



## Item 1 – Cover Page

# Peirce Capital Management, LLC

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March 20, 2017

This Brochure provides information about the qualifications and business practices of Peirce Capital Management, LLC ("PCM"). If you have any questions about the contents of this Brochure, please contact us at 832-877-7520. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

PCM is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about PCM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for PCM is 142654.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes. The last annual update of our Brochure was on March 25, 2016.

We do not have material changes for our current Brochure, however, please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 20, 2017.

(Brochure Date: 03/20/2017)

(Most Recent Date of Annual Updating Amendment: 03/20/2017)

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting, Wes Peirce at 832-877-7520. Additional information about PCM is available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with PCM who are registered, or are required to be registered, as investment advisor representatives of PCM.

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## Item 4 – Advisory Business

PCM has been providing advisory services since 2007. As of December 31, 2016, PCM managed \$155,203,027 on a discretionary basis and \$17,467,234 on a non-discretionary basis.

### **Investment Management Services:**

PCM manages investment portfolios for individuals, including high net worth individuals, trust, qualified retirement plans, charitable organizations and businesses. PCM works with the client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. PCM uses investment and portfolio allocation software to evaluate alternative portfolio designs. PCM evaluates the client's existing investments with respect to the client's investment policy statement. PCM works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. PCM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

PCM will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. PCM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. PCM primarily recommends portfolios consisting of passively managed asset class and index mutual funds. PCM primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA), Bridgeway Capital Management, AQR and Vanguard. DFA and Vanguard sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Consequently, the DFA fund fees are generally lower than fees and expenses charged by other types of funds. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS). PCM manages mutual fund and equity portfolios on a discretionary or nondiscretionary basis according to the investment policy selected by the client. Clients may impose any reasonable restrictions on PCM's discretionary authority, including restrictions on the types of securities in which PCM may invest client's assets and on specific securities, which the client may believe to be appropriate.

PCM may also recommend fixed income portfolios to advisory clients, which consist of managed accounts of individual bonds. PCM will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third

party fixed income manager. PCM will prepare a separate Fixed Income Investment Policy Statement for any client qualifying for separate fixed income portfolio services.

Pursuant to its discretionary authority, PCM will retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Fixed Income Investment Policy Statement. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain PCM's consent prior to the sale of any client securities.

On an ongoing basis, PCM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. PCM will periodically, and at least annually, review client's investment policy and risk profile to discuss the re-balancing of each client's accounts to the extent appropriate. PCM will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, PCM may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

In performing its services, PCM shall not be required to verify any financial information received from the client or from the client's other professionals, and is expressly authorized to rely on the information provided. Moreover, clients are advised that it remains their responsibility to promptly notify PCM if there is ever any change in their financial situation or investment objectives for the purpose of reviewing/evaluating/revising their previous recommendations and/or services.

#### **Employee Benefit Retirement Plan Services:**

PCM also provides advisory services to participant-directed retirement plans through third party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

PCM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. PCM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

PCM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. PCM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, PCM also works in coordination and support with BAM Advisor Services, LLC ("BAM"). Retirement plan clients will engage both PCM and BAM. BAM will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

PCM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Item 5 – Fees and Compensation**

PCM has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. PCM has also contracted with BAM for sub-advisory services with respect to Clients' fixed income accounts. PCM pays a fee for BAM services based on management fees paid to PCM on accounts that use BAM Advisor Services. The fee paid by PCM to BAM consists of a portion of the fee paid by clients to PCM and varies based on the total client assets administered through BAM Advisor Services. These fees are not separately charged to advisory clients. In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

The specific manner in which fees are charged by PCM is established in a client's written agreement with PCM. Clients will be invoiced in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value; client account balances on which PCM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter on the first day of the month following the date in which the account is incepted (date of first trade).

PCM will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to PCM or its designated service provider, BAM, to withdraw fees from the account. Clients will receive custodial statements showing the advisory fees debited from

their account(s). Certain third party administrators will calculate and debit PCM's fee and remit such fee to PCM.

All fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

All fees paid to PCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in mutual funds directly, without the services of PCM. In that case, the client would not receive the services provided by PCM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. DFA funds also may not be available to the client directly. Accordingly, the client should review both the fees charged by the funds and the fees charged by PCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets Under Management</b> <b><u>(AUM), \$</u></b>	<b>Annual Fee</b> <b><u>(% of AUM)</u></b>
up to 1,000,000	1.00
next 1,000,000	0.90
next 1,000,000	0.80
next 1,000,000	0.70
next 1,000,000	0.60
next 1,000,000	0.50
next 6,000,000	0.45

**Employee Benefit Retirement Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan.

Assets Under Advisement	BAM's Annual Fee	PCM's Annual Fee	Total Fee
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.08%	0.25%	0.33%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%

PCM's annual fee for plans not serviced by BAM Advisor Services, LLC will be those noted in the Total Fee column in the table provided above.

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

PCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

**Item 7 – Types of Clients**

PCM manages investment portfolios for a wide variety of clients including individuals, high net worth individuals and qualified retirement plans.

A minimum of \$1,000,000 of assets under management is required for investment management services (including bond funds). A separate minimum of \$500,000 is generally required for management services of portfolios of individual fixed income securities. All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.



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

### Methods of Analysis and Investment Strategy

PCM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. PCM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. PCM recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. PCM selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, PCM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients, investment directly in conservative fixed income securities to represent the fixed income class. PCM's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that PCM's strategy seeks to minimize.

In the implementation of investment plans, PCM therefore primarily uses institutional, no-load mutual funds and, as appropriate, portfolios of conservative fixed income securities. PCM may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and PCM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

PCM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

PCM receives supporting research from BAM Advisor Services and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). PCM utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to PCM.

### Analysis of a Client's Financial Situation

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, PCM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, PCM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### Risk of Loss

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by PCM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in PCM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by PCM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Item 9 – Disciplinary Information**

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PCM or the integrity of PCM's management. PCM has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **BAM Advisor Services, LLC**

As described above in Item 4, PCM may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. PCM selects BAM Advisors Services, LLC for such fixed income management. PCM also contracts with BAM Advisor Services, LLC for back office services and assistance with portfolio modeling. PCM has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of PCM continuously makes this assessment. While PCM has a contract with BAM Advisor Services, LLC governing a time period for back office services, PCM has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

In order to ensure continuity of investment advisory services to clients in the event of the death or prolonged incapacity of PCM's investment representative, PCM has contracted with Buckingham Asset Management, LLC ("Buckingham"), an affiliate of BAM Advisor Services, to act as sub-advisor to clients' portfolios. PCM's agreement with Buckingham provides that Buckingham may determine, for a period of up to one-hundred eighty (180) days following such death or incapacity, to act as sub-advisor and to provide portfolio management and related services to PCM's clients. In the event of the investment representative's death or incapacity, and prior to activating Buckingham's sub-advisory authority, a written notice will be provided to each client.

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

PCM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. PCM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth PCM's practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with PCM may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of PCM that no person employed by PCM shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, PCM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. PCM requires such access persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or private placements (limited offerings).

PCM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. PCM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to disciplinary measures.

It is PCM's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. PCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

PCM will provide a complete copy of its Code of Ethics to any client upon request to the Chief Compliance Officer at PCM's principal address.

## Item 12 – Brokerage Practices

PCM arranges for the execution of securities transactions with the assistance of BAM Advisor Services. Through BAM, PCM may participate in the Schwab Advisor Services (SAS) program offered to independent investment advisors by Charles Schwab & Company, Inc., and the Fidelity Institutional Wealth Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"). Schwab and Fidelity are FINRA registered broker dealers.

The Schwab and Fidelity brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. PCM regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to PCM's service arrangements and capabilities, and PCM may not accept clients who direct the use of other brokers. As part of these programs, PCM receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As PCM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct PCM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that PCM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisors require clients to direct the use of specific brokers.

PCM will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by PCM on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of such fixed income portfolio manager.

Schwab and Fidelity do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While PCM will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

PCM does not have any arrangements to compensate any broker dealer for client referrals.

When trading client accounts, errors may periodically occur. PCM does not maintain any client trade error gains. PCM makes client whole with respect to any trade error losses incurred by client and caused by PCM.

PCM generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which PCM arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case a PCM client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not a PCM client. See BAM Advisor Services, LLC Form ADV Part 2.

#### **Employee Benefit Retirement Plan Services:**

PCM does not arrange for the execution of securities transactions for participant-directed plans as a part of this service. Transactions are executed directly through employee plan participation.

### **Item 13 – Review of Accounts**

#### **Reviews**

#### **Investment Management Services:**

Account assets are supervised continuously and generally formally reviewed quarterly by Wes Peirce of PCM. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

**Employee Benefit Retirement Plan Services:**

Plan assets are reviewed on a quarterly basis, and according to the standards and situations described above for investment management accounts.

**Reports****Investment Management Services:**

All clients receiving investment management services will receive quarterly performance reports, prepared by BAM and reviewed by PCM that summarize the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions, and current market value. Employee Benefit Retirement Plan clients generally receive statements only from their account custodian.

**Employee Benefit Retirement Plan Services:**

Employee Benefit Retirement Plan clients generally receive statements only from their account custodian.

**Item 14 – Client Referrals and Other Compensation**

As indicated under the disclosure for Item 12, the SAS and FIWS programs each provide PCM with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit PCM but may not benefit its clients' accounts. Many of the products and services assist PCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of PCM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of PCM's accounts. Recommended brokers also make available to PCM other services intended to help PCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. PCM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, PCM endeavors to act in its clients' best interests, PCM's requirement that clients maintain their assets in accounts at Schwab or Fidelity may be based in part on the benefit to PCM of the availability of some of the

foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

PCM also receives software from DFA, which PCM utilizes in forming asset allocation strategies and producing performance reports. DFA, through a web-based service, provides referrals of investor clients to PCM. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA also provides continuing education for PCM personnel. These services are designed to assist PCM plan and design its services for business growth.

Speakers from PCM may be offered an honorarium for speaking engagements. It is the policy of PCM to direct the sponsor to donate such honorariums to a 501(c)(3) organization of PCM's choice.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the qualified custodian or bank that holds and maintains clients' investment assets. PCM urges its clients to carefully review such statements and compare such official custodial records to the account statements that may be provided to you by PCM. PCM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

For discretionary investment management accounts, PCM requires that the authority to determine which securities and the amounts of securities that are bought or sold be provided in writing. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations but such amendments need to be submitted to PCM in writing. Discretion as an "investment manager" for certain retirement plans involves selecting available investments for the plan as well as creating model portfolios and making them available to participants.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, PCM does not accept the authority to and does not vote proxies. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. PCM, however, may provide advice to clients regarding clients' voting of proxies.



Clients should note that PCM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct PCM to transmit copies of class action notices to the client or a third party. Upon such direction, PCM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

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