

## Item 1 – Cover Page

# Pugh Capital Management, Inc.

(CRD Number: 111765)

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## March 26, 2018

This Brochure provides information about the qualifications and business practices of Pugh Capital Management, Inc. ["Pugh Capital"]. If you have any questions about the contents of this Brochure, please contact us at 206-322-4985 and/or [info@pughcapital.com](mailto:info@pughcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pugh Capital Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Pugh Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our Registration Form ADV Part 1A and Brochure Form ADV Part 2A may be found by searching on our company name or on our CRD number 111765. The SEC's web site also provides information about any persons affiliated with Pugh Capital who are registered, or are required to be registered, as investment adviser representatives of Pugh Capital.

## Item 2 – Material Changes

Material changes of this Brochure dated **March 27, 2018** from our previous annual brochure dated **March 16, 2017** and **December 5, 2017** include:

1. Item 4 - In our December 5, 2017 Brochure, we noted assets under management had grown from \$4,680.7 million as of December 31, 2016 to \$5,571.9 million as of September 30, 2017. Assets under management as of December 31, 2017 are \$5,774.2 million.
2. Item 7 – Types of Clients. Our Brochure dated December 5, 2017 reflected an increase in our account minimum from \$25 million to \$50 million. This information is still current.
3. Other Information. This section has been updated to reflect that Pugh Capital does not direct clients' or former clients' participation in class actions and to add a general communications disclaimer.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will further provide clients 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 Deanna Hobson, Director of Marketing and Client Service, at 206-322-4985 or [info@pughcapital.com](mailto:info@pughcapital.com).

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#### **Item 4 – Advisory Business**

Pugh Capital Management, Inc. is an SEC registered investment adviser and was founded in Seattle, Washington in 1991. We specialize in investment-grade fixed income portfolio management for institutional investors. Our goal is to provide our clients with responsive client service and consistent, above-benchmark returns over a market cycle. We pursue these objectives through a disciplined approach to investment management and by developing strong client relationships. Pugh Capital's experienced professionals strive to achieve success for our clients, our company, and our community.

Our founding principals, Mary Pugh and Scott Greiwe, built the firm through capital infusions, the reinvestment of earnings and through "sweat equity". We have endowed Pugh Capital with a client-centric culture. As a result of these efforts, the firm has grown its assets under management from \$5 million at its inception to \$5,774.3 million as of December 31, 2017. On a discretionary basis, we manage \$5,774.3 million as of December 31, 2017.

Pugh Capital is a fixed income investment manager focused on providing separate account management on a discretionary basis to the institutional investment community. Pugh Capital's key product offerings include: Core Fixed Income, Core Plus Fixed Income, Long Duration Strategy, Long Credit Strategy, and Long Corporate Strategy. Pugh Capital will also consider custom products that we consider a good fit with our expertise. Clients may impose restrictions on investing in certain securities or types of securities based on the products we offer.

#### **Item 5 – Fees and Compensation**

Unless otherwise stated in a client's contract the following methodology is used regarding Pugh Capital's advisory fees.

Unless otherwise requested by a client, fees for services provided by Pugh Capital will be billed in arrears on a quarterly basis. Clients may choose to deduct the fees directly from their accounts. But in no instance will Pugh Capital deduct the fees from clients' accounts. The client must authorize and direct such a withdrawal directly through its

custodian. Unless otherwise requested by a client, the fee will be based on the market value of the securities under management. Management fees shall not be prorated for each capital contribution and withdrawal made during the applicable calendar quarter, unless so specified in the client contract.

The contract may be canceled upon 45 days written notice. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee based on the initiation or termination date. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Investment fees will be based on a schedule below depending on the product, although a different fee structure may be negotiated on a case by case basis.

The following schedule applies to fixed income assets invested in the Core Fixed Income product.

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$100 Million	0.25%
Over \$100 Million	0.15%

The following schedule applies to fixed income assets invested in the Long Duration Strategy product.

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$50 Million	0.27%
Next \$50 Million	0.25%
Over \$100 Million	0.18%

The following schedule applies to fixed income assets invested in the products of Core Plus Fixed Income, Long Credit Strategy and Long Corporate Strategy.

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$50 Million	0.30%
Next \$50 Million	0.25%
Over \$100 Million	0.20%

Pugh Capital's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, and other fees on accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to Pugh Capital's fee, and Pugh Capital shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Pugh Capital considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

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

Pugh Capital 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).

**Item 7 – Types of Clients**

Pugh Capital provides investment advisory services to institutional clients in the U.S. such as:

- Corporations
- Defined contribution and defined benefit pension plans
- Endowments and foundations
- Trusts
- Charitable organizations
- Federal, state and local governments
- Financial institutions

Pugh Capital generally requires a minimum account size of \$50 million for client accounts which may vary based on the investment strategy. The minimum account size may be waived under certain circumstances.

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

The fixed income market is comprised of a variety of investors with different goals and risk constraints. Pugh Capital believes these competing interests can create inefficiencies within the market that can be exploited through active management. However, Pugh Capital also recognizes that fixed income securities have asymmetrical risks relative to upside potential and therefore we embrace active risk management.

Pugh Capital's investment approach is designed to provide incremental return relative to the benchmark while minimizing downside risk.

Pugh Capital's investment process typically begins with top-down analysis of the economy, the fixed income and equity markets and the political environment to

determine investment themes. The firm uses this information to develop a portfolio profile that incorporates targets for each sector of the fixed income market, as well as duration targets. This profile is used to position the firm for market opportunities. From a macro perspective, sector allocation is the most significant variable, while duration decisions are more tightly constrained.

Security selection is also a very important part of our process. Once the sector targets and maturity buckets have been identified, the firm then uses a bottom-up research approach to identify the most attractive individual issues to populate the identified sectors. The firm uses an industry framework to identify key trends and to identify relative value among issuers. Some key fundamental factors include commitment to investment-grade bond ratings, debt to market cap, free cash flow and industry dynamics. Each analyst prepares an industry report for each industry he or she covers on an annual basis. Industry reports include issuer analysis and recommendations based on a perspective of identifying core issuers, opportunistic issuers and pans. Analysts conduct their own credit assessments of individual issuers. Their industry and issuers analysis are presented to Pugh Capital's Credit Committee for approval. The firm maintains a corporate buy/sell list that is updated on a regular basis.

Over a market cycle, Pugh Capital seeks to capitalize on the transitional periods where the market is experiencing either greed or fear. This typically occurs when there are shocks to the system such as a large company bankruptcy, a credit crunch or a severe recession. The firm will also position portfolios to take advantage of individual security inefficiencies, such as when new issues are brought to market with a concession to their secondary trading levels.

Pugh Capital's team of investment professionals conducts in-house research on the economy, interest rates, sectors and individual securities. The analysts and portfolio managers also use various third party research sources to ensure we remain current on market events, have an understanding of different viewpoints, and to supplement our own analysis. The firm also utilizes research from other sources such as the Federal Reserve, Bloomberg and BondEdge, to provide input into our research process.

Research on the economy and the fixed income markets is conducted by Pugh Capital's portfolio managers and analysts. The process incorporates internally generated reports, analysis, and graphs on the economic indications, interest rates and sector



spread relationships using a standard deviation methodology to highlight areas that warrant further evaluation.

Macro research focuses on analysis of key economic indicators and interest rates, supply/demand trends, market volatility, credit and mortgage trends, market liquidity and the relationship between sector and yield curve valuations. The result of this analysis is used to determine our desired portfolio profile, which includes sector allocation targets, and duration and yield curve positioning.

Some of the outputs of the firm's research efforts include analysts' industry and company research reports, internal buy/sell lists, mortgage relative value reports, the firm's economic outlook, interest rate scenarios, portfolio analytics, product risk dashboards and portfolio profiles for a given product.

Research results are shared regularly at the firm's Investment Committee meeting, or as needed to take advantage of an investment opportunity.

For the analysis of the agency mortgage sector, Pugh Capital incorporates our top down analysis to identify key themes that may influence the mortgage sector. The firm combines this top down view with our relative value screens to identify which mortgage coupons should be over- or under-weighted.

In terms of specific security analysis for Commercial Mortgage Backed Securities (CMBS), we look at historical delinquency performance, geographic and property type concentrations, top 10 loan exposures, percent of loans in special servicing, original and current credit enhancement, ratings changes if applicable, and other valuation indicators. We review a security relative to the averages in each of these areas for a given vintage (origination year) to arrive at investment decisions. We are able to track the universe of CMBS securities using Bloomberg, which provides detailed reporting on each public CMBS deal. In Asset-Backed Securities (ABS), we primarily hold positions backed by automobile loans or credit card receivables that have stable credit performance history.

## Risk

Investing in securities involves risk of loss that clients should be prepared to bear. Securities will fluctuate in value on a daily basis. Pugh Capital does not guarantee investment returns or performance for any securities or strategies. The following risks apply to securities primarily included in our portfolios managed for clients.

Events affecting the issuer of fixed income securities, such as failing to meet its obligations to make payments to its bondholders (default risk), or a downgrade in its credit ratings or underlying assets backing the securities, may cause a decline or loss in the value of its securities.

The market values of debt securities are sensitive to prevailing interest rates, and a rise in interest rates generally causes a decline in the value of fixed-income securities (interest rate risk). This effect is more pronounced on fixed income securities of longer duration, meaning longer-term fixed income securities have heightened risk in this regard. This risk is more prevalent for our Long Duration Strategy, Long Credit Strategy, and Long Corporate strategies.

Fixed income securities are also subject to general market risks, meaning a decline in the value of securities due to factors that affect the overall market. It may become difficult to purchase or sell at an advantageous time or price (liquidity risk) under adverse market or economic conditions independent of any specific adverse change in the conditions of a particular issuer. Liquidity risk has increased in recent years with the reduction in dealer market-making capacity. Market risks include, but are not limited to, government actions, regulatory environment, and economic conditions. Fixed income securities are also subject to such risks that may only affect a sector of the market, if they fall within the sector.

Mortgage-related and other asset-backed securities are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed-rate mortgage-related securities, making them more sensitive to changes in interest rates (extension risk). When interest rates decline, borrowers may pay off mortgages sooner than expected, and investors may have to reinvest at lower interest rates (pre-payment risk). Certain types of asset-backed securities may also be subject to pre-payment risk, as well as additional risks associated with the nature of the assets and the servicing of those assets.

There is risk that the investment style of Pugh Capital may underperform other investment styles or the overall market.

### Risk Management

Pugh Capital has implemented a firm-wide risk management system to control risks associated with our portfolios. All portfolio positions, trades, and transaction data are stored in a centralized data system using Advent Axys software. Portfolio data is updated in our BondEdge portfolio analytical system daily. Pugh Capital uses BondEdge for routine checks on portfolio position limits, durations, sector allocations, maturity and quality distributions and other parameters. In addition, BondEdge provides more complex analysis including comparisons with client benchmarks, stress tests, simulations for scenario analysis, and portfolio performance attribution. Pugh Capital utilizes these tools and analysis to monitor risks as well as to enhance portfolio returns. The firm has developed internal risk management guidelines and monitors these using both BondEdge and our trading system Linedata Longview. Pugh Capital also uses Bloomberg to verify data and validate the pricing in both BondEdge and IDC to ensure that the portfolio managers receive reliable information.

To control and monitor credit risks, on an annual basis Pugh Capital's credit analysts present the Credit Committee with a deep-dive analysis on their covered industries. Each quarter, analysts update their industry recommendations and individual issuers' operations results and financial conditions. They inform portfolio managers immediately upon any material information that they view as likely to result in a credit event.

### Short-Term Investment Funds

Pugh Capital actively manages the non-cash portion of client portfolios. The cash portion of portfolios is relatively small and considered a residual of the investment process. Clients may make arrangements with their custodians to sweep daily cash balances into short-term investment fund options. Pugh Capital is not a party to these agreements and does not select or monitor the performance of these short-term investment funds.

**Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Pugh Capital or the integrity of Pugh Capital's management. Pugh Capital has no legal or disciplinary disclosures to report regarding this Item.

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

Pugh Capital is not engaged in any financial industry activities other than giving investment advice. Pugh Capital is an independent, 100% employee-owned firm. It does not have any affiliate relationships. Pugh Capital does not receive compensation for recommending or selecting other investment advisers for its clients.

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

Pugh Capital's code of ethics adopted is pursuant to SEC rule 204A-1. We believe that our most valuable assets include our reputation for integrity and professionalism. The confidence and trust of clients should be valued and protected by every employee at Pugh Capital. Pugh Capital has adopted a code of ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Pugh Capital must acknowledge the terms of the Code of Ethics annually, or as amended. Pugh Capital treats all employees as "access persons" for purposes of its Code of Ethics.

Each employee is responsible for ensuring that he or she does not violate the federal securities laws and the prohibitions and procedures set forth in the above documents.

To help mitigate the potential for conflicts of interest and to seek to ensure that employees do not benefit from the short-term market effects of Pugh Capital's investment decisions, the Code of Ethics requires every employee to pre-clear certain personal securities trades with the CCO and to report such trades quarterly. Employees are subject to a "black-out period" of five business days, meaning that personal trading in certain securities in employees' personal accounts (including the accounts of an employee's spouse and minor children living with the employee) will not be approved for this period of time before or after potential or actual Pugh Capital investment transactions of the same securities in client portfolios.

The Code of Ethics also prohibits employees from making securities trades when in possession of material nonpublic information about the issuer.

Pugh Capital would be happy to provide a full copy of our Code of Ethics to any client or prospective client upon request.

It is Pugh Capital's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, 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. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, 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 adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which does not apply to Pugh Capital.

In addition to those restrictions on specific types of cross trades described above, Pugh Capital does not execute cross trades between client accounts.

**Item 12 – Brokerage Practices****Broker/Dealer Selection**

Pugh Capital Management and many of its clients value diversity and have a goal of increasing diversity within the financial community. Consistent with our values, we seek to provide opportunities for WMBE (Women- and Minority-Owned Business Enterprise) broker/dealers to have an active share of our trades, subject to our Best Execution Policy.

Pugh Capital believes that broker-dealer selection should be based on a broker-dealer's ability to enhance client portfolio performance and goals, as reflected in our Best Execution Policy.

Pugh Capital does not consider client referrals from a broker-dealer or third party as a factor in selecting or recommending broker-dealers and will not direct client transactions to a particular broker-dealer in return for any such benefit. Our clients' interest in seeking to receive the most favorable execution is of foremost importance for Pugh Capital.

**Best Execution**

Pugh Capital identifies many factors as relevant to fulfilling its duty to seek to obtain best execution on behalf of clients "with the goal of maximizing value for the client under the particular circumstances occurring at the time of a transaction."<sup>1</sup> These factors<sup>2</sup> include, but are not limited to:

- Price
- Likelihood of execution
- Likelihood of execution within a desired time frame
- Market conditions
- Ability of broker/dealer to execute in a desired volume

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<sup>1</sup> SIFMA Best Execution Guidelines for Fixed Income Securities white paper, p. 1.

<sup>2</sup> Factors listed were substantially drawn from the white paper: Best Execution Guidelines for Fixed Income Securities released by the Asset Management Group ("AMG") of the Securities Industry and Financial Markets Association ("SIFMA"), issued January 2008 and updated September 2008.

- Ability of broker/dealer to act on a confidential basis
- Creditworthiness of a broker/dealer in relationship to risk created by the transaction
- Willingness and ability of a broker/dealer to make a market in particular securities
- Operational coordination by a counterparty with Pugh Capital and the custodians of our clients, including ability to communicate, to settle trades reliably and to quickly and effectively resolve differences
- The broker/dealer's reputation for ethical and trustworthy behavior
- Client preferences/guidance (i.e. minority-owned, women-owned, regional-based, ERISA) for permissible broker/dealers
- Use of electronic platforms by a broker/dealer
- Willingness of a broker/dealer to commit capital to a particular transaction
- Ability of broker/dealer to execute difficult transactions in unique and/or complex securities
- Effectiveness of broker/dealer to transact bonds that are thinly traded at an appropriate price given the current circumstances
- Quality of research
- Trade idea generation
- New issue benefit

It is the policy of Pugh Capital to seek to obtain best execution for its clients' transactions under the circumstances occurring at the time of the particular transaction. Best execution means the best overall qualitative execution to maximize value for our clients, taking into consideration various factors, which does not necessarily result in the best possible price in all situations.<sup>3</sup>

#### Markups and Markdowns

Typically, there are no commissions paid on fixed income security trades; however, clients will pay markups and markdowns on trades that are reflected in prices of securities that are bought or sold. Commission rates paid, if any, will be negotiated by one of Pugh Capital's portfolio managers.

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<sup>3</sup> Derived from SIFMA Best Execution Guidelines for Fixed Income Securities white paper, p. 1.

No Soft Dollar Arrangements

Pugh Capital considers its best execution policy of paramount importance in executing trades. It believes that soft dollar arrangements can impair a firm's ability to provide best execution on all of its trades. As such, Pugh Capital has not entered into any soft dollar arrangements that require business be conducted with a given broker/dealer under a commitment or target amount of trades, and it is Pugh Capital's intention not to enter into any such contracts in the future. However, Pugh Capital does receive benefits such as access to analysts and traders and research reports prepared by broker/dealers that are generally available to their clients. These benefits are considered to be services provided by the broker/dealers in the regular course of business and are not provided pursuant to a soft dollar arrangement or commitment.

Allocation of Trade Policy

When practical, Pugh Capital aggregates client orders to obtain the best possible price, normally obtains securities for one order at one price, and allocates trades to client accounts immediately after the aggregated order is executed. Other benefits of order aggregation include efficiency and fairness considerations. Purchase allocations are recorded in the trading software with any exceptions explained.

Foremost regarding security allocation, Pugh Capital will not consistently over time favor one client over another. Pugh Capital will typically buy securities for several clients simultaneously, often grouped by product type (i.e., Core, Core Plus, or Long). Before a trade occurs, the portfolio manager will preliminarily determine how much each client portfolio will receive. Generally, the amount is based on a percentage of each client portfolio (pro-rata); however, exceptions may arise to this approach.

On an account level, in determining client allocations, Pugh Capital will consider factors including, but not limited to, investment objective, client guidelines (specific client limits may prevent or reduce a client allocation), minimum order sizes, cash availability, existing positions, and sector weightings. A small allocation or purchase amount may change the allocations.



In determining the product strategy in which to place the allocation, Pugh Capital will consider factors including, but not limited to, risk profile, the size of the product strategy, cash availability, sector weightings, and minimum order sizes for client accounts. Final strategy allocation will be based on these factors and the portfolio manager's discretion.

### **Item 13 – Review of Accounts**

Pugh Capital employs both a top down and a bottom-up investment philosophy. The Investment Committee, which includes all our portfolio managers and analysts, meets twice monthly to review a variety of topics including but not limited to client portfolios, the economy and financial markets. Each portfolio's compliance with client policies is evaluated on an ongoing basis. The portfolio managers regularly review the portfolio holdings and characteristics. Performance versus client benchmarks is calculated and discussed monthly.

Pugh Capital's standard reporting process for our clients includes a quarter-end packet that contains a qualitative review of the market and the portfolio along with a portfolio appraisal and the following reports: performance, realized gains and losses, purchase and sale, and fixed income distribution. Each quarter the firm offers to all of its clients a conference call to provide an update on the portfolio, investment performance, strategy and current market outlook. In addition to our standard quarterly reporting, we work with each client to address their unique reporting needs and to ensure all reporting is received within the desired timeframe.

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

Pugh Capital does not directly or indirectly compensate any person who is not its supervised person for client referrals. The firm's marketing staff receives incentive compensation for some client referrals that result in new business.

Neither the firm nor its employees have any arrangements to receive cash or some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

**Item 15 – Custody**

Pugh Capital does not have custody of client assets. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Pugh Capital urges clients to carefully review such statements and compare such official custodial records to the account statements we provide to you as described in Item 13 above. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. You should contact us immediately if you do not receive account statements from your custodian on at least a quarterly basis.

**Item 16 – Investment Discretion**

Pugh Capital usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Pugh Capital observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Pugh Capital in writing. A contract allowing discretionary trades signed by an authorized individual must be provided before any discretionary trading takes place.

At the time a new client relationship is established, Pugh Capital receives the client's investment guidelines, which identify investment criteria for the account. Pugh Capital's portfolio managers adhere to those guidelines in making all investment decisions.

Portfolio transactions will be conducted by one of the firm's portfolio managers or analysts, and will be consistent with our investment process, current strategy, and client guidelines.

**Item 17 – Voting Client Securities**

Pugh Capital specializes in the management of fixed income portfolios. As such, the firm does not receive shareholder proxies on behalf of our clients. In the unlikely event that a proxy was provided to the firm for a security held on behalf of a client, we would submit the proxy directly to the respective client.

**Item 18 – Financial Information**

As a registered investment adviser, we are required in this Item to provide you with certain financial information or disclosures about Pugh Capital's financial condition. Pugh Capital 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.

**Other Information:****Class Actions**

PCM does not direct clients' or former clients' participation in class actions. In the event any class action documentation is inadvertently received, we will forward such information to clients or former clients, or return the documentation to sender, as appropriate.

**General Communications Disclaimer**

These materials constitute general information and have not been tailored for any specific recipient or recipients. Accordingly, these materials are not intended to cause Pugh Capital to become a fiduciary with respect to any recipient and should not be considered investment advice or a recommendation within the meaning of the Department of Labor's definition of fiduciary, 29 CFR 2510.3–21.