



Firm Brochure

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Private Advisory Group LLC ("PAG"). If you have any questions about the contents of this brochure, please contact us at 425-498-2320 or by email at compliance@privateadvisory.com. 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 PAG is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the SEC does not imply a certain level of skill or training.

March 26, 2015

Private Advisory Group LLC

Item 2 Material Changes

Material Changes since the Last Update

Following Private Advisory Group LLC's ("PAG") initial disclosure brochure dated January 14, 2014, we made the material changes described below in July of 2014. Since the July update, we have made additional changes that include simplifying the language concerning compensation paid to our affiliates or related persons, and clarifying the notices and consents we will obtain in these circumstances. We have also made a number of stylistic changes throughout the document in an attempt to make the disclosures more clear.

This is our first "Annual Updating Amendment" and we have therefore retained this summary of the intervening changes, as well as identifying changes made since October of 2014.

Changes Since October of 2014:

We have added information about a referral arrangement with TD Ameritrade that affects certain PAG clients who were previously clients of Strategic Capital Group and whom Strategic Capital Group obtained by referral from TD Ameritrade. We have also added some further explanation about the effect of "directed brokerage" with respect to our recommendation of specific custodians and subsequent execution of trades through those custodians. Please see Item 12, Brokerage Practices, and Item 14, Client Referrals and Other Compensation, for more information.

We have added information about a referral arrangement with an advisor that affects certain PAG clients who were previously clients of Bean Financial, as well as information about PAG's intention to pay ongoing fees if acquiring the practices of other advisors. Please see Item 14, Client Referral and Other Compensation, for more information.

We have amended the descriptions of our Sub-Adviser Strategy Fees in Item 5 to more clearly describe the overall objective of the Strategy rather than itemizing the types of investments. Neither the fees themselves nor the strategies have changed.

Prior Changes:

The "Advisory Business" section was amended to update prior disclosures regarding PAG's ownership percentages and to disclose PAG's use of third-party asset management platforms in the management of client accounts to implement PAG's investment recommendations.

The "Fees and Compensation" section was amended to identify additional securities that may be recommended to clients from which related persons of PAG may receive some

financial benefit separate from PAG's advisory fees; to disclose that fixed income transactions for clients placed by PAG with RP Capital LLC are executed on a riskless principal basis; and to disclose that the primary asset management platform recommended to clients is operated by Strategic Capital Alternatives LLC, an entity owned by PAG's affiliates, and that related persons of PAG may receive some financial benefits separate from PAG's advisory fees when clients utilize Strategic Capital Alternatives LLC's asset management platform. Additionally, with respect to financial planning fees, disclosure was added to clarify that if financial planning services will take six months or longer to complete once the engagement has begun, a revised fee and/or fee payment arrangement will be provided to the client for mutual agreement to ensure that no more than \$1,200 is prepaid by any financial planning client for services to be rendered six months or more in advance.

The "Methods of Analysis, Investment Strategies and Risk of Loss" section was amended to disclose that material portions of a client's overall portfolio may be invested in alternative investments that include structured and/or private notes, private placements, and investments in alternative strategy mutual funds, and to enhance or add risk disclosures, including, but not limited to those relating to illiquidity, credit risk, and counterparty risk.

Disclosures in the section on "Other Financial Industry Activities and Affiliations" were amended to provide additional information, including conflict of interest disclosures, relating to PAG's arrangements with RP Capital LLC and Strategic Capital Alternatives LLC and PAG's use of mutual funds for which Genesis Capital LLC serves as the investment adviser.

The "Brokerage Practices" section was amended to reflect that PAG now recommends the brokerage and custodial services offered by Scottrade, Inc., in addition to those offered by TD Ameritrade, Inc., and to disclose PAG's brokerage practices and the associated conflicts of interest when it uses the brokerage services of Scottrade, Inc. to execute client transactions.

Disclosures were amended in the "Review of Accounts" section to reflect the addition of Eric C. Penz as a reviewer of client accounts.

We had amended the "Client Referrals and Other Compensation" section to reflect PAG's participation in TD Ameritrade, Inc.'s AdvisorDirect Program. We are not currently active in that program and therefore deleted the information.

Please be aware that other amendments were made to this brochure, which are not discussed in this summary.

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Item 4 Advisory Business

Firm Description

Private Advisory Group LLC ("PAG," "we," "our," "us") is a Washington limited liability company founded in November 2013. Our registration as an investment adviser was effective in January of 2014 and we began actively serving clients in July of 2014.

PAG provides personalized confidential financial planning and investment management to a variety of clients, including individuals, trusts, estates, charitable organizations and small businesses. Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Our advisory services are made available to clients primarily through individuals associated with the firm as Representatives. For more information about the Representative providing advisory services, you should refer to the Brochure Supplement for that Representative. The Brochure Supplement is a separate document that is provided by the Representative along with this Brochure before or at the time a client engages PAG. If you did not receive a Brochure Supplement for the Representative, you should contact the Representative or PAG at douglas@privateadvisory.com.

The Representative may be replaced by PAG if he or she is unable to render investment services to the account temporarily or permanently, terminates his or her relationship with PAG, is terminated by the client or is no longer a registered investment adviser representative.

Principal Owners

68.23% of PAG is owned by Aspen Grove Equity Solutions, LLC, an Oregon limited liability company. 60% of Aspen Grove Equity Solutions, LLC, in turn, is owned by Aequitas Wealth Management, LLC ("Aequitas Capital"). , with the remaining 40% owned by three individuals, none of whom have individual ownership interests of 25% or more in Aspen Grove Equity Solutions, LLC ("Minority Owners"). Aequitas Wealth Management, LLC is a subsidiary of Aequitas Holdings, LLC, which is a subsidiary of Aequitas Management, LLC, which is owned by Robert J. Jesenik (greater than 25%) and other individuals, none of whom have individual ownership interests of 25% or more in Aequitas Management, LLC.

27.40% of PAG is owned by Bean Holdings LLC, a Washington limited liability company, which is owned by Douglas R. Bean (40%, CRD No. 4541916), Chief Operating Officer; S Christopher Bean (40%, CRD No. 4206985), Chief Executive Officer; and Bean Investment &

Consulting, LLC (20%), a Washington limited liability company that is wholly owned by Stephen C. Bean (CRD No. 2138406).

Types of Advisory Services

INDIVIDUAL PORTFOLIO MANAGEMENT SERVICES

PAG provides continuous asset management of client assets based on the individual needs of the client. Through the Representative's discussions with the client, PAG determines the client's individual goals and objectives, time horizons, risk tolerances, and liquidity needs, which are then documented in PAG's relationship management system. As appropriate, PAG may also discuss and review with the client prior investment history and intergenerational planning and wealth transition issues. PAG then strives to develop a general portfolio allocation that is designed to match the client's objectives and risk tolerances and to manage the client's assets according to that portfolio allocation, which will change over time as the client's situation and the markets change. PAG manages advisory client assets primarily on a discretionary basis, but accepts non-discretionary accounts as well. Our non-discretionary services are generally limited to clients who wish to invest primarily in illiquid securities (typically unregistered). Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Implementation of investment recommendations is generally achieved through the use of third-party asset management platforms (including Strategic Capital Alternatives, which is a related person of PAG's and which is discussed further in Item 5 and Item 10 below), which provide PAG with access to model portfolios and investment strategies provided by sub-advisors.

Our use of sub-advisors facilitates PAG's investments in different kinds of asset classes, including investment products that PAG might not otherwise have access to, such as private notes, as well as access to managers who provide additional focus on particular types of securities or sectors, investment recommendations, and/or managed investment strategies that can be applied to all or a portion of a client's account. Our sub-advisory relationships with third-party managers also provide day-to-day monitoring and management of the securities held in client portfolios, and assistance in placing trade orders for clients on either a discretionary or non-discretionary basis.

When sub-advisors or their strategies or models are used to manage client assets, PAG Representatives remain involved in the investment process and have authority to make independent investment decisions for clients or to re-allocate client assets among different sub-advisors and strategies.

In addition to the investment management services noted above, advisory clients may receive the following services:

- Cash flow management;
- Insurance review;
- Education planning;
- Retirement planning;
- Estate planning; and
- Tax return preparation and filing.

Estate planning and tax return preparation and filing are provided through qualified attorneys and tax professionals recommended by PAG and with whom PAG works closely. Where PAG provides referrals to other professionals, PAG serves as a single point of contact for coordination of services.

PAG's investment recommendations are not limited to any specific product or service and will generally include advice regarding a broad range of securities and investment types.

Because some types of investments involve certain additional degrees of risk, and may also involve additional costs or payments to PAG representatives or related companies, they will only be purchased when consistent with the client's stated investment objectives, tolerance for risk, liquidity, and suitability.

Where an investment will cause the client to incur additional commissions or fees payable to a PAG Representative, the firm will provide additional disclosure and obtain specific consent to the transaction.

Initial public offerings (IPOs) are not available through PAG.

The firm does not currently offer traditional wrap fee programs, in which assets are referred to a third party manager or managers and a single management fee, covering both investment advice and transaction and execution costs, is assessed to the account. Depending on the account activity level, clients may pay the account custodian an asset-based charge that covers execution, rather than transaction-by-transaction commissions. Accounts with higher activity will generally enter into an asset-based fee arrangement with the custodian. More information on our fees and those charged by sub-advisors or third-party platforms appears in Item 5, below. More information on fees charged by independent custodians appears in Item 12.

FINANCIAL PLANNING SERVICES

The firm may provide financial planning services to clients as part of its general advisory services, and in connection with its broader investment management functions. On a very

limited basis, PAG provides financial planning services to clients where PAG designs a financial plan, but is not then tasked with the responsibility of implementing the financial plan for the client once completed. Financial plans designed by PAG may, but are not required to, include:

- A net worth statement;
- A cash flow statement;
- A review of investment accounts, including an asset allocation review and the provision of repositioning recommendations;
- Strategic tax planning;
- A review of retirement accounts and plans, including recommendations;
- A review of insurance policies and, if necessary, recommendations for changes;
- A review of one or more retirement scenarios;
- An estate planning review and recommendations; and
- Education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan, but implementation of the recommendations is at the discretion of the client. After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to six months.

OUTSIDE PROFESSIONAL SERVICES

In some instances, and for some clients, PAG contracts with independent professionals at the Representative's discretion. These professionals include, but are not limited to, the CPAs and attorneys identified in Item 10. When engaged by PAG, these professionals participate as members of the client's private advisory group. Services rendered as part of the client's private advisory group primary include estate planning, tax planning, tax preparation, tax filing services, and healthcare consulting services

Assets under Management

As of March 25, 2015, PAG had \$694,923,682 in assets under management. Of this amount, approximately \$5,000,000 is non-discretionary.

Item 5 Fees and Compensation

Investment Management Fees

PAG is compensated for its investment management services solely through advisory fees, although PAG representatives or other PAG related persons may receive additional compensation when certain transactions are executed. Additional information concerning this is described below and at Item 10.

The scope of the work to be performed by PAG and the annual fee for such services, based on a percentage of assets under management, is specifically disclosed in writing to clients at the start of the relationship in PAG's Advisory Service Agreement or Retainer Agreement. Typically, PAG's asset-based advisory fees, for new clients signing an Advisory Service Agreement, are based on the following maximum schedule, subject to a minimum annual fee of \$5,000.00. Clients may negotiate lower rates through their Representative:

Asset under Management	Annual Fee
\$0.00 to \$1,000,000.00 (first \$1 million)	1.07%
\$1,000,000.01 to \$3,000,000.00 (next \$2 million)	1.03%
\$3,000,000.01 to \$5,000,000.00 (next \$2 million)	0.94%
\$5,000,000.01 to \$10,000,000.00 (next \$5 million)	0.73%
\$10,000,000.01 to \$20,000,000.00 (next \$10 million)	0.61%
\$20,000,000.00 and above (next amount of assets)	0.49%

Where sub-advisors are used, clients will incur additional management and platform fees that will be remitted to any sub-advisors through the third-party manager platform used by PAG. These additional fees are paid to the managers and to the entity providing the platform; they are not retained by PAG. These fees are specifically described in the client's Advisory Service Agreement or Retainer Agreement but will generally not exceed the schedule below. As disclosed in the Advisory Service Agreement, should the PAG Representative change the amounts allocated to the different strategies the sub-advisor strategy fees will increase or decrease accordingly.

<i>Sub-Advisor Strategy (includes platform fee)</i>	<i>Additional Annual Fee</i>
Income Strategies	up to .19%
Non-Standard or Non-Traded Strategies	up to .19%
Alternative Strategies	up to .34%
Equity Strategies	up to .56%

However, advisory clients who were previously clients of Private Advisory Group dba Bean Financial or Strategic Capital Group may be subject to advisory fee schedules different from those presented above, and which were in effect at the time they were an advisory client of such other investment adviser. In recognition of their legacy status, PAG has agreed to continue to honor such fee schedules.

All advisory fees are negotiable, including the minimum annual fee, and clients should review their Advisory Service Agreement with PAG for disclosures regarding the specific asset-based advisory fee schedule applicable to their account(s). Advisory fees pursuant to an Advisory Service Agreement are billed quarterly in advance at the beginning of each calendar quarter based on the value of the client's assets under PAG's management, as reported by the custodian(s) of the client's accounts, as of the end of the previous calendar quarter. Generally, these advisory fees are automatically deducted from a single designated custodial account belonging to the client. Clients may, however, request to be invoiced for advisory fees instead. Initial advisory fees are pro-rated based on the number of days remaining in the calendar quarter, as a percentage of the total number of days in the calendar quarter, and are deducted from the client's custodial account(s) within 45 days after account setup and after any additions/deposits made to the account(s) during the initial quarter. Clients who terminate their Advisory Service Agreement with PAG during the middle of a calendar quarter will receive a pro-rata refund of any pre-paid, unearned advisory fees. The amount of the refund will be calculated by dividing the most recent management fee by the number of days in the quarter and multiplying that figure by the number of days left in the quarter following the date of termination.

Retainer Agreements and Financial Planning Fees

PAG may also provide investment management services on a fixed-fee basis pursuant to a Retainer Agreement, primarily when asset management is not the most significant part of the relationship. This includes situations where the client may have concentrated positions in illiquid investments or retirement plans and has complex planning needs but current investment management requirements do not support an asset-based management fee. Annual fees related to Retainer Agreements are typically based on the complexity of the work to be provided. While such fees are subject to a \$10,000.00 minimum annual fee, all fees related to Retainer Agreements are negotiable. Retainer fees are generally billed quarterly, in advance, based on the agreed annual rate.

Fees for both separate financial planning and retainer services are negotiated on a case-by-case basis depending on the degree of complexity associated with the client's situation. In some cases, clients may incur both fixed financial planning fees and asset-based fees for investment management.

Financial planning fees are billed 100% in advance and range from \$0.00 to \$10,000.00 based on the facts known at the start of the engagement. Because financial planning is a discovery process, however, facts may emerge that highlight financial exposures or

predicaments the client was unaware of or which the client did not initially disclose to PAG. In the event the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary. All negotiated financial planning services are expected to be and generally are completed in fewer than six months from the date PAG receives fees for such services. If it is anticipated that financial planning services will take six months or longer to complete once the engagement has begun, a revised fee and/or fee payment arrangement will be provided to the client for mutual agreement to ensure that no more than \$1,200 is prepaid for services to be rendered six months or more in advance.

Application of Asset-Based Fees

Unless otherwise indicated on the Advisory Services Agreement, asset-based fees charged by PAG apply to all assets under PAG's management, including those securities for which PAG, related persons of PAG, or any affiliates of PAG's related persons, which may not be affiliates of PAG, may be the issuer, a related person of the issuer, or the investment adviser to the issuer of such securities. The asset-based fees also apply to securities for which a PAG Representative or other related person may have received a commission or fee for the execution of PAG's recommendation to acquire the investment. PAG makes specific disclosure to clients, and obtains prior consent, when the Representative will earn additional compensation as a result of the investment recommended by PAG.

Securities to which this applies include, but are not limited to, the Granite Harbor Alternative Fund (Sym: GHAFX), the Granite Harbor Tactical Fund (Sym: GHTFX), and the Anchor Alternative Income Investor Fund (Sym: AAIFX) (collectively, the "Funds") as well as Aequitas private notes, and other private funds that may be advised by Aequitas Investment Management, LLC, an affiliate of Aequitas Capital Management, LLC, collectively "Aequitas Products"), all of which may be recommended to PAG clients. Clients should be aware that PAG and/or its related persons, including Minority Owners, may, directly or indirectly, receive a financial benefit, separate from any advisory fees paid to PAG, when client assets are invested in these securities and thus a conflict of interest may exist when PAG recommends these securities to you.

The Funds do not pay commissions (loads) or trails to broker-dealers or their registered representatives, but products issued by other PAG related persons, including the Aequitas Products, may pay transaction-based compensation as described below.

Transactions in certain securities, such as fixed income securities, the Aequitas private notes, other Aequitas Products, private real estate investment trusts, and leasing programs, may be executed by RP Capital LLC ("RPC", CRD No. 134768, SEC File No. 8-66862), a broker-dealer owned by two Minority Owners, on behalf of PAG's advisory clients. Fixed income securities are typically executed on a riskless principal basis by RPC with PAG's clients whereas other securities transactions are generally executed on an agency basis by

RPC. RPC charges commissions or markups or receives other compensation for effecting these securities transactions, a portion of which may, in turn, be passed down to PAG's officers and/or employees who are dually-licensed as registered representatives of RPC and advisory Representatives of PAG. This compensation is in addition to the advisory fees noted in the fee schedule above. Consequently, PAG has a conflict of interest when recommending transactions to clients that will be placed and/or executed by RPC on the client's behalf to the extent the PAG Representative has a financial incentive (the receipt of a commission or other transaction-based compensation) to make the recommendation rather than basing the recommendation solely on the needs of the client or the quality of the investment. PAG requires its Representatives to explicitly disclose cases where the Representative will earn transaction-based compensation as a result of implementing the recommendation. Clients must consent to these transactions and they have the option of requiring PAG to place and/or execute certain securities transactions for their accounts with broker-dealers that are not related to PAG or to PAG's Representatives. Clients should be aware, however, that transactions in the Aequis private notes or other Aequis Products will only be executed through RPC. There may also be other products currently available to use because of our relationship with RPC that would not be available through another brokerage firm.

Where RPC executes fixed income transactions on behalf of PAG clients and RPC earns a commission or markup/markdown on the trade, but the PAG representative does not receive any additional compensation from the execution of the transaction, we do not obtain consent to each transaction. Clients are, however, free to direct us to execute their fixed income trades through firms unrelated to PAG or its Representatives. See Item 12 for more information on Directed Brokerage.

Fees charged by PAG pursuant to Advisory Service and Retainer Agreements are also separate from any fees charged by third-party asset management platforms that PAG recommends and utilizes in the management of client accounts. The primary asset management platform recommended to clients is sponsored and operated by Strategic Capital Alternatives LLC ("SCA"). SCA is wholly owned by SCA Holdings, which in turn is owned by a private fund managed by an Aequis Capital affiliate. Interests in this private fund were offered to PAG clients when the fund was open. Consequently, PAG has a conflict of interest when it recommends and utilizes SCA's asset management platform because of the financial benefit that Aequis Capital and the Minority Owners will receive, separate from the advisory fees paid to PAG. Fees for the SCA platform (or other similar platforms) are described above in the Investment Management section. The fees are also explicitly disclosed in the client's Advisory Services Agreement.

Clients should be aware that PAG endeavors, at all times, to put the interests of clients first as part of its fiduciary duty as an investment adviser and addresses the conflicts of interest noted above by providing clients with disclosure regarding such conflicts so that clients can make informed decisions regarding PAG's services. Clients may be able to obtain comparable services from other investment advisers for lower cost and/or without the

conflicts of interest noted above, but would not receive the benefit of PAG's advisory services.

Other Fees

PAG's advisory fees are exclusive of custodial fees, brokerage commissions and fees, transaction fees, bank service fees, interest on loans and debit balances, wire transfer and electronic fund transfer fees, interest on margin accounts, borrowing charges on securities sold short, and any other fees and taxes on brokerage accounts and securities transactions.

Please see the "Selecting Broker Dealers" section in Item 12 below for a discussion regarding brokerage that may be relevant to this discussion of fees.

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

Item 6 Performance-Based Fees

PAG does not enter into performance-based fee arrangements with its advisory clients.

Item 7 Types of Clients

PAG provides investment advisory services to the following types of clients:

- Individuals (other than high net worth individuals);
- High net worth individuals;
- Trusts and estates of individuals and high net worth individuals;
- Charitable organizations;
- Corporations or other business entities not listed above.

PAG imposes a minimum account size requirement of \$500,000 of assets under management. PAG may, however, waive the minimum account size requirement in its discretion, may combine certain related accounts for the purpose of achieving the minimum account size requirement and may agree to manage accounts with less than \$500,000 in assets under management if PAG anticipates that the client will add additional funds to the account(s) to bring the total to \$500,000 within a reasonable time.

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

Methods of Analysis and Sources of Information

PAG uses the following methods of analysis in formulating its investment advice and/or managing client assets:

- **Third-Party Money Manager Analysis** – PAG examines the experience, expertise, investment philosophies, and past performance of independent third-party investment managers, including sub-advisors available through the Strategic Capital Alternatives platform or similar platforms, in an attempt to determine whether the manager has demonstrated an ability to invest over a period of time and in different economic conditions. PAG monitors each manager's investment recommendations, strategies, concentrations, and leverage as part of our overall periodic risk assessment.

A risk of investing based on the recommendations of a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. Additionally, if clients obtain exposure to a third-party manager by investing in a fund, there is a risk that a third-party manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less attractive investment for clients. Moreover, as PAG does not control the third-party manager's daily business and compliance operations, PAG may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies. Because clients do not receive disclosure information or other details describing these third-party managers, clients are dependent on PAG's assessment of them and must rely on PAG's ongoing monitoring and review.

- **Asset Allocation** – Rather than focusing primarily on securities selection, PAG attempts to identify an appropriate ratio of equity securities, fixed income securities, alternative investments and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of equity securities, fixed income securities, alternative investments and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

- **Fundamental Analysis** – PAG attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to

anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

- **Technical Analysis** – PAG analyzes past market movements and applies that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. Risk is inherent in the fact that a poorly-managed or financially unsound company may underperform regardless of market movement.
- **Charting** – In this type of technical analysis, PAG reviews charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Investment Strategy

PAG's primary investment strategy is to blend a mix of fixed income, equities, and alternatives investments in ways which tend to reduce overall portfolio risk while providing less volatile returns over time. While exact portfolio weightings between fixed income, equities, and alternative investments will vary from client to client, the neutral starting point is usually a one-third portfolio allocation to each of these three asset classes. Alternative investment exposure, which as previously noted can exceed 33% of a client's portfolio, is generally achieved through investments in structured and/or private notes, private placements and investments in alternative strategy mutual funds. Portfolios are globally diversified to control the risk associated with domestic markets. Equity transactions are typically based on the recommendations of selected equity managers who provide their expertise in developing PAG's equity platform. The investment strategy ultimately applied to each client's account, however, is based upon the unique objectives stated by the client during consultations with the Representative. The client may change these objectives at any time.

Risk of Loss

Investing in securities involves risk of loss, including the possible loss of both income and principal, that clients should be prepared to bear. PAG's investment approach seeks to always respect and, in many ways, minimize the potential risk of loss.

The following is a description of risks that clients should be willing to bear in the management of their accounts by PAG, but is not intended to be a complete description of all risks that clients may be exposed to:

- **Market Risk:** The price of any security, including ETFs, equities, bonds or mutual funds may drop in reaction to tangible and intangible events and conditions. This type of

risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and the ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult to obtain market quotations based on actual trades for the purpose of valuing the security. The private notes (and other unregistered investments that may be recommended by PAG) are illiquid. Clients should invest in private securities only to the extent they have adequate other liquid assets available to fund current and ongoing cash requirements.
- Interest-Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline. In a period of historically low interest rates, this risk is especially significant for existing holdings. Longer-term fixed income securities are particularly susceptible to this risk.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to bonds, notes, and similar securities.
- Call Risk: Bonds or other fixed income securities that are callable carry an additional risk because they may be called prior to maturity depending on current interest rates thereby increasing the likelihood that reinvestment risk may be realized. This is also a risk of the private notes recommended by PAG.
- Credit Risk: This is the risk that an issuer will default in the payment of principal and/or interest on a security. The price of a bond depends on the issuer's credit rating, or perceived ability to pay its debt obligations. Consequently, increases in an issuer's credit risk, may negatively impact the value of a bond investment. This is a risk of all fixed-income investments, as well as the private notes recommended by PAG.
- Inflation Risk: When inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation. This affects all investments, but longer-term fixed income securities are particularly susceptible.
- Speculation Risk: Commodities, some alternative investments, including real estate, and other markets are populated by traders whose primary interest is in making short-term profits by speculating whether the price of a commodity or security will go up or go down. The speculative actions of these traders may increase market volatility that could drive down the prices of commodities or securities.

- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange-rate risk.
- Foreign Market Risk: The securities markets of many foreign countries, including emerging countries, have substantially less trading volume than the securities markets of the United States, and securities of some foreign companies are less liquid and more volatile than securities of comparable United States companies. As a result, foreign securities markets may be subject to greater influence by adverse events generally affecting the market, by large investors' trading significant blocks of securities, or by large dispositions of securities, than as it is in the United States. Further, many foreign governments are less stable than that of the United States. There can be no assurance that any significant, sustained instability would not increase the risks of investing in the securities markets of certain countries. While PAG typically gains exposures to foreign markets through ETFs, funds, or similar pooled vehicles, rather than investing directly in foreign securities, the limited liquidity of some foreign markets may affect PAG's ability to acquire or dispose of securities at a price and time it believes is advisable. PAG may also obtain exposure to international markets through debt instruments with multi-national banks. These securities pose the risks associated with domestic fixed-income securities, as well as the risks posed by foreign securities.
- Counterparty Risk: This is the risk that the other party to a contract will not fulfill its contractual obligations. Clients investing in debt instruments, and in structured products are typically exposed to greater counterparty risk than investors in liquid equities, for example.
- Leverage Risk: Although PAG does not typically employ leverage in the implementation of its investment strategies, leverage may be used for particular clients who have specific needs or more aggressive risk tolerance. More generally, some exchange-traded and closed-end funds employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. However, the use of leverage exposes investors to additional levels of risk and loss that could be substantial.
- Alternative Strategy Mutual Funds: Certain mutual funds recommended by PAG, including the funds offered by PAG related persons and described above, invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involve special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry.
- Manager Risk: PAG may recommend or utilize the services of other registered investment advisers in the management of client accounts. Third-party investment advisers who have been successful in the past may not be successful in the future; they may

deviate from their stated investment mandate or strategy; and since PAG does not control the third-party investment adviser, PAG may not be able to fully identify internal control weaknesses or fully evaluate the accuracy of representations made by such investment advisers when performing due diligence on them. Furthermore, such investment advisers may have substantial conflicts of interest when providing investment advice to PAG's clients, including, but not limited to, recommending the use of investment vehicles or products that are offered, sponsored, or advised by the investment adviser or an affiliate of the investment adviser or placing orders for the purchase or sale of securities on behalf of PAG's clients on a principal or agency basis with their affiliates in order to increase their financial profitability through the receipt of commissions and/or markups/downs, increased advisory fees, and/or solicitation fees. Because clients do not receive disclosures or other information directly from these managers, clients are highly dependent on PAG's assessment and monitoring.

Clients for whom PAG recommends alternative investments, such as private notes and REITS, leasing programs, and mutual funds that utilize alternative investment strategies expose clients to heightened levels of liquidity, credit, interest rate, and counterparty risks.

REITS and alternative funds are offered by prospectus, Private Placement Memorandum, or other offering materials provided by the issuer.

Private notes or private funds are offered through a Private Placement Memorandum and related subscription materials and are available only to accredited investors, as that term is defined in Regulation D of the Securities Act of 1933.

Alternative offering materials contain important information about the substantial risks of investing in these securities, as well as details concerning fees, compensation, and conflicts of interest. Clients are urged to review these materials carefully and to discuss any questions or concerns with their Representative.

Item 9 Disciplinary Information

There have been no legal or disciplinary events that would be material to your evaluation of PAG's advisory business or the integrity of PAG's management.

Item 10 Other Financial Industry Activities and Affiliations

Financial Industry Activities

Some officers and/or employees of PAG are separately licensed as registered representatives of RPC, a broker-dealer owned by two Minority Owners, and in such

capacity can effect securities transactions on behalf of advisory clients for which they will receive compensation separate from any advisory fees paid by the client to PAG. RPC offers corporate debt securities, U.S. government securities, municipal securities (all of which are collectively referred to as “fixed income” securities throughout this Brochure), mortgage securities, as well as private placements (e.g., private REITs and leasing programs, and private notes, Aequitas Products) and limited partnership interests. PAG may place advisory client orders for the sale or acquisition of the types of securities noted above with RPC, which will earn compensation, such as markups/markdowns for debt securities and commissions for private placements, from those transactions.

Markups/markdowns on corporate and municipal bond transactions executed by RPC generally range from 1% to 2%. The Minority Owners who own RPC will share in a portion of RPC’s profits, which are partially derived from the compensation received by RPC for executing securities transactions on behalf of PAG’s advisory clients. As described in Item 5, above, if the PAG Representative will receive additional compensation as a result of a transaction executed through RPC, we will disclose that at the time of the transaction and obtain client consent. We will not obtain specific consent where RPC earns additional compensation; clients are, however, free to direct us to execute fixed income transactions through broker-dealers unrelated to us.

Two Minority Owners are also the owners of Genesis Capital LLC (“Genesis”, CRD No. 126909, SEC File No. 801-62613), a registered investment adviser. Genesis serves as the investment adviser to three open-end registered investment companies (i.e., mutual funds), the Granite Harbor Alternative Fund, the Granite Harbor Tactical Fund, and the Anchor Alternative Income Investment Fund, all of which may be recommended to clients. Investments in the Funds involve certain additional risks, and as such, are recommended to clients only when consistent with their stated investment objectives and tolerance for risk, and are otherwise suitable for the client. A conflict of interest exists when PAG recommends that a client invest in the Funds, since Genesis receives management fees from the Funds based on their average daily net asset value and because recommendations by PAG to clients to invest in the Funds may increase the Funds’ net asset values, which may result in increased advisory fee revenue for Genesis, which, in turn, may benefit Minority Owners. The Funds’ management fees are currently set at 1.95% of the Granite Harbor Alternative Fund and Granite Harbor Tactical Fund’s average daily net assets and 1.65% of the Anchor Alternative Income Fund’s average daily net assets, subject to expense limitation agreements. Clients invested in the Funds should refer to the Funds’ prospectuses for full details regarding the Funds’ services and fees.

Genesis also provides advisory services to private investment funds, which are all in the process of winding down. Genesis General Partner LLC, another entity owned in part by two Minority Owners serves as the general partner to one or more of these private investment funds. Although interests in the private investment funds managed by Genesis are no longer being offered, some clients of PAG may continue to own interests in those private investment funds and Genesis and/or Genesis General Partner LLC may receive

management and/or performance-based fees from those private investment funds until they are fully dissolved.

Strategic Capital Alternatives LLC (“SCA,” CRD No. 153269, SEC File No. 801-71332), a registered investment adviser is wholly owned by SCA Holdings, which in turn is owned partially by a private fund managed by an Aequis Capital affiliate and the Minority Owners. Interests in this private fund were offered to PAG clients when the fund was open. As noted above, implementation of investment recommendations made to advisory clients is generally achieved through the use of third-party asset management platforms, primarily the platform sponsored and operated by SCA or by Argentus Capital Management, LLC, (“Argentus”) an SCA affiliate providing back-office platforms integrated with SCA’s services. Clients who utilize SCA’s platform generally have their assets allocated amongst various strategies, each of which carries a separate and distinct fee (i.e., “Strategy Fee”) that clients pay to SCA that is in addition to the advisory fees paid to PAG. A conflict of interest exists when PAG recommends or directs client assets to be placed on SCA’s or Argentus’ platforms, since SCA receives strategy fees, which ultimately provide a financial benefit to Aequis Capital and the Minority Owners who share in SCA’s profits.

An Aequis Capital affiliate also owns Aequis Investment Management LLC (“AIM,” CRD No. 143780, SEC File No. 801-60839), a registered investment adviser to several private funds. PAG may recommend one or more of these funds to its clients. See Item 5, above, for more information concerning compensation paid to related persons of PAG.

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

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

Other Relationships

In addition to the financial industry activities noted above, PAG has material relationships and/or arrangements with the following accountants, accounting firms, lawyers, law firms or consultants whom we routinely recommend to clients. Clients ultimately decide whether to engage the professionals PAG recommends.

- Carol Didier, CPA, of Summit Account Services in Redmond, Washington, an accounting firm that provides a full range of tax preparation, accounting and bookkeeping services.
- Michael E. Wiggins of Assure Estate Planning, PLLC, a law firm in Maple Valley, Washington, specializing in estate planning.
- Peterson Sullivan LLP, a certified public accounting firm in Seattle, Washington, that services companies, high net worth individuals and nonprofit organizations.
- Tax Consultants of Washington, an accounting firm in Federal Way, Washington, that provides tax, business, and estate planning services.
- Jennifer Beardall, CPA, who specializes in taxes and healthcare consulting.

PAG, in the sole discretion of the Representative, may elect to contract with the persons and/or firms noted above, or with other professionals selected by the client, in order to provide estate planning, healthcare consulting, tax planning, tax preparation, and/or tax filing services to advisory clients who maintain more than \$1 million in assets with the firm. PAG and the Representative pay the fees for these services, including the provision of basic planning and tax preparation, which reduces the Representative's share of advisory fees accordingly. Additional services may be provided by these professionals directly to the client for additional fees not paid by PAG. Similarly, where PAG has not elected to pay these fees on the client's behalf, clients may elect but are not obligated, to enter into agreements with the persons or firms recommended by PAG. PAG has negotiated specific rates with the providers above, which may be lower or higher than fees charged by other professionals. Because the PAG Representative ultimately bears the cost of these services, the Representative has a financial incentive to recommend providers with the lowest fees to PAG clients, which creates a conflict of interest. The firm mitigates this conflict by selecting providers based on their skill, capacity, and the quality of the working relationship, not on the basis of cost. In addition, the firm endeavors to negotiate competitive rates with all referral partners.

On occasion, PAG may receive an unsolicited referral from one or more of the persons/firms noted above, but does not consider such referrals to be material to PAG's advisory business and does not factor any such referrals into its decision-making process when selecting the person/firm to be used to provide services to any particular client.

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

PAG has adopted a Code of Ethics (“Code”) which sets forth high ethical standards of business conduct that PAG requires of its officers and employees, including compliance with applicable federal securities laws. The Code is administered by PAG’s Chief Compliance Officer (the “CCO”), Douglas Bean, and includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by PAG’s access persons. The Code also requires that access persons obtain pre-clearance from the CCO prior to acquiring interests in a limited offering (e.g., private placement) or an initial public offering. PAG’s Code also includes oversight, enforcement and recordkeeping provisions and includes a policy that prohibits the use of material non-public information. A copy of PAG’s Code is available upon request to any client or prospective client. You may request a copy by emailing PAG’s CCO at douglas@privateadvisory.com or calling him at 425-498-2320.

As noted above in the “Other Financial Industry Activities and Affiliations” section, PAG has a material financial conflict of interest when it recommends to advisory clients that they invest in the Funds, uses SCA’s asset management platform, recommends Aequis private notes or other Aequis Products, and/or executes securities transactions through RPC as officers, employees, and/or related persons of PAG may receive direct or indirect compensation from those recommendations that are in addition to the advisory fees paid to PAG, which may create an incentive for PAG to recommend those products or services over others that may be more appropriate for clients. To help PAG address these potential conflicts of interest, PAG attempts, at all times, to fully and fairly disclose to clients the existence of all material conflicts of interest so that they can make informed decisions regarding the management of their advisory client accounts.

PAG, officers and employees of PAG, and/or related persons of PAG may buy or sell for their personal accounts, securities identical to those recommended to advisory clients and may buy or sell them at or about the same time they are recommended to clients. This may create potential conflicts of interest because (1) those holdings may create an incentive for PAG and/or its officers and employees to not recommend the sale of those securities to clients in order to protect the value of their personal investment, and (2) PAG and/or its officers and employees may have an incentive to place their orders before those of clients in order to obtain a better price. PAG’s Code includes provisions to help address these conflicts of interest. First, the Code prohibits PAG and/or its access persons from purchasing or selling any security prior to a transaction being implemented for an advisory client account in the same security, thereby preventing PAG and its officers and employees

from benefiting from transactions placed on behalf of advisory client accounts. Second, PAG may aggregate its or its officers and/or employees personal securities transactions, where possible and when compliant with PAG's best execution obligations, with client transactions. All participants in an aggregated transaction (i.e., block trade) receive the average share price and transaction costs are generally shared equally and on a pro-rata basis. In instances where a partial fill of the entire order occurs, PAG allocates the completed portion of the transaction on a pro-rata basis, with each account paying the average price. Any accounts belonging to PAG and/or its officers and employees that participated in a block trade will be included in the pro-rata allocation.

Item 12 Brokerage Practices

Selecting Broker Dealers

PAG recommends that clients use the custodial account services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade", CRD No. 7870, SEC File No. 8-23395), and Scottrade, Inc. ("Scottrade", CRD No. 8206, SEC File No. 8-24760). While PAG recommends the custodial and brokerage services of TD Ameritrade and Scottrade, clients are ultimately responsible for deciding whom to open a custodial account with. Clients are not under any obligation to select TD Ameritrade or Scottrade as their custodian. However, PAG reserves the right to decline the acceptance of any client account, for which the client has selected a custodian other than TD Ameritrade or Scottrade, if PAG believes that the choice would hinder its ability to fulfill its fiduciary duty to the client and/or its ability to service the account. PAG is not affiliated with or a related person of TD Ameritrade or Scottrade.

Clients sign separate agreements with the selected custodian that detail the compensation to be paid to those firms. TD Ameritrade generally provides its custodial and execution services to PAG clients for an annual asset-based charge of .09%, although the specific terms may vary among clients. Scottrade currently provides its services through transaction-based commissions. All custodians typically assess other fees and charges, in addition to the commissions or asset-based fees, for services such as wire fees, retirement plan maintenance fees, transfer and termination fees, etc.

When clients open an account with a custodian that is also a broker-dealer, and no prime brokerage arrangement exists, PAG generally places all non-fixed income brokerage orders with the custodial broker-dealer for execution. Fixed income orders, however, will generally be placed with RPC for execution. PAG has chosen to route fixed income orders to RPC because PAG generally believes the quality of RPC's executions, including the net price to the customer, is competitive. Clients selecting Scottrade as custodian should be aware that Scottrade does not permit PAG to route orders for execution to any other broker-dealers, including RPC.

Clients should be aware that when they select a custodial broker-dealer other than those recommended by PAG, PAG will not have the authority to negotiate commissions on their behalf or obtain volume discounts, and may not be able to obtain best execution for the client. With respect to TD Ameritrade and Scottrade, PAG has evaluated both broker-dealers and believes that they generally provide clients with best execution on an overall basis. The factors considered by PAG in evaluating TD Ameritrade and Scottrade included PAG's experience with TD Ameritrade and Scottrade, their reputations, the quality of the execution services they have provided to PAG's clients, and the commissions or asset-based fees they charge to PAG's clients, among other factors. Clients should note that while PAG has a reasonable belief that both TD Ameritrade and Scottrade are able to obtain best execution for clients, PAG does not independently seek price improvement through other broker-dealers on an individual transaction basis when a client has selected a custodial broker-dealer, as placing orders with a broker-dealer other than the custodial broker-dealer may cause the client to incur fees for trading away.

Soft Dollars

PAG does not have any formal soft dollar arrangements. However, TD Ameritrade, Scottrade and other custodians that may be used by clients (but which are not specifically recommended by PAG) such as Fidelity Brokerage Services LLC ("Fidelity", CRD No. 7784, SEC File No. 8-23292) and Charles Schwab & Co. Inc. ("Schwab", CRD No. 5393, SEC File No. 8-16514), may make available to PAG other products and services that benefit PAG, but may not directly benefit clients. These products and services assist PAG in managing and administering client accounts, and can include investment research, both proprietary and that of third parties. PAG may use this research to service all or a substantial number of client accounts, including accounts that utilize other custodians. In addition to investment research, TD Ameritrade, Scottrade, Schwab, and/or Fidelity also make available software and other technology that:

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

TD Ameritrade, Scottrade, Schwab, and/or Fidelity also offer other services to PAG that are intended to help PAG manage and further develop its business enterprise that generally benefits only PAG. These services include:

- Educational conferences and events;
- Consulting on technology, compliance, legal, and business needs;
- Publications and conferences on practice management and business succession; and

- Access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from TD Ameritrade, Scottrade, Schwab, and/or Fidelity are not contingent upon any commitment on the part of PAG with respect to brokerage commissions, loads, or transactions fees, but are generally dependent on PAG meeting minimum aggregate client custodial account balance requirements. As the receipt of these services benefits PAG, because PAG does not have to produce or purchase them, a conflict of interest arises if PAG recommends these custodial broker-dealers to clients as PAG has an incentive to recommend these custodial broker-dealers over others based on PAG's interest in receiving these benefits rather than based on clients' interests in receiving the best value in custody services and/or the most favorable transaction execution. When recommending custodial broker-dealers to clients, however, PAG does so based on the scope, quality and pricing of the broker-dealer's services independent of any benefits PAG may receive.

Brokerage for Client Referrals

It is PAG's policy not to select for or recommend to clients any broker-dealer for custodial or execution services based on PAG's or a related person of PAG's receipt of client referrals from a broker-dealer or other third party. It is possible, however, that PAG may receive a referral from a broker-dealer. PAG will not pay the broker-dealer for the referral or direct brokerage to that broker-dealer to compensate them for the referral. PAG's receipt of the referral, however, would nonetheless create an incentive for PAG to recommend and/or continue to recommend the custodial and/or brokerage services of that broker-dealer and thus may create a potential conflict of interest for PAG. PAG, however, believes that any such referrals received would have a minimal impact on PAG's business.

PAG did execute an agreement with TD Ameritrade that assumed referral terms previously agreed to by Strategic Capital Group. Under this agreement if TD Ameritrade referred a client to Strategic Capital Group, TD Ameritrade would receive either 15% or 25% of the management fees collected by Strategic Capital Group pursuant to its advisory agreement with the client. PAG has not itself received any referrals from TD Ameritrade but is obligated to continue to honor this arrangement. Should PAG terminate its relationship with TD Ameritrade, PAG would be obligated to pay a penalty to TD Ameritrade. This creates a conflict of interest to the extent PAG has a financial interest to remain at TD Ameritrade even if the relationship is not necessarily the best choice for clients. This arrangement, and the related conflict, applies only to clients referred to Strategic Capital Group by TD Ameritrade prior to July of 2014 and does not affect any PAG clients who were not previously clients of Strategic Capital Group.

PAG does routinely review the quality of services and overall value of the custodians it recommends, as well as any related conflicts of interest, and documents the basis for its ongoing custodial relationships. PAG believes this effectively mitigates the conflict.

Directed Brokerage

PAG does not generally permit its clients to direct brokerage outside of our recommended custodians. This means that while the client is ultimately responsible for selecting and/or approving the account custodian, PAG will not execute orders based on trade-by-trade instructions from the client. With the exception of fixed income orders, discussed above, orders will be executed through the facilities of the selected custodian. Scottrade does not permit direction of executions through other broker-dealers, including RP Capital.

Because we recommend certain custodians and then execute your investment transactions through those custodians on a discretionary basis, we are effectively requiring that you “direct” your brokerage to the custodians we recommend, absent other specific instructions as discussed below. Because we are not choosing brokers on a trade-by-trade basis, we may not be able to achieve the most favorable executions for clients and this may ultimately cost clients more money. Not all investment advisers require directed brokerage.

Aggregation of Orders

When it is advantageous to clients, PAG will generally aggregate purchase or sale orders for a security for the accounts of multiple clients into a single transaction, oftentimes referred to as a block or bunched trade. If a block trade is executed, each participating client receives a price that represents the average of the prices at which all of the transactions in a given block were executed. Block trades can lower transaction costs and/or help clients achieve better execution. Accounts participating in a block trade share transactions costs on an equal and pro rata basis, unless a participating client has an agreement with the broker-dealer that specifically dictates the brokerage commissions and/or transaction fees that the client must pay. If the order is not completely filled, the securities purchased or sold are distributed among participating clients on a pro rata basis or in some other equitable manner.

PAG’s order volume does not typically support aggregated trades, although PAG reserves the right to allocate trades among clients whose accounts are held in custody by the same broker-dealer and whose accounts are managed by the same portfolio manager/investment adviser representative. PAG would aggregate trades only where the Representative determined that aggregation was likely to result in better execution prices or lower commission costs to ends clients. PAG is not obligated to include any client account in a block trade. No client participating in a block trade will be favored over any other client that also participates in the same block trade.

Item 13 Review of Accounts

Account Reviews

Accounts are continually monitored by the respective investment adviser Representative assigned to the client's account. More formal reviews of client accounts, however, are generally performed quarterly, and at least annually, to ensure that accounts appear to be managed in accordance with the client's stated investment objectives and guidelines. Clients are provided with opportunities to update their objectives, financial situation, and reasonable restrictions related to the management of their assets as part of these reviews.

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Accounts are reviewed by:

Douglas R. Bean
S Christopher Bean
Craig D. Johnsen
Kenneth J. Peterson
Aaron Douglas Maurer
Antonio Ramirez
Ryan Finnigan
Eric C. Penz

Regular Reports

In addition to monthly account statements and confirmations of transactions that clients receive from their accounts' custodians, clients have access to clients have access to online aggregation and planning software.

Additionally, PAG Representatives may provide clients with access to a planning system used for producing net worth statements, tax return (if the client relationship includes tax preparation services), cash flow planning, and other information. Net worth statements contain approximations of bank account balances provided by the client as well as the value of land and hard-to-price real estate holdings of the client.

Online statements and reports are not intended to replace the monthly or quarterly statements provided by the qualified account custodian holding client assets. Clients are urged to compare the online data carefully to the statements provided by the qualified custodian and to notify us promptly of any errors or discrepancies.

Item 14 Client Referrals and Other Compensation

Other Compensation

PAG receives certain economic benefits from TD Ameritrade, Scottrade, Schwab, and Fidelity that are described above in the “Brokerage Practices” section. PAG’s receipt of such products and services creates a conflict of interest for PAG when it recommends the custodial and/or brokerage services of any of these firms to clients because we have an incentive to recommend these custodians over others who do not provide products and services to PAG.

Referrals

With the exception of the payments made to TD Ameritrade (described above under Brokerage for Client Referrals in Item 12), we do not directly or indirectly compensate any person, other than our own supervised persons, for client referrals. As described in Item 10, Other Financial Industry Relationships and Affiliations, we do have material relationships with other professionals (e.g., attorneys and accountants) whom we pay in certain circumstances for services provided to PAG clients. On occasion, PAG may receive an unsolicited referral from one or more of the persons/firms noted above, but does not consider such referrals to be material to PAG’s advisory business and does not factor any such referrals into its decision-making process when selecting the person/firm to be used to provide services to any particular client. In a small number of instances, PAG has agreed to continue to pay referral fees to an advisor related to a CPA firm that was acquired by Peterson Sullivan. These payments are for referrals made historically to Bean Financial, the advisor that previously provided services to many of PAG’s clients. These payments do not relate to a current referral arrangement with PAG.

Acquisitions of Other Advisors’ Practices

In the regular course of its business, PAG may have an opportunity to acquire advisory practices from firms or individuals who are retiring or otherwise leaving the business. If this occurs, PAG will generally enter into an agreement to pay the former advisory firm or individual a fee based on the referral of clients to PAG and those clients’ subsequent decision to become clients of PAG. Clients affected by any such agreement will receive specific disclosures concerning the arrangement.

Item 15 Custody

Client funds and securities are held with qualified custodians, who send monthly or quarterly account statements directly to clients. Clients should carefully review those statements. Additionally, as noted above, clients have access to online reports and are urged to compare the information from those reports with the information contained within statements received from their accounts' custodians. In some cases, clients hold shares of private investment themselves and PAG lists these securities in online reports and billing statements; because these securities are held by the client and not by any custodian, they do not appear on statements from the qualified custodian. Clients take responsibility for recordkeeping and secure maintenance of these securities.

Item 16 Investment Discretion

PAG has the discretionary authority, pursuant to its written investment management agreements with clients to determine, without obtaining specific client consent and the securities to be bought or sold and the amount of the securities to be bought or sold. PAG also has discretionary authority to select, remove and replace third-party managers, or to reallocate investments among managers, if PAG determines that doing so is in the best interest of the client. Clients may change/amend such authority by providing us with revised instructions in writing.

Item 17 Voting Client Securities

PAG's Advisory Services Agreement specifies that PAG will vote proxies for all client accounts, provided the client has completed the appropriate forms provided by the custodian that authorize PAG to receive proxies. Clients always have the right to vote proxies on their own behalf. Clients can exercise this right by instructing PAG in writing to not vote proxies for securities in their account or by noting this election in the Advisory Services Agreement. PAG votes proxies in the best interests of clients and in accordance with PAG's established policies and procedures. If PAG has a conflict of interest in voting a particular action, PAG will notify the client of the conflict and retain an independent third-party to cast the vote. Clients may obtain a copy of PAG's complete proxy voting policies and procedures and/or request information on how their proxies were voted by PAG by emailing PAG's CCO at douglas@privateadvisory.com or writing to him at 16880 NE 79th Street, Redmond, Washington 98052.

Clients can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). Clients can also instruct us on how to cast their vote in a particular proxy contest. Both types of requests, however, must be made in writing by emailing PAG's CCO at douglas@privateadvisory.com or writing to him at 16880 NE 79th Street, Redmond, Washington 98052.

We will neither advise nor act on behalf of a client in legal proceedings involving companies whose securities are held in their accounts, including, but not limited to, the filing of “Proofs of Claim” in class action settlements. If desired, clients may direct PAG to transmit copies of class action notices to the client or a third party. Upon such direction, PAG will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

PAG is not currently subject to any financial condition that is reasonably likely to impair PAG’s ability to meet its contractual commitments to clients and PAG has not been the subject of a bankruptcy petition since its inception.