

## **Form ADV Part 2A: Disclosure Brochure**

**PCG Asset Management, LLC d/b/a**  
**Private Client Group Asset Management**

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This brochure provides information about the qualifications and business practices of Private Client Group Asset Management. If you have any questions about the contents of this brochure, please contact us at 908-719-3024. 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 Private Client Group Asset Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Private Client Group Asset Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Private Client Group Asset Management will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

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## **Item 4 Advisory Business**

### **Description of Services and Fees**

PCG Asset Management, LLC is a privately-held New Jersey limited liability company that has been providing investment advisory services since 2008. The company also does business as Private Client Group Asset Management. Throughout this disclosure brochure, the company is referred to as "PCG".

The principal owner of PCG is David W. Johnson.

### **Investment Supervisory Services**

PCG provides Investment Supervisory Services, defined as giving continuous advice to a client or making investments for a client 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, PCG determines a client's risk profile and creates and manages a customized portfolio based on that profile. PCG will manage advisory accounts on either a discretionary or non-discretionary basis. Account supervision is guided by the stated objectives of the client. The client may place restrictions limiting the types of securities that are recommended or purchased by providing PCG with such guidelines in writing.

PCG provides investment supervisory services under the following programs:

#### Separately Managed Account Program

Under the Separately Managed Account Program, PCG provides investment management services on a non-discretionary basis. PCG will review the client's present financial situation and will provide the client with advice as to the appropriate investment and reinvestment of those assets of the client designated by the client to be subject to PCG's management.

Under the Separately Managed Account Program, PCG designates the active discretionary management of the client's assets among certain independent money managers to be recommended by PCG, based upon the investment objectives of the client. Clients are required to enter into a separate investment management agreement with each independent money manager selected.

Pursuant to the client's agreement with the independent money manager, the client agrees to delegate to the independent money managers all of client's powers with respect to the investment and reinvestment of the client's assets and appoint the designated independent money manager as the client's attorney and agent in fact with full authority to buy, sell or otherwise effect investment transactions involving the client's assets. As such, the designated independent money manager is authorized to buy, sell and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same, on margin (provided that written margin authorization has been granted) or otherwise, and to give instructions in furtherance of such authority to the registered broker-dealer and/or the custodian for the client's account.

### Wrap Fee Program

PCG may recommend a wrap fee account arrangement to investment management clients when appropriate. When PCG is retained under a wrap fee account arrangement, the sponsoring broker/dealer recommends wrap account fees be billed by the sponsoring broker/dealer, executes the client's portfolio transactions without commission charges per transaction, and may also act as a custodian, or provides some combination of these or other services, all for a single fee. In limited circumstances, a nominal transaction fee may apply. PCG's minimum account size and investment advisory fee may vary from those required of other clients. In such a program, a client should understand that brokerage commissions are not negotiated by PCG. Transactions are effected "net" and a portion of the wrap fee is considered in lieu of commissions. Trades will generally be executed only with the sponsoring broker/dealer to avoid incurring the incremental brokerage costs from using other broker/dealers. Therefore, PCG may not be free to seek best price and execution by placing transactions with other brokers or dealers.

It has been PCG's experience that broker/dealer sponsors of wrap fee agreements generally can offer best price for transactions in listed equity securities. With respect to transactions in other types of securities, no assurance can be given that such will continue to be the case and may not presently be the case. Accordingly, the client may wish to satisfy herself or himself that the broker/dealer sponsoring the wrap account arrangement can provide adequate price and execution for most or all transactions. In evaluating this arrangement, the client should consider whether, depending upon the level of the wrap fee, the amount of portfolio activity, and the value attributed to monitoring, custodian and any other services provided, the wrap fee would exceed the aggregate cost of such services if they were sold separately provided PCG were free to choose the broker/dealer to execute portfolio transactions.

In providing investment management services under the Wrap Fee Program, PCG will either be provided with full discretionary authority to invest in securities and investments of any type or limited discretionary authority to invest only in investment company securities including exchange traded funds (ETFs), and "no load" mutual and "load" mutual funds at net asset value.

### **Financial Planning Services**

Financial planning is primarily an analytical process designed to organize financial data, identify needs and opportunities and evaluate alternative courses of action; it may include analysis of current net worth, income taxes, cash flow and budgeting, investments and asset allocation, retirement planning, employee benefit plan analysis, estate and gift tax planning, education pre-funding and risk management focusing on life, health and disability coverage.

In general, PCG gathers required information through personal interviews. PCG will typically meet with the client to conduct an evaluation of the client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are also reviewed. PCG conducts a financial analysis and prepares a written plan that describes the client's current situation, identifies needs and opportunities and makes suggestions designed to help the client achieve stated goals.

While financial analyses may include investment advice concerning mutual funds and securities, it may also include investment advice with respect to products that may or may not constitute "securities," such as life insurance and annuities. It also takes into consideration estate tax planning issues that may not constitute "investment" advice.

PCG may recommend its own services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if PCG recommends its own services. The client is under no obligation to act upon any of the recommendations made by PCG under a financial planning

engagement and/or engage the services of any such recommended professional, including PCG or any of its related persons. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of PCG's recommendations.

In performing its services, PCG shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. If requested by the client, PCG may suggest the services of other professionals for implementation services, but the client is under no obligation to engage the services of any suggested professional. In addition, each client is advised that it remains their responsibility to promptly notify PCG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising PCG's previous recommendations and/or services.

### **Assets Under Management**

As of March 21, 2012, we manage \$22,212,803 in client assets on a non-discretionary basis.

## **Item 5 Fees and Compensation**

### **Investment Supervisory Services Fees**

#### Separately Managed Account Program

The annual fee for the Separately Managed Account Program is charged as a percentage of assets under management and will not exceed 2.5% of the value of the client's portfolio. Advisory fees charged by independent money managers are separate and apart from our advisory fees. Assets managed by the independent money managers will be included in calculating our advisory fee, which is based on the fee schedule set forth below. Advisory fees that paid to the independent money manager are established and payable in accordance with the brochure provided by each money manager. These fees may or may not be negotiable. The client should review the recommended money manager's brochure and take into consideration the money manager's fees along with PCG's fees to determine the total amount of fees associated with this program.

Clients will be billed 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) of the client's account at the end of the previous quarter. If an account is terminated during a calendar quarter, fees will be adjusted pro rata based upon the number of calendar days the calendar quarter that the advisory agreement was effective. Under the Separately Managed Account Program, the client receives both investment advisory services and the execution of securities brokerage transactions for a single annual fee. However, unlike the wrap fee program, the annual fee is not all-inclusive and the client will pay certain additional fees beyond the advisory fee and execution fees. Details of the Separately Managed Account Program fee are more fully described in the advisory agreement entered into with each client.

#### **Assets Under Management**

#### **Annual Fee**

\$0 - \$99,999	1.50%
\$100,000 - \$249,999	1.50%
\$250,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
Over \$1,000,000	1.25%

#### **Wrap Fee Program**

Under the Wrap Fee Program, the client receives investment management services, brokerage costs, administrative services, custody, management fees and performance reporting as a single all-inclusive charge (the "wrap fee"). Wrap fees paid by the client will not exceed 2.00% of the total assets under management and are paid in advance through the custodian.

**Assets Under Management****Annual Fee**

On the amount up to \$249,999	1.50%
On the next amount from \$250,000-\$499,999	1.50%
On the next amount from \$500,000-\$999,999	1.25%
On the next amount over \$1,000,000	1.00%

**Financial Planning Services**

Financial planning fees may be charged in one of the following manners:

1. As a fixed fee, typically ranging from \$1,000 to \$5,000;
2. As an hourly charge at the rate of up to \$350 per hour; or
3. As a percentage of assets under consultation and will not exceed 2.0% of the value of the assets under consultation.

Financial Planning Services fees are dependent on the nature and complexity of each client's circumstances. Fees for Financial Planning Services are due and payable upon delivery of the financial plan; provided, however, that if the client elects to retain PCG to implement the financial planning recommendations pursuant to a separate advisory agreement, the Financial Planning Services fee will be offset by the portfolio management fee in subsequent years. Details of the financial planning services fee is more fully described in the financial planning agreement entered into with each client.

**Additional Compensation**

Certain supervised persons of PCG are registered representatives of First Allied Securities, Inc. As registered representatives, these individuals may accept compensation for the sale of securities or other investment products. The receipt of commissions could represent an incentive for these individuals to recommend products based on the compensation received, rather than on a client's needs. These types of conflicts of interest are disclosed in the PCG's disclosure brochure and clients are informed they may purchase recommended investment products through other brokers or agents not affiliated with PCG.

In the event the client desires, the client can engage certain PCG investment adviser representatives (but not PCG itself) to provide securities brokerage services under a commission arrangement. Under this arrangement, the client may implement securities transactions through these individuals in their respective capacities as registered representatives of either First Allied Securities, Inc. Brokerage commissions may be charged by these broker-dealers to effect these securities transactions and thereafter, a portion of these commissions may be paid by these broker-dealers to such individuals. Prior to effecting any transactions, the client will be required to enter into a new account agreement with such broker-dealer(s). The brokerage commissions charged by these broker-dealers may be higher or lower than those charged by other broker-dealers. In addition, certain investment adviser representatives associated with PCG, may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

While PCG does not sell such securities products to its investment advisory clients, PCG does permit certain related persons, in their individual capacities as registered representatives of broker-dealers, to sell securities products to its investment advisory clients. A conflict of interest exists to the extent that PCG recommends the purchase of securities where individuals associated with PCG receive commissions or other additional compensation as a result of PCG's recommendations. Clients are informed that they are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

At PCG's discretion, advisory fees may be offset to the extent persons associated with PCG earn commissions in their separate capacities as registered representatives and/or insurance agents.

PCG's exclusive form of compensation is from advisory fees. The firm does not receive commission compensation from the sale of investment products.

### **Important Additional Information**

#### Fees Negotiable

PCG retains the right to modify fees, including minimum annual fees and minimum account sizes, in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided.

#### Direct Debiting of Client Accounts

In order for PCG's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting PCG to bill the custodian. PCG sends clients an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to PCG. Clients are encouraged to reconcile PCG's invoices with the statement(s) received from the qualified custodian. If clients find any inconsistent information between PCG's invoice and the statement(s) received from the qualified custodian, please call PCG at the phone number located on the cover page of this brochure.

#### Termination of Client Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five (5) business days after entering into the agreement. Clients may obtain their refund in one of two ways - either by having the refund transferred directly into their account or by check.

#### Mutual Fund Fees

All fees paid to PCG 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. 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 the services of PCG. In that case, the client would not receive the services provided by PCG 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. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by PCG to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.



### Trading and Other Costs

All fees paid to PCG for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and fixed-income securities. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled "Brokerage Practices" on page 13 of this disclosure brochure for additional information on brokerage and other transaction costs.

### Wrap Fee Programs

Additional expenses (i.e., SEC fees, trailing commissions, annual IRA fees, wire transfer fund fees, postage and handling fees) are not covered under the wrap fee. It is possible that comparable or similar services may be available to a client at a lower aggregate cost if they were separately provided and PCG was free to choose any brokers to execute portfolio transactions. Accordingly, a prospective client should consider the wrap fee in light of the aggregate services being obtained from each of the respective parties. Additional information about the Wrap Fee Program, services, fees, conflicts, etc. is provided in the Wrap Fee Program disclosure brochure.

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

PCG does not accept performance-based fees (e.g., fees based on a share of capital gains on or capital appreciated of the assets in a client's account).

## **Item 7 Types of Clients**

PCG provides investment advisory services to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates or charitable organizations and corporations or other business entities.

### **Engaging the Services of PCG**

All clients wishing to engage PCG for investment advisory services must first complete the applicable investment advisory agreement as well as any other document or questionnaire provided by PCG. The investment advisory agreement describes the services and responsibilities of PCG to the client. It also outlines PCG's fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation as well as any documentation required by the separate account manager. Upon completion of these documents, PCG will be considered engaged by the client. Clients will be responsible for ensuring that PCG is informed in a timely manner of changes in investment objectives and risk tolerance.

### **Conditions for Managing Accounts**

#### Investment Supervisory Services

*Separately Managed Account Program* - To participate in the Separately Managed Account Program, PCG requires new clients have a minimum account of \$250,000, provided, however, that PCG retains the right to reduce or waive this minimum account size.

*Wrap Fee Program* -To participate in the Wrap Fee Program, PCG requires new clients have a minimum account of \$250,000, provided, however, that PCG retains the right to reduce or waive this minimum account size.

*Financial Planning Services* - PCG requires a minimum annual fee of \$1,000 for Financial Planning clients, provided, however, that PCG retains the right to reduce or waive the minimum annual fee.

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

### **Types of Investments**

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, exchange trade funds (ETFs) warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds, variable annuities and variable life insurance.

In addition, PCG will, from time to time, recommend investments in alternative investments (e.g., hedge funds; funds of hedge funds, private equity or other types of limited partnerships) when it is appropriate for a client. In certain instances, these alternative investments may be the only investment vehicle a manager offers or such alternative investment may be the only economical method to access the investment skills of a particular manager.

### **Investment Strategies**

PCG may utilize different investment strategies, based upon the needs of the client, including long-term purchases, short-term purchases, trading, short sales, margin transactions and option writing. In addition, clients should refer to the ADV Part 2 of the separate account manager for information regarding the investment strategies used by such account manager in servicing client accounts.

### **Security Analysis**

The security analysis method employed by PCG is fundamental analysis. Fundamental Analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

In addition, clients should refer to the ADV Part 2 of the separate account manager for information regarding the methods of analysis used by such account manager in servicing client accounts.

### **Sources of Information**

In conducting security analysis, PCG may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases. In addition to the listed sources of information, PCG's portfolio manager may, from time to time, conduct interviews of corporate officers, make company visits and participate in analysts' phone conferences.

### **Risk**

#### **In General**

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bond since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

### Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

### Alternative Investments

Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment, which will be provided to each prospective investor for review and consideration. Each investor will be required to complete a and accepts the various risk factors that are associated with such an investment.

### Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

### Exchange Traded Funds (ETFs)

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the stock tracked within an ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the ETF will go down. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

### Independent Money Managers

As further discussed in the section "Advisory Business" of this disclosure brochure, PCG may recommend that clients authorize the active discretionary management of a portion of their assets by certain independent money managers, based upon the stated investment objectives of the client. PCG shall continue to render services to the client relative to the discretionary and/or non-discretionary selection of the independent money managers as well as the monitoring and review of account performance and client investment objectives. When selecting an independent money manager for a client, PCG will review:

- Information about the independent money managers (such as its disclosure statement); and/or
- Material supplied by the independent money managers or independent third parties for a description of the independent money manager's investment strategies, past performance, and risk results.

### **Cash Management**

PCG will maintain cash balances to meet foreseeable short-term client cash needs, as a temporary repository pending investment in other securities, or as a defensive position when market conditions are considered adverse. High cash balances may be maintained for new clients whose accounts initially consist of high cash positions as cash is gradually invested in equity and fixed income securities.

### **Item 9 Disciplinary Information**

Neither PCG nor any of its supervised persons have any reportable disciplinary history.

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

#### **Registered Representatives**

The principal executive officers and other supervised persons of PCG are separately licensed as registered representatives of various FINRA member broker-dealers. These individuals, in their separate capacities as registered representatives, will be able to effect securities transactions for which they will receive separate, yet customary compensation. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. While these individuals endeavor at all times to put the interest of the clients first as part of PCG's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

The advisory services offered by PCG are entirely separate and distinct from (though complementary to) the advisory services of these broker-dealers. The associated persons of PCG do not provide investment advisory services on these broker-dealers' behalf. These broker-dealers do not warrant the sources of information, investment strategies, or the contents of any information provided by PCG.

#### **Insurance Agents**

Certain investment adviser representatives associated with PCG, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While PCG does not sell such insurance products to its investment advisory clients, PCG does permit these investment adviser representatives, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that PCG recommends the purchase of insurance products where individuals associated with PCG receive insurance commissions or other additional compensation.

#### **Recommendation of Other Advisers**

PCG may recommend that you use a third party adviser ("MM") based on your needs and suitability. PCG will receive compensation from the MM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any MM we recommend.

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

### **Code of Ethics**

PCG has adopted a Code of Ethics to prevent violations of securities laws. The Code of Ethics is predicated on the principle that PCG owes a fiduciary duty to its clients. Accordingly, PCG expects all employees to act with honesty, integrity and professionalism and to adhere to securities laws.

All officers, directors, partners and employees of PCG and any other person who provides advice on behalf of PCG and is subject to PCG's control and supervision are required to adhere to the Code of Ethics. At all times, PCG and its employees must (i) place client interests ahead of PCG's; (ii) engage in personal investing that is in full compliance with PCG's Code of Ethics; and (iii) avoid taking advantage of their position. A copy of PCG's Code of Ethics is available upon request. For a copy, please contact David Johnson, Managing Member of PCG, at (908) 719-3024.

### **Prohibition on Use of Insider Information**

PCG has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of PCG's Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of PCG's Insider Trading policies and procedures, please contact David Johnson, Managing Member of PCG, at (908) 719-3024.

### **Participation or Interest in Client Transactions**

PCG or individuals associated with PCG may, as a broker or agent, effect securities transactions for compensation for clients. Individuals associated with PCG are also registered representatives of First Allied Securities, Inc. ("First Allied"), a FINRA registered broker-dealer. To the extent that clients wish these individuals to implement any recommendations made by PCG, the purchase or sale of any securities in conjunction with the implementation of such recommendations is made through First Allied. Clients are free to implement PCG's recommendations through any broker-dealer that they choose.

PCG or individuals associated with PCG may buy or sell securities that it also recommends to clients. As this situation may represent a conflict of interest, PCG has established the following restrictions in order to ensure its fiduciary responsibilities:

- A member or employee of PCG shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/her employment unless the information is also available to the investing public upon reasonable inquiry. No person of PCG shall prefer his/her own interest to that of the advisory client.
- PCG maintains a list of all securities holdings for itself and anyone associated with this advisory practice with the access to advisory recommendations. These holdings are reviewed on a regular basis by David Johnson, Manager of PCG.
- PCG emphasizes the unrestricted right of the client to decline to implement any advice rendered.
- PCG requires that all individuals must act in accordance with all applicable federal & state regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to termination.

## **Item 12 Brokerage Practices**

### **Brokerage Selection**

#### Best Execution

Best execution is generally defined as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular

transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while PCG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests PCG to arrange for the execution of securities brokerage transactions for the client's account; PCG shall direct such transactions through broker-dealers that PCG reasonably believes will provide best execution. PCG shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

#### Broker Analysis

PCG evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving PCG. In selecting or recommending a broker-dealer, PCG will consider the value of research and additional brokerage products and services a broker-dealer has provided or will provide to PCG's clients and the firm. Receipt of these additional brokerage products and services are considered to have been paid for with "soft dollars." Because such services could be considered to provide a benefit to PCG, the firm has a conflict of interest in recommending broker-dealers to clients. PCG could receive benefits by selecting a particular broker-dealer to execute client transactions, and the transaction compensation charged by that broker-dealer might not be the lowest compensation PCG might otherwise be able to negotiate. (See also the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if PCG determines in good faith whether the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker. PCG's Managing Member is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, PCG periodically reviews its transaction costs in light of current market circumstances and other relevant information.

#### **Research/Soft Dollar Benefits**

##### Overview

PCG's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities.

As required by Section 28(e), PCG will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, PCG will generally determine, considering all the factors described below, that the compensation to be paid to the broker is reasonable in relation to the value of all the brokerage and research products and services provided by the broker.



In making this determination, PCG will typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in PCG's performance of its overall responsibilities to all of its clients. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who did not provide research services or products might charge.

#### Research and Brokerage Products and Services

"Research" products and services PCG may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to PCG in the performance of its investment decision-making responsibilities.

Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit PCG to effect securities transactions and perform functions incidental to transaction execution. PCG generally uses such products and services in the conduct of its investment decision-making generally, not just for those accounts whose commissions may be considered to have been used to pay for the products or services.

#### Other Uses and Products

PCG may use some products or services not only as "research" and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for administrative and other purposes as well. In these instances, PCG will make a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable making investment decisions and executing transactions is paid with commission dollars and PCG bears the cost of the balance. PCG's interest in making such an allocation differs from clients' interest, in that PCG has an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that PCG must pay directly.

#### **Directed Brokerage**

##### First Allied

As discussed in the section entitled "Other Financial Industry Activities and Affiliations" of this disclosure brochure, certain investment adviser representatives affiliated with PCG are, in their respective individual capacities, registered representatives of First Allied Securities, Inc. These individuals are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker dealer unless such broker-dealer provides written consent.

Clients are advised that these individuals may be restricted to conducting securities transactions through these broker-dealers unless they first secure written consent from such broker-dealers to execute securities transactions through a different broker-dealer. Absent such written consent or separation from these broker-dealers, these individuals are prohibited from executing securities transactions through any other broker-dealer under such broker-dealer's internal supervisory policies. PCG is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

### Client Direct Brokerage

Certain clients may direct PCG to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, PCG is required to disclose that PCG may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates PCG might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

As a general rule, PCG encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

### **Trade Aggregation/Allocation**

#### Portfolio Management

It is the objective of PCG to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, PCG may often seek to purchase or sell a particular security in each account. PCG will aggregate orders only when such aggregation is consistent with PCG's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

#### Financial Planning and Consulting

PCG's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning and/or consulting recommendations. PCG may recommend any one of several brokers. PCG clients must independently evaluate these brokers before opening an account. The factors considered by PCG when making this recommendation are set forth above. PCG's financial planning and consulting clients may use any broker or dealer of their choice.

### **Trade Errors**

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client.

## **Item 13 Review of Accounts**

### **Reviewers:**

- David W. Johnson, Managing Manager and Chief Compliance Officer
- W. Gary Langenhahn, Investment Adviser Representative

### **Investment Supervisory Services**

#### Separately Managed Account Program

Accounts are reviewed no less frequently than annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines, ensuring that the structure of the client's portfolio is coordinated with these objectives. In addition, investment returns will be measured against the



appropriate benchmarks in each asset class. 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.

Clients will receive statements at least quarterly. Clients may also receive reports directly from the independent money manager and should consult the independent money manager's disclosure brochure for additional information on the types and frequency of reports.

#### Wrap Fee Program

While the underlying securities within Wrap Fee Program accounts are continuously monitored, these accounts are reviewed no less frequently than annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines, ensuring that the structure of the portfolio is coordinated with these objectives. 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.

PCG will provide clients with quarterly evaluation reports analyzing the performance of the clients' accounts in relation to various market indices.

#### **Financial Planning Services**

These client accounts will be reviewed as contracted for at the inception of the advisory relationship. Financial Planning clients will typically receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for at the inception of the advisory relationship.

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

PCG does not receive any economic benefit from non-clients for the provision of investment advice to its clients.

PCG directly compensates non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client referrals. In order to receive a cash referral fee from PCG, Solicitors must comply with the requirements of the jurisdictions in which they operate. A client referred to PCG by a Solicitor should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. The Solicitor that referred someone to PCG that later becomes a client will receive a percentage of the advisory fee the client pays PCG for as long as the referred person remains a client with of PCG, or until such time as the agreement with the Solicitor expires, or a one-time, flat referral fee upon the person signing an advisory agreement with PCG. Clients will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon the referred person entering into an advisory agreement with PCG. Therefore, a Solicitor has a financial incentive to recommend PCG to potential clients for advisory services. This creates a conflict of interest; however, potential clients are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. Clients should request that Solicitors disclose to whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

As disclosed under the *Other Financial Industry Activities and Affiliations* section in this brochure, persons providing investment advice on behalf of PCG receive compensation as licensed insurance agents and registered representatives. For information on the conflicts of interest this presents, and how PCG addresses these conflicts, please refer to the *Other Financial Industry Activities and Affiliations* section.

## **Item 15 Custody**

PCG is deemed to have custody only because PCG deducts its fees directly from client accounts. PCG will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees.

Custody of client assets will be maintained with the independent custodian selected by the client. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize PCG to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by PCG.

## **Item 16 Investment Discretion**

For those client accounts over which PCG has discretion, PCG requires clients to execute a discretionary management agreement with limited power of attorney authorization and the appropriate trading authorization forms to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

PCG generally has discretionary authority to make the following determination without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. PCG's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between PCG and the client.

## **Item 17 Voting Client Securities**

### **Proxy Voting**

PCG does not vote proxies on behalf of its clients. Therefore, the client that maintains exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceeding or other type events pertaining to the client's investment assets. Clients will receive proxy materials directly from the account custodian. (PCG and/or the client shall instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.) Clients can contact David Johnson, Managing Member of PCG, at (908) 719-3024 if they have questions regarding a particular solicitation.

## **Class Action Settlements**

Although PCG has discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly.

## **Item 18 Financial Information**

### **Prepayment of Fees**

Because PCG does not require or accept prepayment of more than \$500 in fees six months or more in advance, PCG is not required include a balance sheet with this disclosure brochure.

### **Financial Condition**

PCG does not have any adverse financial conditions to disclose.

### **Bankruptcy**

PCG has never been the subject of a bankruptcy petition.

## **Item 19 Requirements for State-Registered Advisers**

Refer to the Part(s) 2B for background information about management personnel and those giving advice on behalf of PCG.

PCG is not actively engaged in any business other than giving investment advice.

Neither PCG, nor any persons associated with PCG are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither PCG, nor any of its management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

Neither PCG, nor any of its management persons have a material relationship or arrangement with any issuer of securities.

## **Item 20 Additional Information**

### **Privacy Notice**

PCG views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. PCG does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, PCG may share some information with its service providers, such as transfer agents, custodians, broker dealers, accountants, and lawyers, etc. PCG restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative functions for PCG. As emphasized above, it has always been and will always be PCG's policy never to sell information about current or former clients or their accounts to anyone. It is also PCG's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of PCG's Privacy Policy, please contact David Johnson, Managing Member of PCG, at (908) 719-3024.

**Client Complaints**

Clients may contact David Johnson, Managing Member of PCG, at (908) 719-3024 to submit a complaint. Written complaints should be sent to PCG Asset Management, LLC, 376 Main Street, Suite 200, Bedminster, NJ 07921.

**Form ADV Part 2B: Brochure Supplement**

**David W. Johnson**

**PCG Asset Management, LLC**

376 Main Street  
Suite 200  
Bedminster, NJ 07921

Phone: 908-719-3024  
Fax: 908-234-0456

April 18, 2012

*This brochure supplement provides clients with information about David W. Johnson that supplements the PCG Asset Management, LLC disclosure brochure. You should have received a copy of the PCG Asset Management, LLC disclosure brochure. Please contact David W. Johnson at 908-719-3024 if you did not receive a copy of the PCG Asset Management, LLC disclosure brochure or if you have any questions about the contents of this brochure supplement. Additional information about David W. Johnson is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

## Item 2 Educational Background and Business Experience

Individuals associated with PCG Asset Management, LLC ("PCG") must meet certain standards set forth by the firm. Generally, PCG requires associated persons to have a college degree or a minimum four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics, and be committed to providing quality investment advice.

**David W. Johnson**

**Year of Birth:** 1964

**Education:**

- BA in Business Administration, Old Dominion University (1987)

**Employment History:**

- Manager, PCG Asset Management, LLC (01/09 - Present)
- Registered Representative, First Allied Securities (01/09 - Present)
- First Vice President, UBS Financial Services, Inc. (formerly Paine Webber, formerly Kidder Peabody) (1987 - 01/09)

## Item 3 Disciplinary Information

Mr. Johnson has no legal or disciplinary events to report.

## Item 4 Other Business Activities

Mr. Johnson is also a registered representative of First Allied Securities, Inc. ("First Allied"), a FINRA registered broker-dealer. As a registered representative of First Allied, Mr. Johnson may receive commissions on securities transactions. To the extent that clients wish Mr. Johnson to implement any recommendations made by PCG, the purchase or sale of any securities in conjunction with the implementation of such recommendations is made through First Allied. Clients are free to implement PCG's recommendations through any broker-dealer that they choose. The relationship between PCG and Mr. Johnson's activities with First Allied does not create a material conflict of interest with clients.

Mr. Johnson is also licensed to sell insurance products. As such, Mr. Johnson is able to implement product transactions for which he will receive separate yet typical compensation. While Mr. Johnson endeavors at all times are to put the interest of PCG's clients first as part of his fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect Mr. Johnson's judgment when making recommendations

Mr. Johnson is not engaged in any other business or occupation for compensation that provides a substantial source of his income or involves a substantial amount of his time.

## Item 5 Additional Compensation

Mr. Johnson does not receive any additional compensation for providing advisory services.

## Item 6 Supervision

As Chief Compliance Officer, Mr. Johnson is responsible for monitoring his own advisory activities. PCG's Compliance Manual and Code of Ethics are the primary sources for supervisory responsibilities. Clients can contact Mr. Johnson at the phone number on the cover page of this document.

## **Item 7 Requirements for State-Registered Advisers**

Mr. Johnson does not have, or has ever had, any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.

**Form ADV Part 2B: Brochure Supplement**

**Walter Gary Langenhahn**

**PCG Asset Management, LLC**

21 Commerce Drive

3<sup>rd</sup> Floor

Cranford, NJ 07016

Phone: 908-719-3024

Fax: 908-497-0911

August 10, 2012

*This brochure supplement provides clients with information about Walter Gary Langenhahn that supplements the PCG Asset Management, LLC disclosure brochure. You should have received a copy of the PCG Asset Management, LLC disclosure brochure. Please contact David W. Johnson at 908-719-3024 if you did not receive a copy of the PCG Asset Management, LLC disclosure brochure or if you have any questions about the contents of this brochure supplement. Additional information about Walter Gary Langenhahn is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*



## Item 2 Educational Background and Business Experience

Individuals associated with PCG Asset Management, LLC ("PCG") must meet certain standards set forth by the firm. Generally, PCG requires associated persons to have a college degree or a minimum four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics, and be committed to providing quality investment advice.

**Walter Gary Langenhahn**

**Year of Birth: 1949**

**Education:**

- The American College, Master of Science in Financial Services (MSFS), 1989
- SUNY Binghamton, BA, Liberal Arts (1967-1971)

**Employment History:**

- Senior Partner, W.G. Langenhahn, LLC (insurance) (07/2012 - Present)
- Investment Adviser Representative, PCG Asset Management, LLC (06/2010 - Present)
- Estate Planner, W.G. Langenhahn (03/2010 - Present)
- Registered Representative, First Allied Securities, Inc. (03/2010 to Present)
- Salesperson, PCG Cost Solutions (12/2008 - Present)
- Senior Partner, Private Client Group, LLC (09/2008 - Present)
- Agent, Union Central Life Insurance (09/2008 - Present)
- Accountant/Attorney, CBIZ Accounting, Tax and Advisory Services (01/2000 - 05/2004)
- Adviser Representative, Ameritas Investment Corp. (09/2008 - 03/2010)
- Agent, Ameritas Life Insurance (09/2008 - 03/2010)
- Registered Representative, Park Avenue Securities, LLC (05/1999 - 09/2008)
- Producer, Strategies for Wealth (08/1998 - 09/2008)

**Professional Designations:**

- Chartered Financial Consultant (ChFC). The Chartered Financial Consultant (ChFC) designation program focuses on the comprehensive financial planning process as an organized way to collect and analyze information on a client's total financial situation; to identify and establish specific financial goals; and to formulate, implement, and monitor a comprehensive plan to achieve those goals. Each ChFC® must take eight or more college-level courses on all aspects of financial planning from The American College. ChFCs must have at least three years of experience in the financial industry and studied and passed an examination on the fundamentals of financial planning, including income, tax, insurance, investment and estate planning. Each ChFC must also complete a minimum of 30 hours of continuing education every two years.
- Chartered Life Underwriter (CLU). A CLU® is a professional advisor in all of the areas of business and family financial security that are encompassed by life insurance. In the United States, The American College is the accredited institution that awards this designation. To become a CLU®, an individual must successfully complete a comprehensive course of study and demonstrate competence by passing a series of eight, college-level examinations in several subject areas including: life insurance, pensions, taxation, finance, economics and business, and estate planning. Rigid ethical and experience requirements also must be met.

## Item 3 Disciplinary Information

Mr. Langenhahn has no legal or disciplinary events to report.

#### **Item 4 Other Business Activities**

Mr. Langenhahn is also a registered representative of First Allied Securities, Inc. ("First Allied"), a FINRA registered broker-dealer. As a registered representative of First Allied, Mr. Langenhahn may receive commissions on securities transactions. To the extent that clients wish Mr. Langenhahn to implement any recommendations made by PCG, the purchase or sale of any securities in conjunction with the implementation of such recommendations is made through First Allied. Clients are free to implement PCG's recommendations through any broker-dealer that they choose. The relationship between PCG and Mr. Langenhahn's activities with First Allied does not create a material conflict of interest with clients.

Mr. Langenhahn is also licensed to sell insurance products. As such, Mr. Langenhahn is able to implement product transactions for which he will receive separate yet typical compensation. While Mr. Langenhahn endeavors at all times to put the interest of PCG's clients first as part of his fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect Mr. Langenhahn's judgment when making recommendations.

Mr. Langenhahn is not engaged in any other business or occupation for compensation that provides a substantial source of his income or involves a substantial amount of his time.

#### **Item 5 Additional Compensation**

Mr. Langenhahn does not receive any additional compensation for providing advisory services.

#### **Item 6 Supervision**

Mr. Langenhahn is supervised by David Johnson, the Chief Compliance Officer of PCG. Mr. Johnson also reviews Mr. Langenhahn's personal trading activities. Mr. Johnson can be reached at 908-719-3024.

#### **Item 7 Requirements for State-Registered Advisers**

Mr. Langenhahn does not have, or has ever had, any reportable arbitration claims, has not been found liable in a reportable civil, self-regulatory organization or administrative proceeding, and has not been the subject of a bankruptcy petition.