

Perkins Capital Management, Inc.

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Wayzata, Minnesota 55391

Richard C. Perkins, President

www.perkinscapital.com

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This brochure provides information about the qualifications and business practices of Perkins Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (952) 473-8367 or info@perkinscap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. The use of the term “registered investment adviser” in this brochure does not imply a certain level of skill or training.

Additional information about Perkins Capital Management, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

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Material Changes

Richard W. Perkins, President, passed away in April, 2019. Richard C. Perkins became President in June 2019.

Advisory Business

Perkins Capital Management, Inc. (the Firm) is a privately held corporation that has been in business since January 1, 1985. Throughout this document, use of the terms “the Firm”, “we”, “ours” “us” and “PCM” will refer to Perkins Capital Management, Inc. or employees of Perkins Capital Management, Inc. The owners of the Firm are the estate of Richard W. Perkins, Daniel S. Perkins, Chief Operating Officer, and Richard C. Perkins, President and Chief Compliance Officer. Richard C. Perkins and Daniel S. Perkins are also portfolio managers. There is one additional portfolio manager, Harry A. L. Lindberg, Jr. who is a Vice President of the Firm. The main business of the Firm is providing fee-based investment advisory and investment supervisory services on a fully discretionary basis. We do not provide financial planning.

All our accounts are fully discretionary. Prior to opening an account with the Firm, clients discuss their investment needs with one of the four portfolio managers. This assists the portfolio manager in deciding on the investment objective for the account. It is at this time that clients may make a request for special handling of their account. Also, portfolio managers contact clients on an ongoing basis to ensure proper service to their accounts. For clients who require higher current income or less volatility than is normally associated with equity investing, we will manage balanced portfolios which contain fixed income investments.

The main objective of PCM is to generate a positive real rate of return over an extended period of years for our clients. Investment strategies vary based on the type of account and the investment objectives of the client, as well as the style of the individual portfolio manager. Our two main account types are equity and balanced.

Equity Accounts

Our approach to equity investing can be characterized as a search for opportunity. Our primary focus is on companies which appear to be undergoing positive change that may not be recognized in the market place. Such changes include new products, processes, strategies or management. We also search for companies that are likely candidates for acquisition by another company. Situations like this could provide higher earnings, and when acknowledged by others in the market place, could result in a higher price earnings ratio. Generally, equity investments will be held for a longer period of time in individual (taxable) accounts than they will be held in a pension or IRA (tax deferred) account. This provides the client with potentially lower capital gains on their taxable accounts.

We do not believe in trading – in fact, we tend to under-trade. Patience is an important ingredient in successful investing. Once purchased, situations must be given time to develop. Other investors must recognize the change we have identified and must make purchases at higher prices. The elements of change may result in expansion phases that last for years. We try to stay with a winner as long as necessary to fully capitalize on it. Sometimes strong nerves are required. If we err, we prefer to hold too long rather than sell too soon. For individual clients

our objective is to concentrate on increasing the after-tax value of their portfolio. For tax deferred portfolios, we adhere to many of the same principles because we would rather stay with a winner than sell it and risk losing the position.

Balanced Accounts

Our approach to fixed income investing is to seek maximum income consistent with high quality investments. In our balanced accounts we analyze the outlook for both short-term and long-term interest rates. We will assess both the domestic and international economic scene. In our opinion, the most important factors when selecting fixed income securities are the credit rating, yield curve analysis and liquidity. We prefer a minimum credit rating of A by Moody's or Standard & Poor's rating service. We analyze the yield curves of government, corporate, and municipal bonds looking for inequities in yields which may provide an opportunity. Assessing liquidity requires that the security have excellent marketability. Again, the search for opportunity is a focal point to our investing. If we believe that a fixed income security is selling below estimated worth because of a lack of institutional acceptance, we will look further into it. If an issue has special indenture features that are not fully recognized in the market place or if an issue received a rating upgrade, we will further analyze for investing.

Assets Under Management

As of December 31, 2019, Perkins Capital Management, Inc. provided discretionary services to 167 accounts for a total of \$137,025.7 million in assets under management, including the Perkins Discovery Fund. Daniel S. Perkins and Richard C. Perkins co-manage the Perkins Discovery Fund, which had assets under management of \$11.8 million as of December 31, 2019.

Fees and Compensation

Standard Fee Schedule, charged per quarter in arrears:

First \$500,000 of assets	.375% per quarter
Excess of \$500,000 of assets	.25% per quarter

Accounts under \$250,000 of assets may be charged at the rate of .50% per quarter.

Fees are negotiable depending upon size of account, number of accounts, and client servicing needs.

Clients are billed at the beginning of each calendar quarter based upon the market value of their account at the end of the previous quarter. This total value of assets will include any margin or debit balances, investments in mutual funds, and money market funds. Clients must be aware that mutual funds and money market funds incur additional expenses and fees above the amount charged by us. Certain exchanges charge fees for selling shares and these amounts may be charged to the client account. For accounts that do not have a wrap fee agreement, commissions and other brokerage fees may be charged to their account as transactions occur. For more information on brokerage, see the brokerage section of this brochure.

Some clients are invoiced while others have their fees directly deducted from their accounts. Some clients invest in private company securities which are not listed or priced through an exchange. The prices of these securities are determined by PCM employees after discussion with the private company. The pricing of these securities will affect the fee paid by the client. The pricing of these private securities creates a direct conflict of interest. For more information on these types of investments, please see the section on **Methods of Analysis, Investment Strategies and Risk of Loss**.

Either PCM or any client may terminate their contract with thirty (30) days notice. This notice should be in writing via email, fax or postal mail. If a contract is terminated prior to the end of the quarter, a pro-rata reimbursement will be made to the client for the portion of the fee not used.

We are also the investment advisor to the Perkins Discovery Fund. As the advisor, we are paid a monthly management fee that is accrued daily. The amount of the fee is based on the average daily net assets of the Fund at the rate of 1.00% annually and is paid in arrears.

PCM is compensated on a fee basis. We are not affiliated with any broker/dealer and do not receive commissions on the sale of securities.

Side-By-Side Management

Investment decisions for the Perkins Discovery Fund are made independently from those of other client accounts managed by PCM. However, identical securities could be acceptable for the Fund and some client accounts. If identical securities are purchased for the Fund and other client accounts, the length of time the securities are held may differ. The price of the security may differ when bought or sold, as well as fees on transactions such as commissions, markups or markdowns.

The side-by-side management of individual client accounts and the Fund creates a potential conflict of interest. To address this conflict, we have created procedures to follow which are outlined in the section entitled **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**.

Employees and family members of PCM are allowed to maintain investment accounts. These accounts are referred to as affiliated accounts. These affiliated accounts are maintained within the same computerized portfolio management system as all accounts. This allows for all affiliated account transactions to be monitored on an ongoing basis.

Purchase or sale transactions could be initiated for a client account, including the Perkins Discovery Fund, in securities in which affiliated accounts have an interest. Likewise, transactions could be initiated for an affiliated account in securities in which a client account is invested. These transactions may or may not occur independently from client account transactions. The transactions in affiliated accounts could also be grouped together with client accounts as a part of a larger order. When combining transactions, the affiliated accounts and client accounts will receive the same share price. This can give affiliated accounts a better share price than they could have negotiated without participating in the grouped transaction. An

affiliated account may receive more of a benefit than a client account. Also, the number of shares purchased or sold may be larger or smaller for an affiliated account than for a client account.

Purchase or sale transactions can involve the purchase or sale of stock from one client account to another client account or an affiliated account. Transactions can also involve the sale of stock from an affiliated account to a client account. These transactions are known as cross transactions. If a cross transaction is to take place, the client will be notified of the transaction and will be requested to provide authorization before the transaction occurs. Cross transactions from an affiliated account to a client account, or vice versa, create a clear conflict of interest between the interests of the client and the interest of the affiliated account holder. Therefore, client authorization is required.

All of the above listed transactions can be material and create a clear conflict of interest between the investment of client assets and affiliated accounts. PCM has developed a code of ethics, code of conduct and rules to minimize the impact of these transactions. An outline of our code of ethics, code of conduct and other procedures is available in the section titled **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**.

Types of Clients

PCM provides investment advice to the following types of clients:

- Individuals
- IRAs, IRA Rollovers, Roth IRAs & SEP accounts
- Trusts
- Estates
- Charitable Organizations
- Corporations and Other Business Entities
- Employee Benefit Plans (e.g. pension and profit sharing plans)

We also provide investment advisory services to the Perkins Discovery Fund, a registered mutual fund.

Methods of Analysis, Investment Strategies and Risk of Loss

PCM uses a combination of fundamental, technical, and chart analysis in selecting companies for investment. It is our belief that multiple methods of analysis are appropriate in most investments. We use computer systems to derive fundamental data on companies of interest. Technical analysis is also used as an aid in selecting industries and companies which appear to offer the best investment opportunities at a particular time. Chart analysis aids us in selecting the best time/price entry or exit point for a security.

Much of our information used in analysis comes from financial newspapers and magazines, financial journals, subscriber services and research reports. Some of the research reports are prepared by independent research organizations, while others are provided to us by brokerage

firms. We do rely on the annual and quarterly reports put out by the companies as well as prospectuses and SEC filings (forms 10-K and 10-Q).

Personal visits to corporations and discussions with company management provide us with details that are not available in many of the reports. We believe that first-hand knowledge of a company and its management are important when making investment decisions. Personal meetings with research analysts and attendance at research and trade association conferences are also part of our information gathering process.

Success in something as difficult as the stock market does not come by chance. It is almost always the result of hard work combined with experience and adherence to a sound investment strategy. It is our job to digest a multitude of facts and opinions and to take action based on the judgments we make. Markets fluctuate to great extremes and often successful investments go through at least one severe reaction before coming to fruition. Therefore, we require that clients have a strong financial base and the ability to withstand market fluctuations. In order for a client relationship to be successful, our client must have the ability and willingness to grant investment authority to us so that we have the discretion to act at the proper time. Our clients must understand that the volatility of the market will affect their account performance. Just as the indexes go up and down, so will the value of their accounts.

Occasionally, we will invest in private companies (venture capital). This includes, but is not limited to, investment in companies which have only limited operations. We also participate in private investments in public entities (P.I.P.E.s). These are publicly traded companies which are seeking private capital. Both types of investments are only for accredited accounts with the ability to withstand extreme uncertainty. Investments such as these are extremely volatile and come with a high amount of risk. Some of the risks include:

- There is no market for the securities
- There are significant restrictions on transferability of the securities
- Liquidation is generally unavailable
- The shares are not registered for sale under the Securities Act of 1933

Employees of PCM may also invest in these types of securities. A conflict of interest is created when portfolio managers invest for themselves as well as clients. Occasionally, these companies may offer securities to the public by means of a registered public offering. While our employees may invest in venture capital or private placements, they are not allowed to invest in initial public offerings (IPOs).

Clients need to be aware that employees of PCM may be on the board of directors for some of the companies in which investments are made, both public and private. Employees of PCM may also be general partners and/or limited partners in partnerships in which clients are invested.

Richard C. Perkins is on the board of directors for the following private companies:

- Perkins Capital Management, Inc.

He is also on the board of directors for the Perkins Foundation, a non-profit entity and is a limited partner of Bentsen Bay Farms.

Daniel S. Perkins is on the board of directors of the following private companies:

- Perkins Capital Management, Inc.

He is also on the board of directors for the Perkins Foundation, a non-profit entity.

Investment Risks

Clients must be aware of the risk that they may lose all or a portion of their investments. The following principal risks can affect the value of a client account:

- **General Market Risk:** the market price of a security may fluctuate, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.
- **Management Risk:** The advisor may fail to implement client's investment strategies and meet the investment objective of the account.
- **Smaller Companies Risk:** Investing in securities of smaller companies, including micro-cap, small-cap, medium-cap and less seasoned companies, often involve greater volatility than investing in larger, more established companies and these securities may be less liquid than other securities.
- **Diversification Risks:** Many accounts hold fewer than 30 individual securities. As a result, an increase or decrease in the value of a single security held in the account will have a greater impact on the account's value and return on investment.

Disciplinary Information

Neither PCM nor any of our employees have had disciplinary events that would prevent or limit our ability to do business as an investment advisor.

Other Financial Industry Activities and Affiliations

PCM is an investment adviser to The Perkins Discovery Fund (the Fund), a series of the World Funds Trust. The Fund is an open-ended management investment company, otherwise known as a mutual fund. As the adviser, we provide the following services to the Fund:

- Managing the investments of the Fund
- Furnish the Fund with office space
- Provide certain administrative services
- Report to the Fund Board on a quarterly basis
- Vote proxies

More information on the Perkins Discovery Fund is available in the section titled **Side by Side Management** of this document.

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

Code of Ethics

PCM has adopted a code of ethics. The general principles of our code are as follows:

- The duty to always place the client's interest first
- All employees are required to conduct personal investment transactions consistent with the Code of Ethics and the Perkins Capital Management, Inc. compliance manual
- Employees should not take inappropriate advantage of their positions
- All client information is confidential
- Independence in the investment decision making process is paramount
- Honesty, integrity and professionalism shall be followed in all our business activities

Each of these principles are further outlined in our compliance manual, which is reviewed at least annually.

As a federally registered investment adviser, PCM must comply with all the rules set forth under the Investment Advisers Act of 1940 (the Act). Specific activities which are prohibited in the Act are:

- To employ any device, scheme or artifice to defraud a client
- To mislead any client, including making statements that are untrue or omit material facts
- To engage in any act, practice or course of business conduct which operates or would operate as a fraud or deceit upon a client
- To engage in any manipulative practice with respect to any client
- To engage in any manipulative practice with regard to securities, including price manipulation

The PCM Code of Ethics is an outline of the rules and procedures that all employees must follow. The more specific areas covered by our code are privacy, personal securities trading, individual securities blackout periods, trading versus investment, and directorships. For a copy of our Code of Ethics, please contact Compliance at info@perkinscap.com.

Participation or Interest in Client Transactions

PCM is the investment adviser to the Perkins Discovery Fund (the Fund). Our portfolio managers may recommend that clients invest in the Fund. Employees of PCM may also invest in the Fund.

Employees of PCM may invest in private placement securities (i.e., private companies which have limited operations or publicly traded companies which are seeking private capital). Portfolio managers of PCM may recommend these same investments to clients. Prior to investing in a private placement security, the employee must receive written approval from Compliance.

Employees of PCM may be on the board of directors for either public or private companies and may invest in the companies in which they are a director. As a board member they may receive compensation in the form of cash or options or both from the company. Portfolio managers of PCM may recommend these investments to clients. Special black-out rules apply to these investments. These rules may create illiquidity in a client account which can adversely affect the client.

Employees of PCM may buy or sell securities in their affiliated accounts that are also owned by clients, including the Fund. Employees may also buy or sell securities from their affiliated accounts to client accounts, and vice versa. These transactions are known as “cross-transactions”. In the event of a cross-transaction, the client will be notified prior to the transaction taking place. If the client does not approve, the transaction will not occur.

Each of these types of transactions create a conflict of interest in the investment of client assets. Any employee or their affiliated account participating in these transactions must abide by the rules set forth in the following section titled **Personal Trading**.

Personal Trading

The personal trading policies and procedures implemented at PCM are designed to allow employees to invest in a manner that is consistent with the fiduciary relationship that exists between us and our clients.

Employees of PCM are allowed to have investment accounts. Employee accounts and their family accounts are known as affiliated accounts. These accounts are monitored using the same computer portfolio management program as client accounts. The following code of conduct has been established to minimize or avoid conflicts of interest with client accounts:

1. No transaction in a security can be made for an affiliated account before all contemplated orders have been completed for client accounts, unless it is a grouped transaction. If the affiliated account is included with client accounts in a grouped transaction, the affiliated account must receive the same share price as the client accounts.
2. If transactions for client accounts and affiliated accounts are completed on the same day and through the same broker/dealer, client transactions will receive an equal or better share price than any affiliated account, unless it is a bunched transaction and all prices and fees are the same.
3. Affiliated accounts may only purchase certain securities under specific circumstances or may not be allowed to invest in certain securities. A public offering by an issuer where a public market had not previously existed is one type of security. These securities are commonly known as initial public offerings (IPOs). A public offering by an issuer where a public market has previously existed is known as a secondary offering. Affiliated accounts are not allowed to invest in initial public offerings (IPOs).

4. All affiliated accounts are required to maintain records of all securities transactions within PCM's computerized portfolio management system. The minimum information required is as follows:
 - a) Name of security
 - b) Number of shares held
 - c) Transaction date
 - d) Transaction price
 - e) Name of broker/dealer effecting the transaction
5. The following securities are exempt from this code of conduct, except provision 4, the recordkeeping provision:
 - a) Obligations of the U.S. Government or its agencies
 - b) Rights offerings issued pro-rata to all holders of a class of securities
 - c) Transactions involving a number of shares which is minor in relation to the total number of shares outstanding (less than 1/2 of 1%) of such security
 - d) Money market shares

Policies and procedures on our personal trading practices are available upon request. Please use the contact information on the front page of this document.

Brokerage Practices

Portfolio Managers or the order desk at PCM select the broker/dealers to execute security transactions in most client accounts. When this occurs it can create a conflict of interest. Employees of PCM may consider any of the following factors when selecting a broker/dealer:

- Best price
- Prompt execution
- Willingness to commit capital
- Quality and timeliness of the research provided
- Ability to negotiate commissions
- The size of the order
- Whether the broker is a market maker in the security
- Overall responsiveness to PCM's trading needs

Perkins Capital Management, Inc. may pay a brokerage commission in excess of what another broker might have charged for the same transaction. This may be done for the following reasons:

- Recognizing the value of research
- Research-related materials and information
- Securities pricing provided by the broker
- If the broker brought the idea to us
- The security is a part of a special offering

Some broker/dealers create a trade error account in the event that an erroneous transaction occurs. If the trade error results in a gain in the client account, the broker/dealer may hold the gains in the trade error account to offset any losses that may occur in the future. At times, the client account may retain gains on erroneous transactions. Client accounts will not retain losses on an erroneous transaction. The client account will always be made whole.

Research and Other Soft Dollar Benefits

We receive research products and services provided by brokers that may come directly from the broker or may be sent to us by an outside third party, but paid for by the broker. The outside research products are paid for by a portion of the commissions generated by client transactions. These commissions are considered Soft Dollars. There are four broker/dealers that provide us with third party research:

- BTIG, LLC
- Virtue Financial
- RBC Capital Markets, LLC
- Tradition Securities and Derivatives

RBC Capital Markets, LLC is the custodian broker for many of our clients. As such they receive a significant amount of commissions from client transactions. A portion of the commissions are used to pay for outside research products. Some of these products include: real time quotation services; technical charting databases; independent technical research reports; quantitative research reports; sector analysis reports; and independent analysts' newsletters. There may be items that are used partially for administrative purposes. These items are partially paid for by soft dollars, and the remainder is paid for by PCM. PCM designates what percent of the cost should be allocated to soft dollars and what percent should be allocated to hard dollars. This creates a conflict of interest. For a complete list of services provided, please use the contact information provided on the cover page of this form.

Virtue Financial provides execution of trades and research products provided by third party vendors. For a complete list of services provided, please use the contact information provided on the cover page of this form.

BTIG, LLC provides execution of trades, in-house research, and research products provided by third party vendors. For a complete list of services provided, please use the contact information provided on the cover page of this form.

Tradition Securities and Derivatives provides execution of trades and research products provided by third party vendors. For a complete list of services provided, please use the contact information provided on the cover page of this form.

Directing trades to these brokers can create a conflict of interest due to the extra services provided to PCM. The research products from third party vendors are used in management of all accounts, and not necessarily the accounts in which commissions were generated. Transactions executed through these broker/dealers may result in lower quality trade execution.

In selecting these brokers over other brokers, the same factors are considered as listed above under the **Brokerage Practices** heading.

Brokerage for Client Referrals

There are four broker/dealers that refer clients to PCM. These broker/dealers are:

- Benjamin F. Edwards
- Morgan Stanley
- RBC Capital Markets
- UBS Financial Services

When PCM is retained by these companies, the broker/dealers may:

- Pay management fees on behalf of the client
- Execute the client's portfolio transactions without commission charges
- Monitor the account's performance
- Act as custodian

PCM does not direct client transactions to any particular broker in return for client referrals.

Wrap Accounts

There are some brokers who recommend us to their clients. In these arrangements, the broker executes transactions in the account without commission charges, monitors the account's performance, and may provide custodial services to the account. Through a special arrangement with the broker, a flat fee is assessed to the account which is known as a "wrap fee". This fee is split between PCM and the broker. In such arrangements, the fee does not exceed our normal fee schedule. In these accounts, transactions are affected "net" and a portion of the wrap fee is in lieu of commissions.

When evaluating a wrap fee arrangement, a client should consider whether the services provided by the broker/dealer would exceed the total cost of these services if provided separately and if PCM had the ability to negotiate commissions. The client must understand that PCM does not have the ability to negotiate brokerage commissions in these arrangements and the total fee the client pays may be more. Clients must also understand that PCM may not receive the best price available for their transaction since they are required to use a specific broker. This can create a conflict of interest between wrap account clients and non-directed clients when purchasing the same security.

Directed Brokerage

PCM permits clients to direct brokerage transactions to an individual broker. If a client desires to use a specific broker for transactions, they are required to notify us in writing. Directing us to use a particular broker reduces our ability to negotiate reduced commissions on the client's

transactions. The client may not be able to benefit from savings when grouped transactions are executed through other brokers. In addition, if grouped transactions and discounts are negotiated with the broker to whom the client has directed their account, the client may not benefit from the negotiated discount. Many times, in a directed account, the client may have negotiated a flat commission. In this event, the flat commission may be larger than the negotiated discount we have obtained for the other accounts in the grouped transaction. This can create a conflict of interest between directed brokerage accounts and non-directed accounts when purchasing the same security

Prime Brokerage

PCM has a prime brokerage relationship with RBC Capital Markets, LLC who acts as the custodian for many of PCM's clients. As a prime broker, RBC may clear trade investment transactions which are executed at brokers other than RBC; or "away" from RBC. In order for an account to be eligible to be a prime brokerage account at RBC the account must exceed \$125,000 in account value. In non-prime accounts all investment transactions are executed at RBC and the account is not able to participate in transactions away from RBC; including block transactions with PCM prime accounts with a potentially better execution, secondary offerings, and initial public offerings.

Trade Allocation

When determining security investments for a portfolio, portfolio managers consider many factors, including but not limited to:

- The appropriateness of an investment considering a portfolio's investment objective, time horizon, and risk objectives
- Existing levels of portfolio ownership in the intended investment and in similar types of companies
- The immediate availability of cash or buying power in a portfolio to fund an investment.

Client portfolio investments may be executed individually or if an investment is simultaneously considered for investment by multiple portfolios, as part of a grouped or block transaction. If a block transaction is not fully executed during the same trading day as the order is entered the completed portion of the block transaction will generally be allocated randomly or pro rata among the client accounts in the block transaction; unless an allocation would result in a number of shares felt to be too small an investment for a particular account or if a partial allocation would be inconsistent with a predetermined strategy of completing one portfolio's investment prior to another for bona fide investment management purposes (as described above (i.e. an un-invested cash balance)). The method used to allocate a partial fill of a block transaction will be recorded by PCM and kept with that trading day's transaction records. No transaction in a security can be made for an employee or affiliated account before all contemplated orders for a security are completed for client accounts, unless the affiliated transaction is part of a grouped transaction.

Review of Accounts

Each portfolio manager reviews their accounts on an ongoing basis and at least annually. The portfolio managers maintain contact with clients on an ongoing basis. Reviews of the accounts

may include running reports, analyzing performance, reviewing holdings, reviewing gains and losses as well as asset allocation.

The following reports are provided to clients:

Quarterly:

- Portfolio appraisal report as of the quarter end
- Transaction summary report for the quarter
- Performance report for the quarter, year-to-date, and since inception
- Statement of realized gains and losses for the year-to-date
- Statement of dividends and interest received and expenses paid for the year-to-date

Annually:

- Portfolio appraisal report as of the year end
- Transaction summary report for the fourth quarter
- Performance report for the fourth quarter, the year, and since inception;
- Statement of realized gains and losses for the year
- Statement of dividends and interest received and expenses paid for the year

Client Referrals and Other Compensation

PCM does not compensate anyone for referrals. The only compensation received at PCM is fees paid by clients for the investment advisory services provided.

Custody

PCM holds custody of client assets in the following three ways:

1. Most client accounts have advisory fees automatically deducted
2. Richard C Perkins and Daniel S Perkins are the Trustee of one client account
3. Richard C Perkins and Daniel S Perkins are officers of a 503(c) client account

To comply with the Investment Advisors Act of 1940, PCM's client assets are held in the client name with a qualified custodian. The qualified custodians send statements directly to the client on at least a quarterly basis. PCM sends statements to clients on a quarterly basis with a document urging clients to review and compare the PCM statement to their brokerage statement.

Assets held at the custodian may differ from the assets owned by the client and PCM is aware of the differences. These differences may be due to uncertificated securities, certificates that are in transfer, certificates held by another custodian, certificates held by a client, or certificates held by the originating company. PCM maintains a list of these differences and reviews it on a monthly basis. A surprise examination of client funds and securities was performed by Baker Tilley Virchow Krause LLP during the second quarter of 2019. The accounting firm is registered with the Public Company Accounting Oversight Board.

Investment Discretion

All accounts managed by PCM are fully discretionary and each client signs a power of attorney giving PCM full investment authority.

Voting Client Securities

Item 15 of our client contract reads: “*Client hereby retains all authority and responsibility to vote proxies for any stocks held in the Account unless voting authority is specifically delegated to PCM, Inc. by initialing the following space _____.*” If a client initials this space on the contract, PCM will vote all proxies according to their proxy voting procedures. Our procedure for voting proxies is often to vote with the management of the company. If a client does not initial the space, the client will retain the right to vote their own proxies. Further information on the voting policies and procedures is available upon request through the contact information on the cover page of this form.

Financial Information

Financial information is not required.