokerage arrangement. We believe there is currently a minimum account size of \$100,000 to be Prime Brokerage eligible, but the effective amount may be higher to allow for market fluctuations.

Voting Client Securities

We have the ability to vote proxies on your behalf, unless you withhold this authority from us. You must complete your custodial brokerage firm's Proxy Voting designation form to grant us this authority.

We vote proxies in the best economic interest of the client, and not in the interest of our firm. While it is unlikely that we will have a material conflict when voting client proxies, a conflict could arise from time to time.

We can resolve such conflicts to include but not limited to:

- Documenting that votes were cast in your interest
- Informing you to obtain objective third party advice
- Obtaining your informed consent to vote a proxy in a specific manner

When seeking your consent, we will provide you with sufficient information regarding the matter and the nature of the conflict to enable you to make an informed decision. There may be times when refraining from voting a proxy is in your best interest, such as when the cost of voting exceeds the expected benefit to you.

You may contact us (by one of the methods listed on the cover page) to obtain information on how we voted for you. You may request a complete copy of our proxy voting policy.

We will only vote proxies for "supervised assets," which are investments selected by PMG (for which we have assumed discretionary authority). PMG assumes no obligation to vote proxies for "non-supervised assets." These may include assets held in your account that we are restricted from discretionary selling. Client assumes all risks for voting non-supervised assets.

Financial Information

An investment advisor must provide financial information if a threshold of fee prepayments is met; there is a financial condition likely to impair the ability to meet contractual commitments; or, a bankruptcy within the past ten years. PMG does not have any disclosure items in this section.

Form ADV Part 2B
Brochure Supplement

Group Brochure Supplement Part 2B

This Brochure Supplement provides information about supervised persons that formulate investment advice and have direct client contact, and any other supervised person with discretionary authority over client assets. This is provided as a team supplement for all such persons employed by PMG.

Educational Background and Business Experience

Professional Designations Qualifications Obtained by Certain PMG Team Members

CFA[®] or Chartered Financial Analyst[®] is issued by the CFA Institute.

Candidate must meet:

- One of the following pre-requisite requirements:
 - Undergraduate degree and 4 years of professional experience involving investment decision-making, or
 - 4 years qualified work experience (full time, but not necessarily investment related)
- Educational requirement of self-study program (250 hours of study for each of the 3 levels)
- Pass multiple exams over a two to three year period
- No continuing education is required

Education and Business Background for Each Team Member

Name:	Dennis Reiland, CFA
Year of Birth:	1958
Education:	California State University, Long Beach, CA BS, Business Statistics, 1981
	Pepperdine University, Malibu, CA MBA, Business Finance, 1983
	University of California, Los Angeles, CA Certificate of Personal Financial Planning, 1985
Business:	Private Management Group, Inc., Irvine, CA President, Portfolio Manager December 1985 – present
	University of California, Irvine, CA, Investment Instructor (ad hoc) June 1988 – May 2000

Name:	Robert Summers, CFA
Year of Birth:	1960
Education:	California State University, Long Beach, CA BS, Accounting/Finance, 1983
Business:	Private Management Group, Inc., Irvine, CA Chief Financial Officer, Portfolio Manager March 1986 – present
	FSG Tax & Accounting, Irvine, CA, Owner and Consultant March 1986 – December 2013

Name:	John Luciano, CFA
Year of Birth:	1966
Education:	California State University, Fullerton, CA BA, Business Administration/Finance, 1989
	University of California, Irvine, CA Certificate of Personal Financial Planning, 1991
Business:	Private Management Group, Inc., Irvine, CA Chief Compliance Officer, V.P. Finance February 1994 – present

Name:	Stephen Parker
Year of Birth:	1972
Education:	Cal Poly University, San Luis Obispo, CA BA, International Business, 1994
Business:	Private Management Group, Inc., Irvine, CA Head Trader January 1995 – present

Name:	Jeffrey Payne
Year of Birth:	1963
Education:	California State University, Long Beach, CA BS, Business Administration /Finance, 1986
Business:	Private Management Group, Inc., Irvine, CA Portfolio Manager May 2004 – present

Name:	Jonathan Chin, CFA
Year of Birth:	1982
Education:	University of California, Irvine, CA BA, History, 2004
	Concordia University, Irvine, CA Teaching Credential, 2006
Business:	Private Management Group, Inc., Irvine, CA Portfolio Manager January 2008 – present
	Irvine Boys and Girls Club, Irvine, CA, Athletic Director June 2007 – January 2008

Name:	Ryan Lockwood
Year of Birth:	1982
Education:	University of Southern California BS, Accounting, 2004
	University of Southern California Master of Business Taxation, 2005
Business:	Private Management Group, Inc., Irvine, CA Portfolio Manager April 2011 – present
	HFE, LP. - A Real Estate Investment Partnership Controller September 2008 – April 2011

Disciplinary Information

An investment advisor and its supervised persons (IA Reps) must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of the IA Rep. There are no disclosure items for any team member.

Other Business Activities

Dennis Reiland is not involved in any other business activities at this time. Dennis Reiland has taught University level investment classes, and may do so in the future on an ad hoc basis.

No other team members are involved in other business activities.

Additional Compensation

As already disclosed in Part 2A of this Brochure, team members do not receive any additional compensation on managed assets. Certain team members may receive incidental trail commissions on non-managed assets.

Supervision

Dennis Reiland is the President and co-owner of PMG. Robert Summers is the Chief Financial Officer and co-owner of PMG. Both are Portfolio Managers and serve on the investment committee.

Investment decisions and portfolio activity are reviewed by the supervised persons listed in this Brochure Supplement.

John Luciano as Chief Compliance Officer is responsible to provide supervisory oversight to the team; however, Mr. Luciano also participates as a team member in the investment and trading processes. Mr. Luciano may be contacted at the phone number as shown on the cover page.