

Part 2A of Form ADV: *Firm Brochure*

Strategic Capital Group LLC

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03/31/2011

This brochure provides information about the qualifications and business practices of Strategic Capital Group LLC. If you have any questions about the contents of this brochure, please contact us at 253-853-4900 or blarson@scg-llc.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.

Additional information about Strategic Capital Group LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 133381.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/31/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Strategic Capital Group LLC is a SEC-registered investment adviser with its principal place of business located in Washington. Strategic Capital Group LLC began conducting business in 2004 .

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

- N. Gary Price, Managing Member & CEO
- Ronald J Robertson, Member & President

Strategic Capital Group LLC offers the following advisory services to our clients:

INDIVIDUAL PORTFOLIO MANAGEMENT

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

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

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

Once the client's portfolio has been established, we review the portfolio monthly, and if necessary, rebalance the portfolio at least on an annual basis, based on the client's individual needs.

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

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- United States governmental securities

- Options contracts on securities
- Interests in partnerships investing in real estate, including non-traded REITs
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in other private investment partnerships
- Interests in pooled investment vehicles

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

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

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

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

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Interests in partnerships investing in alternative investments

Because some types of investments involve certain additional degrees of risk, they will only

be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

CONSULTING SERVICES

Clients can also receive investment advice on a more focused basis. This may include advice

on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

As part of SCG's management services, the firm provides additional advice to clients regarding their overall financial circumstances. Advice may be provided in the following areas, as necessary, and as requested by the client:

-PERSONAL: Family records, budgeting, personal liability, estate information, and financial goals.

-TAX & CASH FLOW: Income tax and spending analysis and planning for past, current, and future years. SCG will illustrate the impact of various investments on a client's current income tax and future tax liability.

-DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning, and disability income analysis.

-RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.

-INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

LIMITATIONS: As individuals of Strategic Capital Group LLC are registered as representatives of a broker-dealer and/or as insurance agents/brokers of various insurance companies, consulting recommendations are limited to only those products offered through these companies.

AMOUNT OF MANAGED ASSETS

As of 12/31/2010, we were actively managing \$505,261,468 of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management according to the schedules below.

For Equity or Balanced Accounts:

Assets Under Management Annual Fee (%) Progressive Schedule

| | |
|----------------------------|-------|
| Under \$1 million | 1.20% |
| \$1 million - \$3 million | 0.85% |
| \$3 million - \$5 million | 0.80% |
| \$5 million - \$10 million | 0.75% |

For Fixed Income Accounts:

Assets Under Management Annual Fee (%)

| | |
|-------------------------|------------|
| Under \$250,000 | 1.25% |
| \$250,000 - \$500,000 | 1.00% |
| \$501,000 - \$1,000,000 | 0.65% |
| Over \$1,000,000 | Negotiable |

For All Accounts Under \$500,000:

Assets Under Management Annual Fee (%)

| | |
|-------------------------|------------|
| Under \$250,000 | 1.25% |
| \$250,000 - \$500,000 | 1.00% |
| \$501,000 - \$1,000,000 | 0.65% |
| Over \$1,000,000 | Negotiable |

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

All fees paid to SCG 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 SCG. In that case, the client would not receive the services provided by SCG which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by SCG to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients should also be aware that separate management fees are charged by independent managers and private investment vehicles selected by the client for investments. Clients' total investment expenses may include SCG's advisory fees, mutual fund fees, third party manager fees, and brokerage commission charges for the execution of securities transactions.

Limited Negotiability of Advisory Fees: Although Strategic Capital Group LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

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

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

CONSULTING SERVICES FEES

Strategic Capital Group LLC's consulting services are provided on a more limited basis and the fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Additionally, SCG provides advice on non-securities matters. Generally, this is in connection

with the rendering of estate planning, insurance, and/or annuity advice. Consulting recommendations are not limited to any specific product or service offered by a broker dealer or insurance company. Fees for specific administrative and consulting services will be billed at a fixed rate, typically ranging between \$1,000 and \$7,000. The exact fee will be mutually agreed upon with the client, and shall be due and payable as earned.

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients 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.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days 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. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Mutual Fund Fees: All fees paid to Strategic Capital Group LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Separately Managed Account Fees: Clients should also be aware that separate management fees are charged by independent managers and private investment vehicles selected by the client for investments. Clients' total investment expenses may include SCG's advisory fees, mutual fund fees, third party manager fees, and brokerage commission charges for the execution of securities transactions.

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

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Strategic Capital Group LLC does not charge performance-based fees.

Item 7 Types of Clients

Strategic Capital Group LLC provides advisory services to the following types of clients:

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

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

METHODS OF ANALYSIS

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

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

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

Asset Allocation. Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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

INVESTMENT STRATEGIES

We may use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations. Typically our equity transactions are based on the recommendation of our selected equity managers who provide their expertise in developing our equity platform.

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

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

projection for this class.

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

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

Trading. We may purchase securities with the idea of selling them very quickly (typically within 30 days or less) based on the recommendation of our selected equity managers. This is done in an attempt to take advantage of our predictions of brief price swings.

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

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

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

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Short selling results in some unique risks:

1. *Losses can be infinite.* A short sale loses when the stock price rises, and a stock is not limited (at least, theoretically) in how high it can go. For example, if you short 100 shares at \$50 each, hoping to make a profit but the shares increase to \$75 per share, you'd lose \$2,500. On the other hand, the price of a stock cannot fall below \$0, which limits your potential upside.
2. *Short squeezes can wring out profits.* As stock prices increase, short seller losses also increase as sellers rush to buy the stock to cover their positions. This increase in demand, in turn, further drives the prices up.
3. *Timing.* Even if we are correct in determining that the price of a stock will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.

4. *Inflation.* History has shown that over the long term, most stocks appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

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

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Management personnel of Strategic Capital Group LLC are separately licensed as registered representatives of RP Capital LLC an affiliated broker dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While Strategic Capital Group LLC and these individuals endeavor at all times to put the interest of the clients first as part of our 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.

Gary Price and Ronald Robertson, both Managing Members of SCG, are also Managing Members of Genesis Capital LLC and Strategic Capital Alternatives, SEC registered investment advisers. Mr. Price is licensed as an investment advisor representative with SCA. In that capacity, he provides advisory services through Genesis and SCA. The advisory services delivered by Genesis and SCA are distinct from those provided by our firm and are provided for separate compensation. Genesis and SCA's advisory services may be recommended to our clients for whom it is appropriate. There are no referral fee arrangements between our firm and Genesis. However, a conflict of interest is created by this arrangement to the extent that this individual recommends that a Strategic Capital Group LLC client open a Genesis account through which this individual will receive additional compensation. No Strategic Capital Group LLC client is obligated to use Genesis or SCA or their services. Clients choosing to implement Strategic Capital Group LLC's recommendations through Genesis's advisory services should refer to Genesis's Firm Brochure or other disclosure document for details regarding that firm's services and fees.

Genesis Capital LLC is a SEC registered investment adviser providing advisory services to pooled investment vehicles (including, but not necessarily limited to Genesis Strategic

Investors, L.P. ("GSI"), Genesis Strategic Investors, (QP) L.P. ("GSI QP"), and Genesis Strategic Investors Offshore, Ltd. ("GSI OS"). GC is the investment manager of GSI, GSI QP, and GSI OS; and GGP is the general partner of GSI and GSI QP. Also, GSI, GSI QP, and GSI OS are fund of funds hedge funds. GSI QP is an investment partnership restricted to participation by only qualified purchasers. Investments in GSI, GSI QP, and GSI OS may be recommended to advisory clients for whom a partnership investment may be more suitable than would a separate advisory account managed by SCG.

We may occasionally trade the same or similar securities in client portfolios that are traded by Genesis and SCA in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than Genesis and SCA depending on the order of trade execution, the type of security traded and the broker-dealer used.

As this affiliation with Genesis and SCA may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit any member, officer or employee of our firm, from buying, selling or recommending the securities of companies bought, sold or recommended by Genesis and SCA where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of Genesis and SCA to its clients.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Strategic Capital Group LLC and/or Management personnel of Strategic Capital Group LLC are related, through common ownership and control, to Genesis, a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. Strategic Capital Group LLC or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

In addition, our firm serves as one of the investment adviser to such entities. Advisory clients of our firm are solicited to invest in these entities; however, because investment in these types of entities may involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability. Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

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

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in

addition to our firm's advisory fees;

- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

We are aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

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

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

Strategic Capital Group LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

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

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

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to blarson@scg-llc.com, or by calling us at 253-853-4900.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest

of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

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

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

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.

11. Any individual who violates any of the above restrictions may be subject to termination.

Item 12 Brokerage Practices

As Strategic Capital Group LLC does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct SCG as to the broker-dealer to be used. In directing the use of a particular broker or dealer, it should be understood that SCG will not have authority to negotiate commissions or obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to other clients.

For clients in need of brokerage or custodial services, SCG may recommend the use of RP Capital LLC ("RPC") to a client in need of assistance, provided SCG can meet its fiduciary obligation of best execution. Gary Price, Member of SCG, is also the Managing Member of RPC and is registered with FINRA through RPC.

Strategic Capital Group LLC requires that clients direct us to place trades through a selected broker. Strategic Capital Group LLC has evaluated the following broker-dealers and believes that they provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers (including, but not limited to Fidelity Brokerage Services LLC, TD Ameritrade, and Schwab Institutional), provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by Strategic Capital Group LLC when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

SCG participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. SCG receives some benefits from TD Ameritrade through its participation in the program.

SCG also participates in the Schwab Institutional ("SI") services program offered to independent investment advisers by Charles Schwab & Company, Inc., a FINRA registered broker-dealer, as well as the Fidelity Registered Investment Advisor Group ("FRIAG") program, sponsored by Fidelity Brokerage Services LLC, an FINRA registered broker-dealer.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than the brokers listed above if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of a selected broker, it should be understood that Strategic Capital Group LLC will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best

execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while Strategic Capital Group LLC has a reasonable belief that recommended brokers are able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

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

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

12. Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Strategic Capital Group LLC, or our firm's order allocation policy.
13. The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
14. The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Strategic Capital Group LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
15. Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
16. If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
17. Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the

number of shares traded for each client.

18. If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
19. Strategic Capital Group LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
20. Funds and securities for aggregated orders are clearly identified on Strategic Capital Group LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
21. No client or account will be favored over another.

Strategic Capital Group LLC has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like Strategic Capital Group LLC in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables Strategic Capital Group LLC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by Strategic Capital Group LLC (within specified parameters).

As a result of receiving such services for no additional cost, we may have an incentive to continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of Strategic Capital Group LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. 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 the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while Strategic Capital Group LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. Strategic Capital Group

LLC and Fidelity are not affiliated.

Strategic Capital Group LLC participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Strategic Capital Group LLC receives some benefits from TD Ameritrade through our participation in the program.

Strategic Capital Group LLC participates in TD Ameritrade's Institutional customer program and we may recommend TD Ameritrade to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client confirmations; research related products and tools; consulting services ; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Strategic Capital Group LLC by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by Strategic Capital Group LLC's related persons and may also pay or reimburse expenses (including travel, lodging, meals and entertainment expenses) for Strategic Capital Group LLC's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally.

Some of the products and services made available by TD Ameritrade through the program may benefit Strategic Capital Group LLC but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by Strategic Capital Group LLC through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Strategic Capital Group LLC or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our of TD Ameritrade for custody and brokerage services.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by:

| | |
|---------------------|--|
| Ryan C. Finnigan | Vice President |
| Craig D. Johnsen | Vice President |
| Michael Welk | Vice President, Investor Services |
| Joel M. Price | Vice President, Investor Services |
| James A. Robertson | Vice President, Investor Services |
| Richard P. Conway | Vice President, Sales |
| Kenneth J. Peterson | Sr. Vice President |
| Chuck Borquist | Asst Vice President, Investor Services |

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients may receive from their broker-dealer, Strategic Capital Group LLC will provide monthly portfolio summaries which provide account performance and balances. SCG will provide quarterly reports consisting of a market outlook, portfolio changes, performance versus an appropriate index, and summaries.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

ADDITIONAL COMPENSATION

SCG and/or associated persons of SCG may, from time to time, receive incentive awards for the recommendation/introduction of investment products. The receipt of this compensation may affect SCG's judgment in recommending products to its clients.

The principal executive officers and other employees of SCG may also, from time to time,

receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies.

While these individuals endeavor at all times to put the interest of the clients first as part of SCG'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.

As disclosed under Item 12.B. above, SCG participates in TD Ameritrade's institutional customer program and SCG may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between SCG's participation in the program and the investment advice it gives to its clients, although SCG receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to SCG by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by SCG related persons. Some of the products and services made available by TD Ameritrade through the program may benefit SCG but may not benefit its client accounts. These products or services may assist SCG in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help SCG manage and further develop its business enterprise. The benefits received by SCG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, SCG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by SCG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence SCG's choice of TD Ameritrade for custody and brokerage services.

SCG participates in Charles Schwab & Co.'s, Schwab Institutional ("SI") service program. While there is no direct linkage between the investment advice given and participation in the SI program, economic benefits may be received which would not be received if SCG did not give investment advice to clients. These benefits may include any or all of the following: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving SI participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client account; access, for a fee, to an electronic communication

network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial

investments or are generally available only to institutional investors.

As indicated under the disclosure for Item 12.B., SCG utilizes the services of the Fidelity Registered Investment Advisor Group ("FRIAG") program sponsored by Fidelity Brokerage Services LLC ("Fidelity"). While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and SCG's participation in the FRIAG program, economic benefits are received

by SCG which would not be received if SCG did not give investment advice to clients. These benefits include: a dedicated trading desk that services FRIAG participants exclusively; a dedicated service group and an account services manager dedicated to SCG accounts; access to real-time order matching system; ability to 'block' client trades; electronic download of trades, balances, and positions; access, for a fee, to an electronic interface with FRIAG's software; duplicate and batched client statements, confirmations, and year-end summaries; the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements); a quarterly newsletter; access to Fidelity mutual funds; access to AdvisorChannel.com (Internet access

to statements, confirmations, and transfer of asset status); access to Account View (through which clients may access their account information over the Internet via the SCG website); access to over 350 mutual fund families and 4,500 mutual funds NOT affiliated with Fidelity, of which over 2,000 have no transaction fee; ability to have loads waived for SCG clients who invest in certain Fidelity loaded funds when certain conditions are met and maintained and the ability to have custody fees waived (when negotiated by the adviser and allowed under certain circumstances).

The benefits received through participation in the SI and FRIAG programs do not depend upon the amount of transactions directed to, or amount of assets custodied by, Charles Schwab & Co., Inc. and/or Fidelity.

DIRECT OR INDIRECT COMPENSATION

Fidelity Advisor Access Program

SCG has entered into an arrangement with Fidelity Brokerage Services LLC, an independent and unaffiliated broker-dealer ("Fidelity"), to participate in the Fidelity Advisor Access Program ("Program") which is designed to make information about participating investment managers available to assist high net worth investors in finding an independent professional investment manager. In the event SCG obtains any advisory clients through the Program, SCG does not compensate Fidelity in any way.

SCG's participation in the Program may raise potential conflicts of interest. Although not required by the Program, advisers participating in the Program will execute transactions for their advisory clients referred through the Program because clients are likely to maintain their accounts with Fidelity. In view of this potential conflict, SCG acknowledges its duty to inform clients of the basis of its recommendation of Fidelity and other brokerage options.

TD Ameritrade AdvisorDirect Program

("AdvisorDirect"). In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, SCG may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with SCG and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise SCG and has no responsibility for SCG's management of client portfolios or SCG's other advice or services. SCG pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to SCG ("Solicitation Fee"). SCG will also pay TD Advisor the Solicitation Fee on any advisory fees received by SCG from any of a referred client's family members, including a spouse, child, or any other immediate family member who resides with the referred client and hired SCG on the recommendation of such referred client. SCG will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

SCG's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, SCG may have an incentive to recommend to clients that the assets under management by SCG be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, SCG has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. SCG's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Schwab Advisor Network Service

SCG has entered into an agreement with Charles Schwab & Co., Inc. ("Schwab"), an independent and unaffiliated broker-dealer, to participate in Schwab Advisor Network Service (the "Service"), an adviser referral service designed to help investors find an independent professional investment manager in their area. SCG has agreed to pay Schwab an ongoing referral fee on all accounts participating in the Service that are maintained in custody at Schwab, as well as a one-time fee for accounts that are transferred from Schwab to another custodian. SCG has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs the firm charges its advisory clients who were not introduced by the Service and who have similar portfolios under management with SCG.

SCG's participation the Service may raise potential conflicts of interest. Although not required by the Service, advisers participating in the Service are likely to recommend Schwab to their advisory clients referred through the Service with Schwab for the execution of securities

transactions. SCG acknowledges its duty to inform clients of the basis of its recommendation of Schwab and other brokerage options.

SCG may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. SCG is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940. As such, appropriate disclosure shall be made, all written instruments will be maintained by SCG and all applicable federal and/or state laws will be observed.

Item 15 Custody

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

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

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

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a monthly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

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

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

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

Clients give us discretionary authority when they sign the SCG Discretionary Investment Adviser Agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all required proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Brad Larson by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 7191 Wagner Way NW, Suite 302, Gig Harbor, WA 98335.

Item 18 Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

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

Strategic Capital Group LLC has not been the subject of a bankruptcy petition at any time during the past ten years.