

Private Capital Management, LLC
ERISA 408(b)(2) Fee Disclosure
February 2020

Section 408(b)(2) of ERISA requires that certain providers of services to ERISA plans, including investment managers, provide specified information regarding their services and fees to fiduciaries of the plans. This document contains important information about Private Capital Management, LLC (“PCM”), and how it is compensated for the investment advice provided to its clients. You should carefully consider this information in your evaluation of that advice.

PCM serves as investment advisor to its ERISA plan clients. PCM provides its advisory services as a fiduciary under ERISA and, therefore, must act prudently and with only client interests in mind when investing client retirement plan assets.

PCM considers privacy to be fundamental to our relationship with our clients and we are committed to maintaining the confidentiality, integrity and security of personal information we obtain from our clients. PCM limits the use of your personal information to what is necessary to fulfill legal and regulatory requirements, serve you as a client, facilitate the opening and maintenance of your account(s) and to process your transactions. PCM collects information such as your name, date of birth, address, email address, social security number, phone number, bank information, transaction history and investment experience. PCM shares the information that is provided with the client’s approved service providers as well as our service providers. When we share client personal information with businesses that provide services to us, these services are performed under written agreements that require service providers to safeguard information and use it solely for those purposes specified. When you are no longer a client of PCM, PCM continues to share your information only as described in our Privacy Notice. PCM’s Privacy Policy is posted to our website at www.private-cap.com. A hard copy is provided to clients annually and may be requested at any time.

The information that PCM is required to disclose under ERISA rules can be found in Part 2 of our Form ADV and your plan’s investment management agreement (your “Agreement”). These documents have previously been provided to you. If you do not have a copy of either document, please contact your account representative. In addition, please note that PCM’s Form ADV, Part 2 is available at www.private-cap.com or www.adviserinfo.sec.gov.

For your convenience, we are providing below a compilation of the information that may be required by the disclosure rules along with reference as to where that information can be found in our Form ADV Part 2 and your Agreement, to the extent relevant to your plan’s arrangement with us:

- **Description of Services.** Please see your Agreement and Item 4 (“Advisory Business”) and Item 5 (“Fees and Compensation”) of our Form ADV Part 2.
- **Status as an ERISA Fiduciary and Registered Investment Adviser.** Pursuant to the terms of your Agreement, we will act as a fiduciary under ERISA, and as an SEC registered investment adviser under the Advisers Act of 1940 in providing our advisory services.

- **Direct Compensation.** Our fee arrangement with your plan, including the manner in which fees are received by us, is detailed in your Agreement and your quarterly invoices. The compensation that PCM receives from retirement plan client accounts is a significant source of revenue for PCM. You should carefully consider the impact of fees and compensation you pay in your evaluation of the investment advice that PCM provides to you. In this regard, you may arrange for the provision of advice by another adviser and may terminate your Agreement with PCM upon written notice.
- **Indirect Compensation – Brokerage Services Provided by Carnes Capital Corp.** Carnes Capital Corp. (“Carnes”), a registered broker-dealer, is an affiliate of PCM and is owned by Pelican Bay Holdings, LLC, which also controls PCM. PCM and Carnes have certain overlapping officers and employees and share office space and certain expenses. PCM clients can direct that trades for their accounts be executed through Carnes. Carnes’ standard commission rate for client accounts is currently \$0.05 per share with a minimum ticket charge of \$30.00. With respect to ERISA clients who elect to trade their PCM accounts through Carnes, PCM complies with the requirements of PTE 86-128, including the disclosure requirements thereof.
- **Compensation Paid to Clearing Firm by Third Parties.** Carnes clears trades through National Financial Services (“NFS”). NFS – which is not affiliated with Carnes or PCM – may be viewed as acting as a sub-contractor to Carnes. Pursuant to its Clearing Agreement with NFS, Carnes pays a clearing cost of \$5.00 per trade to NFS. This fee is paid by Carnes rather than by any plan client.

NFS may earn additional compensation from certain third parties in connection with providing clearing services to Carnes clients. Certain fees may be considered “indirect compensation” earned by a Carnes subcontractor for purposes of the section 408(b)(2) regulation. Information regarding indirect compensation received by NFS (if any) can be obtained from NFS at <https://nationalfinancial.fidelity.com/app/home>.

- **Receipt of Gifts, Gratuities and Non-monetary Compensation.** From time to time PCM’s or its affiliate employees may, as is generally consistent with customary industry practice and in accordance with PCM’s policies and procedures, receive nonmonetary compensation (other than cash or cash equivalents), such as promotional items (i.e., coffee mugs, calendars or gift baskets), meals and access to certain industry related conferences from individuals or institutions with whom they transact business or with whom they may engage in business dealings on behalf of clients. PCM will report gifts received by it or its employees to the extent such amounts exceed the DOL *de minimis* thresholds for any retirement plan client. The determination of whether the gifts that PCM receives exceed the *de minimis* threshold is made by PCM after examining the gifts recorded each year and the value of the recorded gifts that may be attributable to a qualified retirement plan client under the DOL rules. PCM does not expect to receive gifts in excess of the *de minimis* threshold under the regulations with respect to any plan client.
- **Termination Fees.** There are no termination fees applicable to your retirement plan’s account.

While understanding investment-related fees and expenses is important in making informed investment decisions, it is also important to consider additional information about your investment options, such as performance, investment strategies and risks. Specific information related to the past performance and historical rates of return for your investment with PCM is provided to you quarterly and is always available upon request.

PCM has posted the disclosures required by the 408(b)(2) Regulation at www.private-cap.com. This information will be updated periodically for changes in fees, services, etc. and it is your responsibility to check the website periodically for changes. A hard copy of this disclosure document is also available by contacting PCM at (239) 254-2500. If you have any questions or require any additional information, please contact Chad Atkins at (239) 254-2500.