

Firm Brochure

(Part 2A of Form ADV)

Symons Capital Management, Inc.

650 Washington Road, Suite 800

Pittsburgh, PA 15228

Phone: 412-344-7690

Fax: 412-344-7693

www.symonscapital.com

info@symonscapital.com

This brochure provides information about the qualifications and business practices of SCM, Inc. If you have any questions about the contents of this brochure, please contact us at: 412-344-7690, or by email at: info@symonscapital.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. Registration with the SEC does not imply a certain level of skill or training.

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

March 7, 2012

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Summary of Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. This Brochure replaces our previous ADV Part II. The new final rule specifies mandatory sections and organization that the previous ADV Part II did not require. Please note the following material changes since our last annual update on May 12, 2011: (1) We changed our fee calculation method from monthly to quarterly. (2) We closed our Capital Appreciation strategy for separate accounts and our Symons Institutional Capital Appreciation Fund (SAGIX). (3) Symons Capital Management participates in wrap fee programs by providing portfolio management services, for which SCM receives a portion of the wrap fee. Wrap fee accounts are managed no differently than our other accounts. There have been no other material changes since our last annual update of our ADV Part 2.

Full Brochure Available

To receive a complete copy of our Firm Brochure without charge, please contact us by telephone at: 412-344-7690 or by email at: info@symonscapital.com. For more information about Symons Capital Management, please see our website at www.symonscapital.com and the Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

Table of Contents

Material Changes.....	i
Annual Update	i
Summary of Material Changes since the Last Update	i
Full Brochure Available	i
Advisory Business	1
Firm Description.....	1
Principal Owners.....	2
Types of Advisory Services.....	2
Tailored Relationships	2
Assets Under Management	2
Past Due Accounts and Termination of Agreement	2
Fees and Compensation.....	3
Description	3
Fee Billing	4
Other Fees.....	4
Symons Fund Expenses	5
Performance-Based Fees	5
Types of Clients.....	5
Description	5
Account Minimums.....	5
Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Asset Management	6
Methods of Analysis.....	6
Investment Strategies	8
Risk of Loss	9

Disciplinary Information	11
Legal and Disciplinary	11
Other Financial Industry Activities and Affiliations	11
Affiliations	11
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	12
Code of Ethics.....	12
Participation or Interest in Client Transactions.....	12
Personal Trading.....	12
Brokerage Practices.....	13
Selecting Brokerage Firms.....	13
Order Aggregation	14
Review of Accounts	14
Periodic Reviews	14
Review Triggers.....	15
Regular Reports.....	15
Client Referrals and Other Compensation	15
Custody.....	15
Account Statements.....	15
Investment Discretion.....	16
Discretionary Authority for Trading.....	16
Limited Power of Attorney.....	16
Voting Client Securities	17
Proxy Votes	17
Financial Information	18
Financial Condition	18
Business Continuity Plan	18
General	18
Disasters.....	18
Alternate Offices	18

Loss of Key Personnel	18
Information Security Program.....	19
Information Security	19
Privacy Notice.....	19

Advisory Business

Firm Description

Symons Capital Management, Inc. (SCM) was incorporated and registered with the SEC in 1983.

SCM is a long-term boutique equity manager that seeks to build focused portfolios of quality companies. We believe the best way to uncover and evaluate such companies is through independent quantitative, qualitative and fundamental proprietary research. We focus on intellectually independent stock research to pick stocks and build and manage long-term equity investment portfolios for our clients.

To preserve capital, protect against downside risk and generate long-term total returns, we engage in both top-down macro economic and sector research, as well as bottom-up individual stock valuation and selection research. Macro economic and market research helps us to identify risks and opportunities in order to steer portfolio construction in the right direction. Please see the *Methods of Analysis, Investment Strategies & Risk of Loss* section of this brochure.

The core of our investment philosophy has never changed since our inception. Our principals and our qualified retirement plan invest side-by-side with our clients in every stock, always focused on the goals of preservation of capital, protection against downside risk, and long-term total return.

SCM is strictly a fee-only investment management firm, primarily providing discretionary investment management services. (Please see the *Types of Clients* section of this brochure for more information on the types of clients to whom we provide services.)

We place trades for clients under a limited power of attorney. Our clients always maintain control of their assets. Quarterly reports are provided to our clients to detail account performance and performance relative to market indexes. Please see the *Review of Accounts* section of this brochure.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

Our initial client meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which SCM's investment management services may be beneficial to the client.

SCM participates in wrap fee programs by providing portfolio management services, for which SCM receives a portion of the wrap fee. Wrap fee accounts are managed no differently than our other accounts.

Principal Owners

SCM is wholly owned by Colin E. Symons, CFA, Chief Investment Officer and Portfolio Manager.

Types of Advisory Services

SCM manages separately managed discretionary investment advisory accounts in accordance with those methods described in the Methods of Analysis, Investment Strategies and Risks of Loss section of this Brochure. We offer two separately managed investment strategies: Value and Small Cap. We also offer the same two strategies as mutual funds for accounts that do not meet our minimum account size qualifications for a separate account. Our mutual funds are the Symons Value Institutional Fund (SAVIX) and Symons Small Cap Institutional Fund (SSMIX).

SCM does not act as a custodian of client assets. We do not provide financial planning, estate planning, insurance planning services, or any other related or unrelated consulting services. We do not sell annuities, insurance, bonds, or other commissioned products. We are not affiliated with entities that sell financial products or securities. No commissions or finder's fees in any form are accepted.

Tailored Relationships

SCM uses a client relationship management (CRM) software tool that incorporates the goals and objectives for each client. Clients may impose specific restrictions on investing in certain securities, sectors, industries or types of securities. All such restrictions must be submitted to SCM in writing and may or may not be accepted by compliance.

Agreements may not be assigned without written consent by the client.

Assets Under Management

As of December 31, 2011, SCM manages approximately \$445,628,700 in assets for approximately 300 clients. Approximately \$443,889,354 is managed on a discretionary basis, and \$1,739,346 is managed on a non-discretionary basis.

Past Due Accounts and Termination of Agreement

A Client may terminate any of the aforementioned agreements and/or investment services provided, at any time, by notifying SCM in writing and paying the pro-rated fee

for the time investment management services were provided through the date SCM receives notification of termination. If the client made an advance payment, SCM will refund any unearned portion of the advanced fee payment.

SCM may terminate any of the aforementioned agreements and/or investment services provided, at any time, by notifying Client in writing. If the client made an advance payment, SCM will refund any unearned portion of the advanced fee payment.

SCM reserves the right to stop work on any account that is more than 30 days past due. In addition, SCM reserves the right to terminate any investment management relationship where a client has willfully concealed or has refused to provide pertinent information about their financial situation when necessary and appropriate, in SCM's judgment, to providing adequate investment management. Any unused portion of fees collected in advance will be refunded to client within 30 days.

Please see the Fees and Compensation section of this Brochure below for more information on calculation of fees.

Fees and Compensation

Description

SCM is compensated for our asset management services by receiving fees from clients based on a percentage of assets under management. Fees are generally calculated and charged quarterly in arrears as follows:

Value Separate Accounts

At an annual rate of 1.25% on the first \$1 million of assets;
At an annual rate of 1.00% on the next \$4 million of assets;
At an annual rate of 0.90% on the next \$5 million of assets;
At an annual rate of 0.80% on the next \$15 million of assets;
At an annual rate of 0.70% on the next \$25 million of assets;
At an annual rate of 0.60% above \$50 million.

Small Cap Separate Accounts

At an annual rate of 1.25% on the first \$1 million of assets;
At an annual rate of 1.00% on the next \$9 million of assets;
At an annual rate of 0.90% on the next \$15 million of assets;

At an annual rate of 0.80% on the next \$25 million of assets;

At an annual rate of 0.70% above \$50 million.

SCM in its sole discretion, may charge a lesser investment fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client). Current client relationships may exist where the fees are higher or lower than the fee schedule above.

Fee Billing

Fees are generally calculated and payable quarterly in arrears; however clients may choose to be billed in advance. In calculating the quarterly fee, the total market value of assets in the account is determined at the close of business on the last business day of the quarter and multiplied by 1/4 of the annual rate.

For those accounts that pay quarterly in arrears, any earned, unpaid fees will be due and payable at the time the account is closed. The amount of fees will be based on the account value on the date the advisory relationship is terminated, pro-rated for the number of days in the quarter the account was open.

For those clients who have requested to pay their management fees in advance, each quarterly fee is calculated by taking the total market value of assets in the applicable account at the close of business on the last day of the previous quarter, and multiplying the total market value of the assets by 1/4 of the annual rate. If services terminate during a quarter, the fee for that quarter is pro-rated, and the client receives a pro-rata refund of the prepaid fees.

Fees are usually deducted from a designated client account to facilitate billing, although the client may request to be billed directly. The client must consent in advance to direct debiting of their investment account.

Regardless of whether fees are paid in arrears or advance, or whether fees are directly debited from the client's account or the client is invoiced, a detailed computation of our fee is provided to every client each quarter.

Other Fees

In addition to our management fee, custodians may charge transaction fees on purchases or sales of securities or certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. SCM has negotiated competitive transaction fees with the custodians we utilize. Please see the "Brokerage Practices" section of this brochure for more details.

Symons Fund Expenses

In connection with SCM's advisory services, subject to the client's investment objectives and restrictions, a client may be a shareholder of one of the Symons Institutional Funds, and in turn incur mutual fund fees. Expense ratios are a measure of the costs an investment company pays to operate a mutual fund. An expense ratio is determined through an annual calculation, where a fund's operating expenses are divided by the average dollar value of its assets under management. Operating expenses, including management fees, are taken out of a fund's assets prior to the performance calculation. Clients who own the Symons Institutional Funds will not be charged a separate management fee on these assets in addition to the mutual fund expenses. Typically, mutual fund performance is calculated net-of-fees, excluding trading commissions.

Performance-Based Fees

SCM's management fees are not based on a share of the capital gains or capital appreciation of managed securities.

SCM does not use a performance based fee structure because of the potential conflict of interest. Performance based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

Types of Clients

Description

SCM provides investment advice to individuals, banks, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, state or municipal government entities, corporations and other business entities.

Client relationships vary in scope and length of service.

Account Minimums

The minimum account size is \$500,000 for the Value separate account strategy, which equates to a minimum annual fee of \$6,250.

The minimum account size is \$750,000 for the Small Cap separate account strategy, which equates to a minimum annual fee of \$9,375.

The minimum initial investment in any of the Symons Institutional Funds is \$5,000 for general accounts and \$2,500 for retirement and custodial accounts.

SCM has the discretion to waive the account minimum on a case-by-case basis. Accounts may be accepted below their stated minimum with the expectation that the client will add additional funds to bring the total above the required minimum within a reasonable time. Other exceptions will apply to employees of SCM and their relatives, and existing clients and their relatives.

Methods of Analysis, Investment Strategies and Risk of Loss

Asset Management

SCM is a boutique research enterprise that has engaged in a single activity for over 25 years - intellectually independent stock research, stock selection and portfolio management. The firm uses a holistic, top-down and bottom-up investment approach that is disciplined and repeatable, while also being flexible, in order to adjust to changing market circumstances, consistent with the ultimate goals of preserving capital and generating long-term positive long-term total returns.

When researching individual stocks, we look for temporarily low valuations relative to our view of long-term price opportunities, stock by stock. Over time, changing valuations present new investment opportunities that our intellectually independent research enables us to identify. Low valuations often lead us to temporarily unpopular sectors and companies. Rather than being contrarian, we prefer to call this behaving wisely.

We consistently focus on the relationship of stock price to company fundamentals. We seek to purchase good quality enterprises with sustainable business models at attractive prices, intending to hold them for several years. We strive to minimize the risks associated with speculative volatility, improve the chances of sustainable gains, and limit the risk of permanent loss of capital that can result from excessively optimistic expectations about the unknown future of a company. We consider this to be a cautious approach to stock selection with the intent to make money and to avoid losing money on stocks whose temporary popularity is accompanied by substantial downside risk.

Methods of Analysis

SCM utilizes initial information from AFGView, Bloomberg, and EDGAR as principal resources for research, and rejects any one-valuation-fits-all-stocks analytical approach. Our approach is to examine broad economic data and individual companies, searching for disconnects between stock price and business fundamentals. We have no single metric for analyzing every company, because no single valuation method fits all stocks.

Balance sheet metrics can be more or less important than income statement metrics, depending on both the company's business and changing external economic factors. SCM strives to gauge how lasting a company's comparative advantage (cost structure, distribution system, brand recognition, operational scale, and intellectual property) is likely to be, because we have found that this point often predicts sustainable, long-term stock performance.

SCM's investment philosophy and approach uses a six step investment process to identify stocks to purchase. The primary goal of the entire process is to both manage risk and outperform benchmark indices over time.

- (1) Macro Overlay and Market Analysis
- (2) Initial Stock Idea Generation
- (3) Preliminary Stock Valuation
- (4) Exhaustive Fundamental Stock Analysis
- (5) Portfolio Construction and Risk Control
- (6) Portfolio Oversight and Sell Decision

The key steps are Step One and Step Four, discussed below.

Within the six step research process outlined above, Step One is a practical, top-down view of economic and market environments going forward in order to identify broad risks and opportunities. Developing top-down insights about the possible impact of macroeconomic events or about particular sectors and industries results in asset allocation insights about what sectors/industries may be affected and in what ways, and helps to develop broader risk and opportunity assessments of possible significant trends.

Steps Two and Three represent the preliminary bottom-up part of the research process. Step Two involves quickly and routinely culling the entire publicly traded stock universe for initial ideas, using quantitative screens (such as price to cash flow and enterprise value to EBITDA), macro ideas and opportunistic circumstances. Step Three involves examining initial stock ideas from Step Two using standard analyst's spreadsheets and business plan profiles to examine each stock more carefully, principally on a cash flow and enterprise valuation basis, and examining metrics such as revenue growth, operating and profit margins, cash flow, balance sheet strength and financing costs, and industry economics. Steps Two and Three are designed to cull from the entire universe of thousands of publicly traded stocks, for more thorough review, a manageable number of stocks that may meet our investment standards.

The pivotal Step Four in the research process involves exhaustive, original, intellectually independent research of each remaining stock, which can take months, and is based on a consistent, disciplined and pragmatic process where Symons Capital analyzes the mosaic of valuation factors most relevant for each particular company, ordinarily as would a buyer of the entire company. The work goes beyond quantitative analysis to

ponder the future potential of each company. In selecting specific stocks, we look for a combination of attractive valuation characteristics such as revenue growth, operating and profit margins, and the general efficiency of company operations (such as asset turnover), as well as special factors such as the strength of the balance sheet, cash flow, and barriers to entry by competitors. The fundamental research is a consistent, disciplined process to analyze the mosaic of valuation factors most relevant for each particular company, again as would a buyer of the entire company.

Step Five in the overall research process, Portfolio Construction and Risk Control, comprehends building and managing a portfolio of attractively valued stocks that truly diversifies risk based on macroeconomic factors that go beyond traditional sector and industry diversification. Macroeconomic factors considered in building true diversification include inflation risks, credit market risks, cyclical economic risks, and labor market risks. The result is a concrete, holistic approach to portfolio construction involving consideration of sector, industry and real economic diversification, recognizing that some sectors or industries have co-dependencies on common economic drivers resulting in similar risk exposures, while true diversification involves constructing portfolios with stocks that have limited business or economic relationships with other holdings.

Step Six, Portfolio Oversight and Sell Decision, provides a disciplined process for selling stocks at the appropriate time and valuation. Our typical holding period is about three years and our annual portfolio turnover averages about 30%. A stock typically is sold (or scaled back) for one of three reasons: the stock has reached full valuation; a good stock must be sold to make funds available to buy a better stock; or there is a change in fundamentals either internal or external to the company.

Investment Strategies

The **Value Strategy** seeks to achieve long-term appreciation with limited downside price risk by investing primarily in a diversified portfolio of companies, that are trading at attractive prices and that appear to have limited downside price risk over the long term.

The **Small Cap Strategy** seeks to achieve long-term capital appreciation by investing primarily in a diversified portfolio of small capitalization companies. The Small Cap Strategy uses a "core" investment approach, by which the Strategy will purchase small cap stocks trading on U.S. exchanges at what we believe are attractive prices, and that appear to have strong potential for capital appreciation over the long term. Symons Capital typically allocates the Small Cap investments among a broad cross section of market sectors and industries, so long as small cap stocks with attractive valuations are available for purchase in these sectors and industries. The sectors and industries presenting the best opportunities for investment vary over time. As a result, the Small Cap Strategy's investments may, at time, tilt towards growth stocks with an emphasis on

capital appreciation and, at other times, tilt towards value stocks with an emphasis on preservation of capital.

Investments in any of our strategies may include equities (stocks), ADRs, REITs, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds shares, U.S. government securities, and options contracts.

Initial public offerings (IPOs) are not available through SCM.

Risk of Loss

All investment programs have certain risks that are borne by the investor. SCM's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **General:** Investors should carefully consider their risk tolerance before investing. As with all investments, loss of money is a risk of investing that clients should be prepared to bear.
- **Market Risk:** Market risk involves the possibility that the investments in equity securities will decline because of falls in the stock market, reducing the value of individual companies' stocks regardless of the success or failure of an individual company's operations. The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Value Style Risk:** Investing in "value" stocks presents the risk that the stocks may never reach what the adviser believes are their full market values, either because the market fails to recognize what the adviser considers to be the companies' true business values or because the adviser misjudged those values. In addition, value stocks may fall out of favor with investors and underperform growth stocks during given periods.

- **Growth Style Risk:** To the extent that the portfolio invests in companies that appear to be growth-oriented, the adviser's perceptions of a company's growth potential may be wrong, or the securities purchased may not perform as expected, causing losses to the portfolio.
- **Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the portfolio.
- **Management Risk:** SCM's strategy and the strategies employed by the portfolio managers of the underlying investments may fail to produce the intended results.
- **Company Risk:** The value of a portfolio may decrease in response to the activities and financial prospects of an individual company in the portfolio. The value of an individual company can be more volatile than the market as a whole.
- **Mutual Fund Risk:** The Symons Institutional Funds incur certain regulatory, governance, distribution and other expenses (apportioned among their shareholders) that a separate account would not have. Additionally, in certain markets, the need for the Symons Institutional Funds to retain cash or to liquidate securities to meet redemption requests may cause the Funds' performance to fall below that of a separate account, which does not have similar cash or liquidity needs, and so can remain fully invested.
- **Sector/Industry Risk:** From time to time, the portfolio may have over-weighted positions in particular market sectors and/or industries, which can be more volatile or underperform relative to the market as a whole.
- **REIT Risk:** When the portfolio invests in REITs, it is subject to risks generally associated with investing in real estate and risks related specifically to their structure and focus, less market liquidity and greater price volatility.
- **Foreign Securities Risk:** Foreign securities can be more volatile than domestic (U.S.) securities. Securities markets of other countries are generally smaller than U.S. securities markets. Many foreign securities may also be less liquid than U.S. securities, which could affect the portfolio's investments.

Disciplinary Information

Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SCM or the integrity of SCM's management. SCM and our employees have not been involved in legal or disciplinary events and so we have no further information applicable to this item.

Other Financial Industry Activities and Affiliations

Affiliations

SCM serves as the investment adviser to the Symons Institutional Funds (the Funds). As the adviser, SCM has overall supervisory management responsibility for the general management and investment of each Fund's portfolio. SCM sets the Funds' overall investment strategies, identifies securities for investment, and determines when securities should be purchased or sold, selects brokers or dealers to execute transactions for a Fund's portfolio and votes any proxies solicited by portfolio companies.

When consistent with client investment objectives, SCM may recommend that clients invest account assets (temporarily or otherwise) in the Funds. Because we serve as the investment advisor to the Funds, deciding to invest a client's assets in the Funds may appear to present a conflict of interest. Managing a client's assets through a pooled arrangement offers certain efficiencies and economies to SCM that may result in the Funds being more profitable to SCM than the fees received from managing a separate account would be.

Additionally, we may receive higher fees by investing account assets in the Funds than we would for managing a separate account. As a shareholder in the Funds, each client (as well as other shareholders) will pay a proportionate share of the Funds' expenses, including, as permitted by law, management and other fees, some of which may be payable to SCM. The Funds incur certain regulatory, governance, distribution and other expenses (apportioned among their shareholders) that a separate account would not incur. (More information about fund expenses is available in the Expense Ratio section of this document.)

Clients who own the Funds will not be charged a separate management fee on these assets in addition to the mutual fund expenses. For a complete list of other disclosures or to receive a copy of the prospectus, please contact us.

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

Code of Ethics

All employees of SCM have committed to a Code-of-Ethics (the “Code”) that is available for review by clients and prospective clients upon request. The Code requires, among other things, that all supervised personnel comply with applicable federal securities laws and affirms our fiduciary duty to always act in the best interest of our clients. The Code establishes a strict standard of business conduct for all of our supervised and associated persons based upon fundamental principles of openness, integrity, honesty and trust. It prohibits supervised persons from trading ahead of clients in their own accounts and establishes procedures for close supervision of their personal trading. All supervised persons are required to acknowledge in writing, annually and upon amendment, their acceptance of the terms of the Code.

Participation or Interest in Client Transactions

SCM and our employees may buy or sell securities that are also held by clients. We will not violate our fiduciary responsibilities to our clients. Employees may not trade their own securities ahead of client trades. Self-directed trades in supervised person accounts not managed by SCM must be approved by the Chief Investment Officer or Vice President, Qualitative Research prior to trading. When SCM has trading authority over the account, employee trades are aggregated with other client trades to avoid any conflict of interest. They are treated the same as other client accounts in terms of average price for the transaction and allocation of shares traded. (Please see the “Brokerage Practices, Order Aggregation” section of this brochure for more details.) Approved trades are logged and forwarded to the Chief Compliance Officer each quarter for a cross-check against supervised person brokerage account statements. We maintain records of all personal securities transactions.

Clients may invest in one or more of the Symons Institutional Funds, when it is consistent with their investment objectives. Each of these funds is part of a series trust of a registered investment company for which SCM serves as investment advisor and has a material financial interest. Please refer to the Other Financial Industry Activities and Affiliations section of this document for more details.

Personal Trading

The Chief Compliance Officer reviews all employee trades each quarter. Her trades are reviewed by the Chairman and Founder. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that the employees of SCM do not receive preferential treatment. Supervised persons are required to disclose all personal securities holdings upon commencement of employment, and annually

thereafter. Each supervised person provides copies of monthly brokerage account statements to the Chief Compliance Officer. The Chief Compliance Officer provides copies of her statements to the Chairman and Founder. All supervised persons are strictly prohibited from trading for their own account, or accounts of their customers, friends, family or relatives while in possession of material non-public information.

Brokerage Practices

Selecting Brokerage Firms

SCM does not have any affiliation with any broker/dealer. Specific custodian recommendations are made to clients based on their need for such services. SCM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

SCM recommends discount brokerage firms and trust companies (qualified custodians), such as Charles Schwab and Fidelity. SCM does not receive fees or commissions from any of these arrangements. SCM receives support services and/or products from some broker/dealer custodians (e.g., Schwab, Fidelity, TD Ameritrade, etc.), which assist us in monitoring and servicing the client accounts maintained there. These support services are provided at no additional cost to SCM or our clients. Client commissions are not used to purchase such services. Some of the support services that may be obtained are investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products in furtherance of our investment advisory business operations. No special consideration is given to Symons Capital by any broker-dealer/custodian. These services are the same as those offered to any other institutional investment manager and have no correlation to the client assets or accounts we manage at that firm.

SCM's clients do not pay more for investment transactions and/or assets maintained at any such broker/dealer custodian as a result of this arrangement. There is no corresponding commitment made to any such broker/dealer custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

SCM does not receive fees or commissions from any of these arrangements. If a client has a broker preference, we allow the client to direct us to use the broker of the client's choice. Clients directing brokerage to a particular broker/dealer may be charged higher commission rates than those clients who select a brokerage firm recommended by SCM. In addition, such clients may receive less favorable pricing. If a client directs us to use a broker that is not recommended by us, we will have little or no ability to negotiate

commissions. Such clients will also not be able to participate in or benefit from aggregated orders at brokers recommended by us. Both of these factors suggest potential conflicts existing between the client's general interest in obtaining best execution, and the client's specific preference in directing us to use a particular broker for the client's trade orders.

Order Aggregation

SCM will aggregate orders for the purchase or sale of securities on behalf of our clients, our qualified retirement plan, and individuals employed by SCM when we believe that such aggregation of orders is consistent with our obligation to seek best execution, which includes the duty to seek the best price. Aggregating orders also minimizes the risk that any particular client would be or could be systematically advantaged or disadvantaged with respect to the price obtained. Each client that participates in an aggregated order will participate at the average share price for all of the transactions in that security at the broker used for the aggregated trades on that trading day.

In aggregating orders, SCM prepares a trade blotter in advance of entering an order to specify the participating client accounts and the allocation of the order among the participating clients. An order filled in its entirety is allocated among clients in accordance with the previously prepared trade blotter. A partially filled order will ordinarily be allocated pro-rata, based on the trade blotter, but may be allocated on a different basis that provides fair and equitable treatment to all client accounts participating in the aggregated order, with the reason for the different basis being documented prior to commencement of trading on the next trading day.

Review of Accounts

Periodic Reviews

Confirmations of the prior day's trades are reviewed every day by the Vice President, Quantitative Research and Vice President, Administration. Every day, any account with a debit or short position, deposit or withdrawal of cash or securities, or any other unusual trading or other activity is reviewed by the Chief Compliance Officer. Every month, the Chief Compliance Officer reviews a random sampling of client account statements for irregular activity, odd assets, withdrawals and deposits, debits, registration changes and other account activity. Every month, the Vice President, Administration reconciles holdings and calculates performance for each account. On an occasional but regular basis, the Chairman and Founder spot-check accounts to review confirmations, odd assets, account holdings, unusual activity and performance.

Each quarter, the Vice President, Administration and the Chairman and Founder prepare and review fee and performance reports for each account. Accounts with

performance reports higher or lower than the normal are individually reviewed by the Chairman and Founder and the Chief Investment Officer.

Review Triggers

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own personal or financial situation. Account reviews are also performed more frequently when market conditions dictate.

Regular Reports

Reports are provided to clients in the following manner:

- Each client receives trade confirmations and a monthly statement of activity and account market value from their custodian.
- Each client receives a quarterly report from SCM showing account performance and performance relative to market indexes.
- SCM is available for a personal conference with any client upon request.

Client Referrals and Other Compensation

SCM receives many client referrals. The referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. SCM does not directly or indirectly compensate referring parties for these referrals.

Custody Account Statements

SCM is not a broker-dealer and does not take possession of client assets. Our clients' assets are housed in nationally recognized banks or brokerage firms, otherwise known as custodians. All clients execute an Investment Advisory Agreement in which the client grants SCM a written limited power of attorney to buy and sell securities in the account and to determine the amount of securities to be bought and sold, consistent with the investment objectives of the account.

If authorized by the client, SCM may also have the authority to directly debit client accounts for management fees, and therefore is deemed to have Custody. See the Fees and Compensation section of this brochure for more information.

All assets are held at qualified custodians, which means the custodians provide account statements directly to the client at their address of record at least quarterly.

SCM does not receive fees or commissions from any of these arrangements.

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by SCM.

Investment Discretion

Discretionary Authority for Trading

SCM accepts discretionary authority to manage securities on behalf of our clients in accounts established by the clients. SCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Generally, we will not accept non-discretionary accounts.

The client approves the custodian to be used and signs a client agreement with the custodian. Trades for individual clients are executed at the custodian and commission rates are determined by the custodian. SCM has the authority to decide where to execute trades for institutional accounts, unless directed otherwise in writing. Commission rates are determined by the trading firm. SCM will negotiate with custodians on behalf of our clients to obtain the best commission schedules possible. SCM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on any trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. The client signs a limited power of attorney so that SCM may execute the trades.

Voting Client Securities

Proxy Votes

Unless the client designates otherwise, SCM votes proxies for securities which we maintain discretionary authority consistent with our proxy voting policy. It is SCM's policy to always vote proxies in the best interest of our clients. Unless a client directs otherwise, in writing, SCM shall be responsible for: (1) directing the manner in which proxies beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, and tender offers.

Absent mitigating circumstances and/or conflicts of interest, it is SCM's general policy to vote proxies consistent with the recommendation of the senior management of the issuer and Glass Lewis' proxy analysis and recommendation research. SCM generally will vote against a management recommendation with respect to stock option and other executive compensation plan matters which we deem to be excessive.

The client maintains exclusive responsibility for all legal proceedings or similar events including, but not limited to, class action lawsuits. SCM monitors corporate actions and we have retained the services of Broadridge proxy voting service and Glass Lewis' proxy analysis and recommendation research service in order to vote proxies in the best interests of our clients. Among factors that we consider when determining how to vote are: a review of recommendations from the issuing company's management, Glass Lewis' recommendations, shareholder proposals, cost effects of such proposals, effects on employees and executive and director compensation. Should material conflicts arise between our interests and those of our clients, SCM will vote proxies in the best interest of our clients. Clients may direct SCM's vote on their behalf in particular solicitations by sending voting instructions, in writing, to the Chief Compliance Officer. We maintain records of all proxy voting. Information about how we voted on any specific proxy issue is available upon written request by contacting the Chief Compliance Officer.

When clients do not authorize SCM to vote proxies on their behalf, the custodian of record sends directly to the client all pertinent information including the proxy voting ballot. All clients of SCM are able to contact us at any time to discuss our thoughts on how the proxy should be voted.

A copy of SCM's proxy voting policy is available upon request.

Financial Information

Financial Condition

SCM does not have any financial impairment that will preclude us from meeting contractual commitments to clients.

Business Continuity Plan

General

SCM has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people. The Disaster Recovery provisions of this plan are tested at least annually by a live drill conducted by the Chief Operating Officer and Chief Technology Officer.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan also covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

Loss of Key Personnel

SCM has business continuation insurance to support SCM in the event of Colin E. Symons' serious disability or death.

Information Security Program

Information Security

SCM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

SCM is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us by our current and past clients.

The categories of nonpublic information that we collect from you may include information about your personal finances and information about transactions between you and third parties. We use this information to help you meet your personal financial goals.

With your permission, we disclose limited information to attorneys, accountants, and mortgage lenders with whom you have established a relationship. You may opt out from our sharing information with these nonaffiliated third parties by notifying us at any time by telephone, mail, fax, email, or in person. With your permission, we share a limited amount of information about you with your brokerage firm in order to execute securities transactions on your behalf.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

We do not provide your personal information to mailing list vendors or solicitors. We require strict confidentiality in our agreements with unaffiliated third parties that require access to your personal information, including financial service companies, consultants, and auditors. Federal and state securities regulators may review our company records and your personal records as permitted by law.

Personally identifiable information about you will be maintained while you are a client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

We will notify you in advance if our privacy policy is expected to change. We are required by law to deliver this *Privacy Notice* to you annually, in writing.