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This disclosure brochure provides clients with information about the qualifications and business practices of Steward Capital Management, Inc., an independent investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). It also describes the services Steward Capital Management, Inc. provides as well as background information on those individuals who provide investment advisory services on behalf of Steward Capital Management, Inc. Please contact Cheryl Clift, Vice President and Chief Operating Officer of Steward Capital Management, Inc., at 248-901-1532 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Steward Capital Management, Inc. or any individual providing investment advisory services on behalf of Steward Capital Management, Inc. possess a certain level of skill or training. Additional information about Steward Capital Management, Inc. is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Steward Capital Management, Inc. is 104936.

STEWARD CAPITAL MANAGEMENT, INC.

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ADVISORY BUSINESS

Company

Steward Capital Management, Inc. is a privately-held Michigan corporation that has been providing investment advisory services as an SEC-registered investment adviser since 1988. Steward Capital Management, Inc. is a fee-based investment adviser. The term “fee-based” indicates that Steward Capital Management, Inc. is compensated only in the form of investment advisory fees.

Throughout this disclosure brochure, the company is referred to as “SCM”.

The principal owner of SCM is Anmar K. Sarafa, CFA.

Investment Management Services

SCM renders continuous investment management services for both institutional and high net worth investors. For high net worth clients, SCM's portfolio management approach and investment services are based on the client's risk/return profile, and information which includes, but may not be limited to, the following:

- Face-to-face meetings;
- Phone discussions;
- E-mail correspondence; and/or
- Results from a Risk Tolerance Questionnaire completed by the client.

Once an appropriate investment strategy is determined, an Investment Guideline Statement and Advisory Agreement are executed by both the client and SCM. These documents provide a written understanding of the investment objectives, risk tolerance, investment strategy, and frequency of communication for both parties. The Investment Guideline Statements and Advisory Agreements are periodically revised and updated based on changing financial circumstances of the client, market cycles, and/or changes requested by the client.

For institutional clients, SCM's investment strategy is often determined by various factors which may include, but are not limited to, the following:

- Requests for Proposals (RFP);
- Manager searches conducted by investment consultants;
- Legal statutes governing the management of a specific institutional pension plan;
- Meetings with the Board of Trustees/Executive Committees; and/or
- Market factors, etc.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

The following portfolio management strategies are offered to clients:

Domestic Large Cap Core

This investment strategy focuses on using U.S. large cap stocks that trade on major and regional U.S. stock exchanges. A combination of quantitative and fundamental research is used to select securities. Quantitative analysis is a financial analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysis considers everything from the overall economy and industry conditions to the financial condition and management of companies. The portfolio structure is diversified across multiple economic sectors. Exchange Traded Funds (ETF) may be used periodically to equitize cash balances and/or overall portfolio risk.

Global All Cap Focus

This investment strategy focuses on selecting individual securities from U.S. Equities, Foreign Equities, Real Estate Investment Trust (REIT) asset classes, Exchange Traded Funds (ETF), and Mutual Funds. Individual security and fund weightings may be highly concentrated. Fixed Income/cash equivalents may also be held when individual securities are sold and/or market opportunities are limited. The individual security selection universe is comprised of companies listed on major and regional U.S. stock exchanges, as well as foreign securities that are listed on both the U.S. stock exchanges and local foreign stock exchanges. The strategy also incorporates the use of call and/or put options to enhance returns and/or provide downside protection.

Global Diversified Balanced

This investment strategy utilizes a combination of individual stocks, bonds, and mutual funds, including Exchange Traded Funds (ETF), to create a Core/Satellite portfolio. The "Core" portion typically uses major market ETFs and other asset class mutual funds, diversified across multiple economic sectors, to approximate the global capital markets. The "Satellite" portion uses individual stocks, bonds, sector ETFs, and/or other specialty ETFs and mutual funds to enhance returns when opportunities are identified due to dynamic capital market cycles. The security individual selection universe is comprised of companies listed on major and regional U.S. stock exchanges.

Overall portfolio risk is further managed by defining various equity allocation ranges for the Global Diversified Balanced portfolios. Clients may select from the following strategies, which feature various equity exposure ranges designed to address differences in risk tolerance:

- Aggressive Balanced (80% - 100% Equities)

- Moderate Balanced (60% - 80% Equities)
- Conservative Balanced (40% - 60% Equities)
- Income Balanced (25% - 40% Equities)
- Custom Balanced (e.g., asset class ranges and/or investment criteria may be determined by specific instructions from the client)

Other Investment Management Services

High Net Worth Investor Services

SCM periodically provides services related to wealth preservation and management to individual high net worth investors. SCM works with various centers of influence (i.e., accountants, attorneys, other advisors) to assist clients in managing their investments and financial affairs.

SCM may act as an advisor, facilitator, counter party, and/or investment manager to assist in the administration of various aspects of the client's wealth management strategies and /or transactions.

Institutional Investor Services

SCM is periodically asked to provide investment advisory services to institutional investors that pertain to strategic and tactical asset allocation decisions, individual private deals, security research, and other advice that is deemed pertinent to the institutional investor's overall management of the portfolio.

Consulting Services

Occasionally, clients request consultation services outside of investment management services. In these instances, the specific services are agreed upon beforehand. An engagement letter is written specifying the exact nature of the services and the estimated hours of services.

Assets Under Management

As of December 31, 2011, the total amount of client assets managed by SCM is approximately \$ 142,351,206.00. All client assets are managed on a discretionary basis.

FEES AND COMPENSATION

Investment Management Services

Advisory fees for Investment Management Services are agreed upon at the time of engagement and are stipulated in the client Advisory Agreement.

Fees are charged quarterly in advance, unless otherwise agreed upon by the client,

and are based upon the market value of the portfolio, set forth by the custodian, as of the last market day of the relevant calendar period (unless otherwise agreed upon by the client). Where services are initiated at any time other than the beginning of the calendar quarter, advisory fees shall be prorated.

Advisory fees are as follows:

Portfolio Value	Maximum Annual Fee (%)
First \$2 million	1.00%
Next \$3 million	0.85%
Next \$5 million	0.70%
Balance above \$10 million	Negotiable

The advisory fee schedule and account size may be modified due to a variety of factors at the sole discretion SCM. Payment of advisory fees will be agreed upon in the Advisory Agreement by all parties. Fees may be paid directly by the client or payment of fees may be made through directly debiting the client account by the qualified custodian holding the client's funds and securities.

Consulting Services

Consulting services fees will be charged a rate of up to \$ 500.00 per hour. The length of time it will take to complete the advisory service will depend on the nature and complexity of the individual client's personal circumstances. An estimate for total hours will be determined at the start of the advisory relationship.

Important Additional Information

Fee Only

SCM is compensated solely by fees paid by its clients and does not accept commissions or compensation from any other source (i.e., mutual funds, insurance products or any other investment product).

Fees Negotiable

SCM retains the right to modify its fee schedule in its sole and absolute discretion, on a client-by-client basis based on the size, complexity and nature of the advisory services provided. All fees will be agreed upon in writing by the client prior to being charged.

Private Investment Funds

An affiliate of SCM is general partner of the following private investment funds organized as pooled investment vehicles: (i) Steward Real Estate Partners Fund I, LP and (ii) the WCERS Opportunity Fund, L.P. These funds are not open to new investors and are not offered as an investment option to either new or existing clients.

Please see the section entitled “Other Financial Industry Activities and Affiliations” on page 9 of this disclosure brochure for additional disclosures about these funds.

Direct Debiting of Client Accounts

In order for SCM's advisory fees to be directly debited from a client's account, the client must provide written authorization permitting SCM to bill the custodian. In addition, the account must be held by a qualified custodian and the qualified custodian must agree to send to the client an account statement on at least a quarterly basis. The account statement must indicate all amounts disbursed from the account including the amount of advisory fees paid directly to SCM. Clients are informed that it is their responsibility to verify the accuracy of the fee calculation and that the account custodian will not determine whether the fee is properly calculated.

Termination of Client Relationship

A client agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. Termination shall be effective immediately upon receipt of notice by the other party. Since fees are billed quarterly in advance, SCM will refund to the client a pro-rata share of the fees paid computed on a daily basis for the 90-day quarter.

A client's death shall not terminate the advisory agreement or the authority granted to SCM until SCM has received actual written notification of the client's death.

Mutual Fund Fees

All fees paid to SCM 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 SCM. In that case, the client would not receive the services provided by SCM 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.

To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers, which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by SCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Trading and Other Costs

All fees paid to SCM for investment advisory services are separate and distinct from transaction fees charged by broker dealers associated with the purchase and sale of equity securities and fixed-income securities. In addition, fees do not include the services of any co-fiduciaries, accountants, broker dealers or attorneys. Please see the section entitled “Brokerage Practices” on page 11 of this disclosure brochure for additional information on brokerage and other transaction costs.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SCM does accept performance-based fees (*e.g.*, fees based on a share of capital gains on or capital appreciated of the assets in a client’s account).

TYPES OF CLIENTS

SCM provides investment advisory services to individuals (including high net worth individuals), pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other types of business entities.

Engaging the Services of SCM

All clients wishing to engage SCM for investment advisory services must first complete the applicable investment advisory agreement and Investment Guideline Statement, as well as any other document or questionnaires, or information gathering provided by SCM. The investment advisory agreement describes the services and responsibilities of SCM to the client. It also outlines SCM’s fee in detail. In addition, clients must complete certain broker-dealer/custodial documentation. Upon completion of these documents, SCM will be considered engaged by the client. Clients will be responsible for ensuring that SCM is informed in a timely manner of changes in investment objectives and risk tolerance.

Conditions for Managing Accounts

SCM does not require that its clients maintain a minimum account size or pay a minimum annual fee for SCM’s services.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Types of Investments

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, securities traded over-the-counter, corporate debt securities, commercial paper, certificates of deposit, municipal and

United States government securities, mutual funds, options and interests in partnerships investing in real estate.

Investment Strategies

SCM may utilize different investment strategies, based upon the needs of the client, including long-term purchases (securities held over one year), short-term purchases (securities held less than one year), trading (securities held less than 30 days), margin transactions and option writing. Any investment strategy used will be agreed upon, in writing, by the client.

Security Analysis

Methods of analysis include Fundamental analysis and Technical analysis via Bloomberg L.P. and the Credit Suisse HOLT Valuation Metrics. Bloomberg L.P. is utilized to gather fundamental and technical information. Bloomberg L.P. is a global, multimedia-based distributor of information services, combining news, data and analysis for financial markets and businesses. Bloomberg provides real-time pricing, data, history, analytics and electronic communications. By utilizing Fundamental Analysis, past records of assets, earnings, sales, products, management and market information are assessed and used as indicators for a company's success or failure. The resulting assessment is used to determine if a particular stock is undervalued or overvalued at the current market price. This statistical financial assessment is used in conjunction with Technical Analysis, which focuses on the price and volume of movement of the stock.

Fundamental analysis is a method of evaluating securities by attempting to measure the intrinsic value of a stock. Fundamental analysts study everything from the overall economy and industry conditions to the financial condition and management of companies. Technical analysis is the evaluation of securities by means of studying statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use stock charts to identify patterns and trends that may suggest what a stock will do in the future.

In addition, SCM uses the Credit Suisse HOLT Valuation Metrics. Credit Suisse HOLT has amassed a proprietary database on over 20,000 companies in more than 64 countries. Their database is leveraged through a suite of technology driven tools that incorporate advanced accounting, financing and valuation principles. HOLT services help us gain unique insights into corporate strategy, performance, and valuation, enhancing investment decisions across the capital structure.

HOLT offers unparalleled understanding of corporate performance and valuation, emphasizing a company's cash generating ability and overall potential for value creation. HOLT employs a consistent and rigorous approach to investment analysis, providing a robust platform that allows SCM to focus on investment decision making.

The above methods of analysis are utilized in all SCM investment strategies that contain publicly traded securities. Information gathered from the client's Risk

Tolerance Questionnaire and client interviews is used in coordination with the above analytical tools to construct client portfolios within the asset allocation and associated equity strategies offered by SCM.

Sources of Information

In conducting security analysis, SCM may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission and company press releases.

Risk

In General

Investing in securities involves risk of loss that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to a company specific event (e.g. unsystematic risk), or general market activity (e.g., systematic risk). In addition, certain strategies may impose more risk than others. For example, with fixed income securities, a period of rising interest rates could erode the value of bonds since bond values generally fall as bond yields rise. Investment risk with international equities also includes fluctuation in currency values, differences in accounting and economic and political instability.

Exchange Traded Funds (ETFs)

Equity-based exchange traded funds are subject to risks similar to those of stocks. If the stocks tracked within an ETF decline due to weakening fundamentals, crumbling technical support, global events, or any other market fluctuations, the value of the ETF will go down. Fixed income-based ETFs are subject to risks similar to those of bonds such as increasing interest rates. Investment returns will fluctuate and are subject to market volatility, so that an investor's ETF shares, when redeemed or sold, may be worth more or less than their original cost.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of covered call options, the client forgoes, during the option's life, the opportunity to profit from increases in the market value of the underlying security or the index above the sum of the option premium received and the exercise price of the call, but has retained the risk of loss, minus the option premium received, should the price of the underlying security decline.

In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may

increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Real Estate Investment Trusts (REITS)

As with all stocks, there are market risks associated with REITs. The value of shares in publicly traded REITs can fluctuate. An investor who sells shares in a REIT could receive more, or less, than the original purchase price. Factors that can influence market risk include general level of real estate property values, which tend to rise and fall with current market conditions. As with any active business, a factor in successful performance lies with management skill. Another risk is dependant on interest rates. Shares of REITs, especially mortgage REITs, are sensitive to changes in the general level of interest rates. Mortgage REITs respond much like bonds, generally increasing in value as interest rates fall and decreasing in value if interest rates rise.

Margin Transactions

When buying stocks on margin, you are employing leverage as an investing strategy. Leverage allows you to extend your financial reach by investing using borrowed funds while limiting the amount of your own cash you expend. Please note, however, that this can involve a high degree of risk. Some of these risks include:

- Losing more money than you have invested;
- Being required to deposit additional cash or securities in your account on short notice to cover market losses;
- Being forced to sell some or all of your securities when falling stock prices reduce the value of your securities; and
- Having your brokerage firm sell some or all of your securities without consulting you to pay off the loan it made to you.

Cash Management

SCM will maintain cash balances to meet foreseeable short-term client cash needs, as a temporary repository pending investment in other securities, or as a defensive position when market conditions are considered adverse. These cash balances are included in the account market value for the computation of the investment management fee.

High cash balances may be maintained for (i) new clients whose accounts initially consist of high cash positions as cash is gradually invested or (ii) for existing clients when there is an excessive inflow of cash into the client's account. SCM reserves the right to not charge a fee on large cash balances result from either (i) or (ii) above.

DISCIPLINARY HISTORY

Neither SCM nor any of its supervised persons have any reportable disciplinary history.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Anmar K. Sarafa, CFA, the President and principal owner of SCM, also owns Steward Capital Partners, LLC. In 2007, Steward Capital Partners, LLC acquired a minority holding of 30% in Munros Capital Management LLC (an SEC registered Investment Advisor). Munros Capital LLP, who owns 70% of Munros Capital LLC, is based in Edinburgh Scotland and is regulated by the FSA in the United Kingdom. Munros Capital LLP invests solely in European Small Cap and European Micro Cap equities for Institutional Investors. Although the headquarters for all investment functions are carried out in Edinburgh, Munros Capital LLC (based in Bloomfield Hills, MI) is maintained to provide client servicing to the Munros U.S. client base. Neither Munros Capital LLC or LLP is a broker/dealer or custodial firm.

Anmar K. Sarafa, CFA, the President and principal owner of SCM also owns 99% of Steward Real Estate Management, LLC. The remaining 1% is owned by Haithem K. Sarafa, J.D. Steward Real Estate Management, LLC is the General Partner of Steward Real Estate Partners Fund I, LP. The fund is a partnership focused on executing and actively managing investments in diversified real estate ventures throughout the United States, typically with equity investments ranging between \$2 million and \$15 million. Because the Steward Real Estate Partners Fund I, LP only hold physical assets and not securities, there is no conflict of interest between managing the Steward Real Estate Partners Fund I, LP and the assets of SCM clients.

Anmar K. Sarafa, CFA, the President and principal owner of SCM also owns 99% of Steward Opportunity Management, LLC. The remaining 1% is owned by Haithem K. Sarafa, J.D. Steward Opportunity Management, LLC is the General Partner of WCERS Opportunity Fund I, LP. The fund is a partnership which has the latitude to invest in various privately held securities including, but not limited to, real estate equity, real estate mortgages, and mezzanine debt.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

SCM has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that SCM and its employees owe a fiduciary duty to its clients. Accordingly, SCM expects all employees to act with honesty, integrity and professionalism and to adhere to federal securities laws. SCM and its employees are required to adhere to the Code of Ethics. At all times, SCM and its employees must (i) place client interests ahead of SCM's; (ii) engage in personal investing that is in full compliance with SCM's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may

request a copy of SCM's Code of Ethics by contacting Cheryl Clift, Vice President and Chief Operating Officer of SCM, at 248-901-1532.

Prohibition on Use of Insider Information

SCM has also adopted policies and procedures to prevent the misuse of "insider" information. A copy of SCM's Insider Trading policies and procedures is available to any client or prospective client upon request. For a copy of SCM's Insider Trading policies and procedures, please contact Cheryl Clift, Vice President and Chief Operating Officer of SCM, at 248-901-1532.

Participation or Interest in Client Transactions

SCM or individuals associated with SCM may buy, sell, or hold in their personal accounts the same securities that SCM recommends to its clients. To minimize conflicts of interest, and to maintain the fiduciary responsibility SCM has for its clients, SCM has established the following policy: An officer, manager, or employee of SCM shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with SCM, unless the information is also available to the investing public as a whole. No person associated with SCM shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. SCM personnel may not anticipate trades to be placed for clients.

BROKERAGE PRACTICES

Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

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 among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while SCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Broker Analysis

SCM evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving SCM.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if SCM determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

SCM's Chief Investment Officer is responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, SCM periodically reviews its transaction costs in light of current market circumstances and other relevant information.

Research/Soft Dollar Benefits

As stated above, SCM may consider a number of factors when selecting a broker or dealer to effect a transaction, including its financial strength and stability, the efficiency with which the transaction will be effected, and the value of research products and services that a broker may lawfully provide to assist SCM in the exercise of its investment discretion. SCM is authorized to pay a broker, who provides research services commissions that are higher than another broker might have charged, but which ordinarily will not be higher than the generally prevailing competitive rate, if SCM determines in good faith that the commissions are reasonable in relation to the value of the brokerage and research services provided. The services acquired by SCM in this manner are regarded as useful generally to all of the accounts managed by SCM. However, each specific research (soft dollar) transaction may not directly benefit the account for which the transaction is made. Consequently, SCM clients whose transactions are effected with or through research service-providing broker-dealers may be deemed to be providing a benefit to SCM's other clients whose transactions are effected with or through other broker-dealers that the client may have directed SCM to use.

While as a fiduciary SCM endeavors to act in its clients' best interests, SCM's recommendation that clients maintain their assets in accounts with these broker-dealers may be based in part on the benefit to SCM of the availability of some of the foregoing products and services and not solely on the nature cost or quality of

custody and brokerage provided by these broker-dealers which may create a conflict of interest.

Brokerage Selection

SCM Discretion

For those clients that grant SCM discretionary brokerage authority, SCM is authorized by the client to select the broker or dealer to be used and to determine the commission rate paid. Any limitations on SCM's discretionary brokerage services by the client shall be made in writing to SCM. Any amendments to these restrictions shall be made in writing to SCM and such amendments shall take effect upon receipt of such amendments.

Please see the disclosures in the "Best Execution" and "Broker Analysis" sections beginning on page 11 of this disclosure brochure for additional information on the criteria used by SCM to select client brokerage.

SCM Directed Brokerage

When SCM does not have the discretionary authority to determine the broker-dealer to be used, clients in need of brokerage will have a broker-dealer recommended to them. The determination of which broker-dealer to recommend to a client will depend on which broker-dealer offers a range of services that is better for the client. Please see the disclosures in the "Best Execution" and "Broker Analysis" sections beginning on page 11 of this disclosure brochure for additional information on the criteria used by SCM to select client brokerage.

While there is no direct linkage between the investment advice given and usage of these broker-dealers, economic benefits are received which would not be received if SCM did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section directly above). SCM does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

Not all investment advisers require their clients to direct brokerage. SCM is required to disclose that by directing brokerage, SCM may not be able to achieve most favorable execution of client transactions and that this practice may cost clients more money.

Client Directed Brokerage

Certain clients may direct SCM to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, SCM is required to disclose that SCM may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates SCM might pay for

transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money.

As a general rule, SCM encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

Trade Aggregation/Allocation

It is the objective of SCM to provide a means of allocating trading and investment opportunities between advisory clients on a fair and equitable basis and in compliance with all applicable state and federal guidelines. With respect to clients' accounts with substantially similar investment objectives and policies, SCM may often seek to purchase or sell a particular security in each account. SCM will aggregate orders only when such aggregation is consistent with SCM's duty to seek best execution and is consistent with the investment objective of each client. No client account will be unfairly favored over any other account. Each client that participates in an aggregated order will participate based on the average execution price in that particular security. All transaction costs will be allocated pro rata based on each client's participation in the transaction. All securities purchased or sold, whether the order is filled completely or partially, will then be allocated pro rata based on the assets of each account.

Trade Errors

Trade errors are promptly reported to the custodian and will be rectified by the custodian with no adverse financial effect on the client.

REVIEW OF ACCOUNTS

The reviewers include Anmar K. Sarafa, CFA, President and Chief Investment Officer, who primarily reviews institutional accounts, as well as Haithem K. Sarafa, JD, Chief Compliance Officer and Cheryl L. Clift, Vice President and Chief Operating Officer, who reviews private client accounts. Accounts are reviewed a minimum of once a month and reviewers are responsible for a maximum of 100 accounts.

Security analysis and portfolio investment decisions are primarily made by Anmar K. Sarafa, CFA, President and Chief Investment Officer. He is responsible for the analysis of individual securities within the industry group(s), the recommendation of purchases within those groups, and the implementation of the client-designed format of SCM's investment strategy in certain specific portfolios. Portfolio Investment Decisions may also be made by Cheryl Clift, Vice President and Chief Operating Officer of SCM.

SCM has established certain minimum standards based on its quantitative approach for the consideration of an individual security but the fundamental and technical

analysis is left to Anmar K. Sarafa, CFA. SCM also has established parameters for the asset allocation and the security weighting and diversification to be applied by Mr. Sarafa with consideration for the client's financial situation and individual needs. The trader is responsible for executing the transactions directed by Mr. Sarafa for each account.

As mentioned above, each account is reviewed regularly. Factors which could cause an account to be reviewed outside of that schedule would include:

1. A change in asset allocation dictated by SCM's investment model;
2. A significant move in the stock or bond market within 30 days;
3. The need to replace a security which has triggered SCM's sell discipline;
4. A significant deposit or withdrawal of funds by the client; and/or
5. By request of the client.

As not all accounts are reviewed at the same time, all accounts do not necessarily pay the same price for an individual security. The trader may aggregate and place those trades being made on a particular day at a particular broker/dealer. As individual securities may remain on the "buy" list for extended periods of time, there will likely be a reasonable disparity in the acquisition costs/sale proceeds of SCM clients. Therefore, SCM clients do not all hold the same securities and their performance may differ somewhat.

CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, SCM may retain solicitors to refer clients to SCM. If a client is introduced to SCM by either an unaffiliated or an affiliated solicitor, SCM may pay that solicitor a referral fee in accordance with the all requirements of the Investment Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from SCM's portfolio management fee, and shall not result in any additional charge to the client.

If the client is introduced to SCM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of this written disclosure statement together with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between SCM and the solicitor, including the compensation to be received by the solicitor from SCM. Any affiliated solicitor of SCM shall disclose the nature of their relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this written disclosure statement.

CUSTODY

SCM is deemed to have custody because SCM deducts its fees directly from client accounts.

Custody of client assets will be maintained with the independent custodian selected by the client. SCM will not have physical custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian. Clients will authorize SCM to give the custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the client's account.

Clients will receive directly from the custodian at least quarterly a statement showing all transactions occurring in the client's account during the period covered by the account statement, and the funds, securities and other property in the client's account at the end of the period. Clients are urged to carefully review the account statement sent by the broker-dealer/custodian and to compare the account statement provided by the broker-dealer/custodian with any statements provided by SCM.

INVESTMENT DISCRETION

For those client accounts over which SCM has discretion, SCM requests that it be provided with written authority (e.g., limited power of attorney contained in SCM's Investment Advisory Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

SCM generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. SCM's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between SCM and the client.

VOTING CLIENT SECURITIES

Proxy Voting

SCM believes that voting proxies solicited by companies held in its clients' portfolios is SCM's responsibility unless a client reserves the right to do so. SCM believes the central purpose of corporate governance is to manage the corporation's underlying assets and employees in such a manner as to maximize the economic best interests of its shareholders. This precept does not mean that managers should seek to reap short-term gains that would damage the long-term health of the business, but it does indicate that managers and directors should be working for the shareholders and not for their own individual interests. SCM believes that proxies should be voted with concern only for the economic interests of shareholders and does not believe that corporations should be asked to grapple with non-economic problems of our society that are better addressed by the

legislative system. SCM considers only those factors that relate to clients' investments, including how its votes will economically impact and affect the value of those investments.

Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value and maintain or increase the rights of shareholders. Proxy votes will normally be cast against proposals having the opposite effect. On each and every issue, SCM will vote in a prudent and diligent fashion and only after careful evaluation of the issues presented on the ballot. SCM maintains the books and records of proxy votes cast and this information, as well as the full text of SCM's Proxy Voting Policies and Procedures, are available by written request.

Class Action Settlements

As requested, SCM will assist clients with filing the required paperwork to respond to a class action lawsuit or similar settlements involving securities owned by the client. SCM does not handle class action lawsuits on behalf of its institutional clients.

FINANCIAL INFORMATION

Prepayment of Fees

Because SCM does not require or accept prepayment of more than \$1,200 in fees six months or more in advance, SCM is not required include a balance sheet with this disclosure brochure.

Financial Condition

SCM does not have any adverse financial conditions to disclose.

Bankruptcy

SCM has never been the subject of a bankruptcy petition.

PRIVACY NOTICE

SCM views protecting its clients' private information as a top priority and has instituted policies and procedures to ensure that client information is private and secure. SCM does not disclose any nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as permitted or required by law. In the course of servicing a client's account, SCM may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers, etc. SCM restricts internal access to nonpublic personal information about the client to those persons who need access to that information in order to provide services to the client and to perform administrative

functions for SCM. As emphasized above, it has always been and will always be SCM's policy never to sell information about current or former clients or their accounts to anyone. It is also SCM's policy not to share information unless required to process a transaction, at the request of a client, or as required by law. For the full text of SCM's Privacy Policy, please contact Cheryl Clift, Vice President and Chief Operating Officer of SCM, at 248-901-1532.

CLIENT COMPLAINTS

Clients may contact Cheryl Clift, Vice President and Chief Operating Officer of SCM, at 248-901-1532 to submit a complaint. Written complaints should be sent to Steward Capital Management, Inc., 21 East Long Lake Road, Suite 200, Bloomfield Hills, MI 48304.