

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Private Capital Advisors, Inc. (hereinafter “PCA” or “we” or “our”). If you have any questions about the contents of this brochure, please contact us at (347) 960 - 4520. 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.

Additional information about PCA also is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 125771.

Item 2 Material Changes

This Firm Brochure, dated 03/31/2015, provides you with a summary of PCA's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

- **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
- **Material Changes:** Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.
- **Soft Dollar Arrangements:** We have added and enhanced our disclosures related to our soft dollar arrangements.

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

Item 4 **Advisory Business**

PCA is an SEC-registered investment adviser with its principal place of business located in New York. PCA began conducting business in 1997.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

- Private Management and Consulting Group, Inc.

PCA offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Sub-Advisory Relationship

PCA also manages certain accounts in a sub-advisory capacity for *Kissinger Financial Services*. These accounts are handled on a discretionary basis.

PCA may also provide Investment Management Services as a sub-adviser; in other words, a client may engage an independent investment adviser (the "Sponsor") which, in turn, will engage PCA to provide portfolio management services to all or part of its clients' portfolios. In this situation, PCA will receive a portion of the fee charged by the independent adviser to the client, typically ranging from 0.60% to 0.75% of the client's managed assets, based on the size and complexity of the client's account and the agreement between PCA and the Sponsor. Clients should refer to the Sponsor's disclosure documents for full information on the Sponsor's advisory services.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers

- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in investment partnerships

PCA may provide advice on investing in private investment partnerships, including partnerships for which PCA's related persons serve as general partner or managing member. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

AMOUNT OF MANAGED ASSETS

As of 12/31/2014, we were actively managing \$457,875,964 of clients' assets on a discretionary basis. No clients' assets were managed on a non-discretionary basis as of 12/31/2014.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

The annualized fee for Investment Supervisory Services for clients prior to 3/31/2014 is charged as a percentage of assets under management, according to the following schedule:

<u>Assets under Management:</u>	<u>Annual Fee (%)</u>
First \$1,000,000	1.25%
Next \$10,000,000	1.00%
Next \$10,000,000	0.75%
Next \$10,000,000	0.60%
Over \$31,000,000	0.50%

The annualized fee for clients after 3/31/14 is as follows:

<u>Assets under Management:</u>	<u>Annual Fee (%)</u>
First \$3,000,000	1.25%
Next \$20,000,000	1.00%
Over \$23,000,000	.75%

The above fee schedule shall apply to equity portfolios. However, our firm will charge 0.35% for bond portfolios regardless of the amount of assets under management.

Clients will be invoiced in advance at the beginning of each calendar quarter based on the market value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous quarter.

A minimum of \$1,000,000 of assets under management is typically required for this service; however, this may be negotiable in certain circumstances.

Sub Advisory Relationship

As disclosed above, PCA receives a fee typically ranging from 0.60% to 0.75% of assets under management under the sub-advisory relationship with *Kissinger Financial Services*. This fee is collected by *Kissinger Financial Services* and remitted to PCA. We urge clients to review the disclosure documents of *Kissinger Financial Services* for further information regarding fees.

Investments in Limited Partnerships

Client assets invested in partnerships for which PCA's related persons serve as general partner will not be included in calculating PCA's advisory fee.

Except for a share in a performance-based fee received from *Bayberry-West Partners, LP*, a private fund for which PCA serves as a managing member of the general partner, *Anderson Advisors, LLC*, the fee charged is calculated as described above, and is 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 (SEC Rule 205(a)(1)). (See Item 6 below for additional disclosures).

Limited Negotiability of Advisory Fees: Although PCA has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule.

These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members

and friends of associated persons of our firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Mutual Fund Fees: Money market mutual funds may be used to 'sweep' unused cash balances until they can be appropriately invested. Clients should recognize that all fees paid to PCA 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.

All fees paid to PCA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs 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.

If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm 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. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to PCA's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: PCA is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, PCA may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset PCA's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered

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

As disclosed in Item 5 of this Brochure, we and/or our affiliates may receive performance based-fees in the form of carried interest from Bayberry-West Partners, L.P. Each fund that we manage that has a carried interest provision will be detailed in their respective partnership agreement.

Investors should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, this arrangement may cause investors to pay a greater expense than if such fees were not charged.

As fiduciaries we owe a duty of loyalty, fairness and good faith toward our clients. We attempt to address these conflicts identified above by managing each account with equal care and attention to the specific needs of the client regardless of fee structure. We have also adopted a Code of Ethics which requires each employee to be held to the highest ethical standards and always keeping our clients' interests ahead of our own.

Item 7 Types of Clients

PCA provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review 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.

Fundamental Analysis. We attempt 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 under priced (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 stock.

Technical Analysis. We analyze past market movements and apply 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. This presents a risk in that a poorly-managed or financially unsound company may under perform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

A risk in margin trading is that, in volatile markets, securities prices can fall very quickly. If the value of the securities in your account minus what you owe the broker falls below a certain level, the broker will issue a “margin call”, and you will be required to sell your position in the security purchased on margin or add more cash to the account. In some circumstances, you may lose more money than you originally invested.

Option writing. We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use

options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

A risk of covered calls is that the option buyer does not have to exercise the option, so that if we want to sell the stock prior to the end of the option agreement, we have to buy the option back from the option buyer, for a possible loss.

A risk of spreading strategies is that the ability to fully profit from a price swing is limited.

Risk of Loss. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

The principal executive officers of PCA are also officers of one or more of the following firms:

- *Private Management and Consulting Group, Inc.*
- *Private Planning Advisors, Inc.*
- *Private Management Services, Inc.*
- *Vincent Andrews Management Group.*
- *Andrews and Company CMS, Inc.*

In addition, the owners of *Private Management and Consulting Group, Inc.* are the owners of *Andex Energy Corp.* One or more of the owners of *Private Management and Consulting Group, Inc.*, and/or the principal officers of PCA may serve as general partners to investment partnerships. These partnerships include:

- *Colony East Associates*

PCA is also a managing member of *Anderson Advisors, LLC*, an affiliated investment adviser firm which manages the Bayberry West, L.P. private fund (fund of funds). PCA shares in the performance-based fee received by *Anderson Advisors, LLC* for managing this partnership.

The Advisory accounts of PCA are maintained as custody accounts at Pershing, LLC (“Pershing”), its primary custodian (the “Custodian Broker”). CCM, the introducing broker that has a correspondent relationship with Pershing, provides operational and back office support to PCA, including reconciling PCA’s accounts on a daily basis. CCM will also execute transactions for PCA. The provision by CCM to PCA of services and items (on terms that may or may not be more favorable than current market rates) may be a factor in the PCA’s selection of the broker on the execution of portfolio transactions for PCA. While CCM offers competitive commission rates, it is possible that by utilizing CCM, PCA will be charged a higher commission rate than may be available from other brokers for a particular transaction.

PCA is not affiliated with CCM or Concept Asset Management, a division of CCM.

These various firms will recommend clients to each other when consistent with the best interests of the client. There are no fees paid between the firms for such referrals. The services of all of these firms are entirely separate and distinct from the advisory services provided by PCA.

Clients should be aware that the receipt of additional compensation by PCA and its management personnel or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. PCA endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to utilize the advisory services from our employees or affiliated companies;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client’s needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

PCA and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and

have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

PCA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to privcap@optonline.net, or by calling us at (347) 960-4520.

PCA or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisers Act governing principal transactions to advisory clients.

PCA and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 Brokerage Practices

In the event that a client directs PCA to use a particular broker or dealer, it should be understood that under those circumstances PCA will not have authority to negotiate

commissions or obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to other clients.

PCA will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions are based on the broker's ability to provide professional services, competitive commission rates, research and other services which will help PCA in providing investment management services to clients.

PCA may exercise discretion to select the brokers used for execution of client transactions in conjunction with the management of client funds. The selection criteria used by PCA when selecting brokers includes, but is not limited to the following:

- Execution and settlement speed;
- Reliability and financial stability;
- Research capability, coverage and accessibility to PCA's investment team;
- Ability to execute trades;
- Ability to access international research, including relevant industry analysis;
- Quality of customer service and interaction with PCA;
- Transaction rates;
- Ability to access liquidity;
- Counterparty risk;
- Trust, including ability to maintain confidentiality regarding our market activities; and
- ECM capability, including primary and secondary issuance and block trades.

When placing client trades, PCA strives to seek best execution for its client at the time of the trade. Although PCA will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and PCA does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with these factors, while PCA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. PCA is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars"), if any, provided by the broker which may be included in the commission rate.

To ensure that brokerage firms recommended by PCA are conducting overall best execution, PCA will periodically evaluate the trading process and brokers utilized no less than annually and more frequently such as quarterly when warranted based on trading volume. PCA's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

Soft Dollar Considerations

Under its discretionary authority and consistent with its duty to seek best execution, PCA may direct brokerage transactions for client accounts to broker-dealers that provide PCA with research and brokerage products and services. The brokerage commissions used to acquire research and brokerage products and services are known as “soft dollars.” Securities Exchange Act section 28(e) provides a “safe harbor” that permits an investment adviser to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid is reasonable in relation to the brokerage and research products and services provided.

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealers, including tangible research products as well as access to analysts and traders) or third-party (created by a third party, but provided by a broker-dealers). PCA may use soft dollars to acquire either type of research.

Currently, PCA obtains both proprietary and third party research services which it pays for using soft dollars in accordance with Section 28(e) of the Securities Exchange Act. PCA soft dollar policy also complies with CFA soft dollar guidelines. Research obtained with soft dollars is not necessarily used for the specific account that generates the soft dollars. PCA usually does not attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists PCA in fulfilling its overall duty to its clients. Moreover, clients whose accounts do not contain mandates that permit certain transactions that generate the soft dollars or prohibit soft dollar transactions entirely may benefit from the research and other services provided to PCA.

The receipt of research in exchange for soft dollars benefits PCA by allowing PCA, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to personal having special expertise on certain companies, industries and areas as well as economic and market factors. Research and brokerage services acquired with soft dollars may include, but not be limited to: reports on the economy, industries, sectors, and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotation and trading systems; risk measurement; analyses of corporate The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. PCA may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the research, information, and other services provided by such broker-dealers may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services PCA receives from broker-dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by PCA may be paid commissions for effecting portfolio transactions for client accounts in excess of

amounts other broker-dealers would have charged for effecting similar transactions if PCA determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or PCA's overall duty to its discretionary accounts.

PCA will not enter into any agreement or understanding with any broker-dealers which would obligate PCA to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

In using third party research or other services, PCA may use its available soft dollar credits and pay cash to make up the difference. If the product or service obtained by PCA is a "mixed use" item (products or services that provide both research and non-research benefits), PCA may use soft dollars for the research portion and pay cash for the non-research portion. Although the allocation between soft dollars and cash is not always capable of precise calculation, PCA will make a good faith effort to allocate such items reasonably.

PCA's relationships with brokerage firms that provide soft dollar services to PCA influence PCA's judgment in allocating brokerage business and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not. These conflicts of interest are particularly influential to the extent that PCA uses soft dollars to pay expenses it would otherwise be required to pay itself.

Third party research and services obtained by soft dollars are reviewed at least annually by PCA management, including the Chief Compliance Officer.

PCA may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Brokers or dealers that PCA selects to execute transactions may from time to time refer clients to PCA. PCA will not make commitments to any broker or dealer to compensate that broker or dealer through brokerage or dealer transactions for client referrals; however, a potential conflict of interest may arise between the client's interest in obtaining best price and execution and PCA's interest in receiving future referrals.

PCA will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. PCA will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. PCA's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is

prohibited by or inconsistent with the client's advisory agreement with PCA or our firm's order allocation policy.

2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable PCA to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) PCA's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on PCA's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least weekly. Accounts

are reviewed in the context of each client's stated investment objectives and guidelines. 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.

These accounts are reviewed by: Vincent S. Andrews and Matthew C. Andrews.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account performance, balances and holdings.

Item 14 Client Referrals and Other Compensation

It is PCA's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is PCA's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

As a general rule, PCA does not have actual or constructive custody of client accounts.

With regard to Bayberry-West Partners, L.P., PCA as a managing member of Anderson Advisors, LLC, the General Partner, is deemed to have custody of partnership assets.

To help protect limited partners, the partnership is audited annually by an independent accountant registered and subject to inspection by PCAOB in accordance with U.S. GAAP standards. We then issue the audited financial statements within 180 days of the end of the fiscal year and send each investor a quarterly statement detailing the investors' capital account in the partnership.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we vote proxies on behalf of clients. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for client, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. PCA has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

PCA has not been the subject of a bankruptcy petition at any time during the past ten years.