



CAPITAL MANAGEMENT

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## **Investment Advisor Brochure**

Form ADV – Part 2A/2B

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Required Disclaimer: This brochure provides information about the qualifications and business practices of Silicon Valley Capital Management. If you have any questions about the contents of this brochure, please contact us at 415-378-4117 or [info@svcm.com](mailto:info@svcm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Silicon Valley Capital Management also is available on the Securities and Exchange Commission's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

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Item 4:

## **Description of Advisory Business**

Silicon Valley Capital Management (SVCM) is a privately held Registered Investment Advisor (RIA) company principally owned by Robert H. Harden. SVCM operates as a fee-based investment advisory, registered and incorporated in the state of California, with offices in the Jackson Square area in the Financial District of San Francisco. The Company was founded in 1995 in Palo Alto, California, originally serving as a dot.com executive services firm in Silicon Valley.

Client asset management is headed by Robert H. Harden. Mr. Harden has over 25 years of professional investment management experience, including Senior Portfolio Manager for Silicon Valley Capital Management and Sr. Vice President Private Wealth Management with A.G. Edwards & Sons and Prudential Securities, and Vice President Investment Management with Merrill Lynch. SVCM employs approximately 7 individuals, divided among portfolio management, client service, business development, and various business operations responsibilities.

SVCM provides comprehensive securities investment management services on behalf of individual clients and family groups, including top level strategy design, individual portfolio design and individual investment selection and management. Related services include year end realized gain and loss and performance reporting. Associated services include tax and financial planning coordination, 10b5 plan design and administration, and 529 college funding programs.

<b>Regulatory Assets Under Management</b> As of April 30, 2012	
Discretionary	\$ 26,636,000
Non-Discretionary	\$ 21,763,000
Total	\$ 48,399,000

Assets are primarily held in separate accounts with a custodian bank, in client name, mostly managed under a trade-only limited power of attorney discretion contract authorized by the client and supervised by the custodian firm. A small portion of accounts are non-discretionary and require client permission prior to effecting securities transactions. Accounts are viewable online, account statements are published and shipped directly by the custodian.

SVCM also operates as an approved manager with various brokerage firms, managing assets on be-half of brokerage firm advisors. These relationships involve SVCM managing assets as part of wrap fee relationships between specific clients and the brokerage firm. SVCM receives a percentage of assets under management from the brokerage firm for services provided.

SVCM is in the business of representing client investment interests, incorporating a process of careful and ongoing review of client perspectives and priorities before and during our management involvement. Each account is separately managed. Each account is viewable online, real time. Our asset manager is never farther away than an email, a text, instant messaging, a phone call, or an in-person visit.

SVCM accepts a duty to put each client's interest above the firms, and to ensure that each client is treated fairly and equitably, shown no favoritism over any other client, but receiving no less than any other; that each client will receive the full benefit of firm time and expertise, and will be communicated with in an objective, honest and timely manner consistent with full and complete disclosure of all relevant matters.

Our firm assumes a responsibility to know each client and to respect their individual circumstances in our representation, pursuing individual investment objectives in a manner consistent with agreed upon investment strategies and limitations.

Silicon Valley Capital Management is a well established private wealth management firm, leveraging strong, experienced leadership, providing innovative solutions for growing important client investment capital. We are particularly optimistic about the current investment environment, not only in terms of the secular opportunity, but also terms of our strategy for exploiting it. We are equally excited about the success of our business, as the somewhat dynamic solution we offer, typically outside of the scope of most major brokerage or independent investment advisor expertise, creates a unique opportunity for our firm as a true value added service provider.

Item 5:

## Fees & Compensation

As compensation for services rendered, SVCM receives an annual management fee from the client. The management fee is payable quarterly in advance on the first business day of each calendar quarter. Clients have the option of having fees deducted from their assets or billed

directly. The management fee for each calendar quarter is calculated by multiplying the market value of the client account as of the close of business on the last business day of each calendar quarter immediately preceding the date on which such fee is due and payable by  $\frac{1}{4}$  of the agreed upon annual fee rate. Fees for new accounts will be payable in advance, calculated by multiplying the initial capital deposit of cash, securities, or notes by  $\frac{1}{4}$  of the agreed upon annual fee rate and prorated to reflect the number of days remaining in the quarter. If the agreement is terminated, the unused portion of the prepaid advisory fee will be returned to the client.

<b>SVCM Management Fee Structure (Annual Rates)*</b>	
Equity Assets (Cash components included)	2.00%
Fixed Income	0.25%
* Management fee is negotiable depending upon the size of the account	

SVCM and its supervised persons do not receive compensation on the basis of a share of capital gains or capital appreciation of the account, investment advice on assets held outside of account held assets, or the sale of securities or other investment products, including asset based sales charges or service fees from the sale of mutual funds. The management fee is solely realized as a percentage of capital held in the account.

Clients will incur portfolio expenses arising from brokerage, custodian and other transaction costs associated with their accounts. Please refer to Item 12 of this brochure for more information regarding brokerage practices.

Item 6:

## **Performance Based Fees and Side-by-Side Management**

SVCM's management fee is solely based on client assets under management. SVCM does not utilize alternative compensation practices in order to align client and advisor interests.

Item 7:

## Types of Clients

SVCM services a number of different types of clients, including the following:

- Private individuals (taxable accounts, retirement accounts, educational accounts)
- High net worth individuals
- Trusts (personal and business accounts)
- Small companies

Item 8:

## Method of Analysis, Investment Strategies and Risk of Loss

The SVCM investment process focuses on the exploitation of large scale macro, potentially enduring secular trends. Our reasoning supports a core belief that investment assets associated with major and enduring macro trends present significant opportunity for meaningful appreciation of investment capital resources.

Investments include individual securities. Strategies include both moderate and active management, and the use of covered call writing.

Our management process is top down, identifying trends that appear likely to endure, identifying investment categories that are expected to participate, and selecting individual investments to exploit the investment thesis.

Our work involves an ongoing process of thesis and individual investment review, including the review of alternative trend considerations, as well as activity associated with managing short term investment and market considerations.

SVCM believes the significant divergences associated with secular economic and social growth trends of so called developed versus developing nations are significant, enduring, and investable. Firm investment management has and is engaging client investment capital in categories our management believes will benefit from these divergent trends. SVCM suggests reducing

exposure to domestic trends, while at the same time increasing exposure to investments more directly related to trends associated with developing nations.

SVCM believes social and economic and trends in developing nations possess every appearance of being secular, enduring, and investable. SVCM believes equities associated with the production of natural resources, building materials, industrial materials, information technology, and consumer products all exploit various major secular trends in-play.

Regardless of ambition, firm management is impressed with the volatility risk associated with participation in today's stock market. As a result, firm management believes the employment of main stream, risk reducing portfolio hedging techniques to be an essential element in reducing the impact of short term risk within any longer term proposition. However extraordinary the assertion, our management believes return will be enhanced, risk reduced, and client comfort increased with the incorporation of covered call writing into the process.

Item 9:

### Disciplinary Information

SVCM and all Investment Advisor Representatives have never been the subject of any SEC, state, federal or regulatory agency investment related enforcement action, legal or civil action or disciplinary event

Item 10:

### Other Financial Industry Activities and Affiliations

SVCM has no other financial industry activities or affiliations which would represent any conflict of interest with our clients. SVCM has developed a network of professionals to help support business operations, but receives no compensation for utilization of their products or services. In doing so, SVCM sources these professionals with a focus on finding the highest value, lowest cost providers to service its business.

Item 11:

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

SVCM has a comprehensive Policies, Procedures and Code of Ethics document that is signed by all employees, and is monitored quarterly by our compliance officer. The SVCM code of ethics states the policy, purpose and procedure for daily implementation including:

- Material, non public information and insider trading
- Disaster recovery, contingency planning and internal controls
- Privacy policy
- Valuation of securities in Client accounts
- Portfolio management and record management processes
- Personal securities trading
- Trading and best execution
- Proxy voting
- Code of ethics

SVCM will provide a copy of our Policies, Procedures and Code of Ethics to any client or prospective client at their request.

Item 12:

## Brokerage Practices

SVCM suggests that clients use preferred Broker-Dealers for maintaining funds under management with SVCM. Both retirement and non-retirement accounts are setup and maintained for customers with the Broker-Dealer. SVCM strives to maintain a consistent trading, reporting, and investment operation that is facilitated through our preferred Broker-Dealers. The preferred Broker-Dealers were selected using the following criteria:

- Competitive trading commissions costs
- Superior customer service levels
- Reporting tools, including cost basis and 1099 reports to facilitate tax management
- Advanced money management tools

- Financial stability to insure individual accounts, including primary and back-up account insurance

SVCM uses Fidelity Investments and Merrill Lynch as our preferred Broker-Dealers. SVCM utilizes the independent investment advisory services of both Broker-Dealers to provide custody of securities, trade execution, clearance and settlement of transactions only. There is no relationship between the investment advice given to our clients and either Broker-Dealer.

Item 13:

## Review of Accounts

SVCM reviews and adjusts client accounts on an ongoing basis. A more formal client portfolio performance review occurs quarterly to adjust for asset allocation or changes in investment strategy. In addition to the quarterly total portfolio review, SVCM closely monitors client accounts on a daily basis, constantly evaluating investment positions. SVCM continuously compares current prices to established price targets and decides whether or not to take action on client positions.

SVCM conducts a minimum of one client review per year, to go over client objectives, results from the previous year and since inception, risk profiles, new considerations for the upcoming year, and any other relevant factors. In addition, clients are encouraged to contact SVCM at will, if there are any material items to be discussed prior to the more formal annual review.

- SVCM conducts semi-annual total portfolio review and evaluation.
- Clients receive monthly account statement, trade confirmations, investor notifications and year-end tax reports.
- SVCM monitors client investment positions on a daily basis for upside and downside price targets.

Item 14:

## **Client Referrals and Other Compensation**

SVCM receives no compensation from any third party for any referral or associated service provided. As presented previously, SVCM's entire compensation associated with assets under management.

Item 15:

## **Custody**

Assets are held in separate accounts with a custodian bank, in client name, managed under a trade-only limited power of attorney discretion contract authorized by the client and supervised by the custodian firm. Under no circumstance does SVCM act as custodian of client accounts. SVCM does not take or receive physical possession or custody of any account assets. Accounts are viewable online, account statements are published and shipped directly by the custodian.

Item 16:

## **Investment Discretion**

SVCM clients sign a full trading authorization agreement through the preferred broker-dealer. SVCM clients also sign a limited power of attorney for 401k, 403b, 457, and 529 accounts that are held at an alternative broker chosen by their plan sponsor. SVCM has the discretion to select, buy, sell, and determine the quantities of the individual positions for each client account.

Item 17:

## **Voting Client Service**

It remains the full responsibility and discretion of the Client to vote in all matters for which a shareholder vote is solicited. Clients shall receive proxy information or other solicitations directly for the custodian or transfer agent. SVCM does not vote proxies on behalf of clients or provide guidance on matters for which shareholder action is required or solicited.

Item 18:

## Financial Information

SVCM will disclose any financial condition that is reasonably likely to impair the advisor from the ability to meet contractual commitments to clients. Since inception in 1995, SVCM has been, and continues to be on solid financial ground, and has no current condition that would impair our abilities to meet commitments to clients. SVCM is 100% self funded with no debts or outside funding.

Item 19:

## Requirements for State Registered Advisors

Requirement 19A: Identify each of your principal executive officers and management persons, and describe their formal education and business background:

Name: Robert H. Harden, Managing Director

Date of Birth: February 22, 1958

Education: Mr. Harden attended the School of Financial Management at San Jose State University, being nominated Outstanding Business Senior in 1985.

Experience: Mr. Harden has been employed in various private wealth management capacities with major brokerage firms and investment advisories, as follows:

1985-1987 Merrill Lynch, Pierce, Fenner and Smith: Vice President Investments

1987-1992 Prudential Securities: Sr. VP Private Wealth Management

1992-1995 A.G. Edwards and Sons: Sr. VP Private Wealth Management

Requirement 19B: Mr. Harden is not actively engaged in any other business.

Requirement 19C: In addition to the description to your fees in Item 5 of Part 2A, if you are compensated for advisory services with performance based fees, explain how these fees are calculated. Disclose specifically that performance based compensation may create an incentive for the advisor to recommend an investment that may carry a higher degree of risk to the client:

N/A – Not Applicable

SVCM is compensated by clients for the management of identifies assets under management. SVCM receives no compensation from product sales, transactions, referrals, financial planning, or any other related service activity. SVCM charges fees based on the net equity portfolio value of assets under management, so is unaffected by any margin balance. SVCM receives no performance based compensation.

Requirement 19D: If you or a management person has been involved in one of the events below, disclose all material facts regarding the event:

- An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2500: N/A – Not Applicable
- An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding: N/A – Not Applicable

Requirement 19E: In addition to any relationship or arrangement described in response to Item 10 of Part 2A, describe any relationship or arrangement that you or any management person have with any issuer of securities that is not listed in Item 10 of Part 2A: N/A – Not Applicable

Appendix A:

## Material Changes

Under the provisions Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, SVCM is converting from SEC Registration to State Registration as determined by the amount of regulatory assets under management. In addition, SVCM has switched from the old SEC ADV Part II disclosure format to the newly required plain English written ADV disclosure format.