

July 1, 2011

## Portfolio Capital Management, Inc. Business Continuity Plan Disclosure

To our clients:

Portfolio Capital Management, Inc. (PCM) has developed a Business Continuity Plan (BCP) on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions are unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

**Contacting Us** – You should have our corporate telephone number, 704-552-0073, which in normal operating conditions is the best way to contact us. However, during a significant business disruption you may need to contact us by using alternative numbers. The alternative numbers to call are 704-451-4978 (Marc Durica) or 704-200-0803 (Jim Bailey). It is important for you to keep these numbers available in the event a rare situation may occur and our normal facilities are unavailable.

**Our Business Continuity Plan** – We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a financial and operational assessment, protecting the firm’s books and records, and allowing our clients to transact business. In short, our BCP is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

**Our BCP addresses** – data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with clients, employees, and regulators; alternate physical location of employees; and assuring our clients prompt access to their funds and securities at their respective third party custodians (i.e. Schwab, Scottrade, Wells Fargo Advisors) if we are unable to continue our business.

**Varying Disruptions** – Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firm or the building housing our firm, we will transfer our operations to a local site as needed and expect to recover and resume business within a very short time period. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and recover and resume business starting the next business day. In either situation, we plan to continue in business and provide the best possible service for our clients.

**For more information** – If you have questions about our Business Continuity Plan, you can contact us at 704-552-0073.

