

ADV Part 2A – Firm Brochure

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This Brochure provides information about the qualifications and business practices of Douglas Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (904) 285-7866 or jad@douglascapital.net. 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.

Douglas Capital Management, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

February 23, 2012

Item 2 Material Changes

Since our last annual update of our brochure, March 2011, there have been no material changes to our firm's policies, practices or conflicts of interests.

The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous update. To receive a complete copy of our firm's brochure, please contact us at (904) 285-7866, or by email to jad@douglascapital.net.

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Item 4 Advisory Business

Founded in 1974, Douglas Capital Management is an independent investment advisory firm located in the State of Florida. The Company is 100% owned by its principal executives, Christopher Douglas CEO/CIO and James A. Douglas President CCO and is dedicated to serving each of its clients on an individual basis. It is registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisors Act of 1940. Douglas Capital Management provides the highest level of supervision and investment direction for the portfolios of both institutional and individual investors. Management of investment portfolios is the only business of Douglas Capital Management, Inc.

Asset Management

The firm's principal service is the management of investment portfolios- specifically Domestic Equity, Balanced and Intermediate Fixed Income Portfolios. Our investment advisory agreement executed with the client appoints Douglas Capital Management as a fiduciary with discretion over suitable investments within the guidelines established jointly with the client. Clients may impose restrictions on investing in certain securities or types of securities. Douglas Capital Management is retained on a discretionary basis and is authorized to buy and sell securities at its own discretion within the guidelines of each client's investment objective. Some clients limit the discretionary authority in terms of the type or amount of securities to be bought, the maximum concentration in any one company or industry, the minimum credit quality or maximum maturities for fixed income securities. For the most part, Douglas Capital Management has full authority to buy and sell securities and for the placement of its portfolio business and the amount of commissions paid on transaction. Our asset management services are individualized and are provided to employee benefit plans, individual retirement accounts, corporations, trusts, estates, institutions and high net-worth individual accounts. Each account is separate from all others, with no commingling of assets. As of December 31, 2011, Douglas Capital Management had \$208.9 million in Assets Under Management ("AUM") on a fully discretionary basis.

Asset Allocation/ Client Consultation

As part of our investment advisory agreement with each client, we jointly develop an investment policy guideline statement covering asset allocation, risk-tolerance, investment limitations, as well as current income needs and anticipated cash distributions. Each account is reviewed for proper asset allocation, cash flow, equity and fixed income performance and client contact. In addition, the price and trading volume of each security owned is monitored daily.

Item 5 Fees and Compensation

Investment supervisory services, including the giving of continuous advice to clients as to the investment of funds on the basis of the individual needs of each client, are provided pursuant to the terms of the investment advisory agreement in effect between Douglas Capital Management, Inc., and the individual client. Services for each account are handled with regard to all relevant factors concerning the account, which have been determined by the client and Douglas Capital. For such services, the client is normally charged an annual fee, payable quarterly in advance at 25% of the annual fee rate, based on the market value of the account at the end of each quarter. Clients may select to have these fees deducted from the account assets, or may choose to be billed as for fees incurred.

The annual fee is negotiable, and is set by agreement between each client and Douglas Capital Management. The negotiated fee is a stated percentage of the market value of the assets in the account, which may decrease in such percentage for specified incremental increases in the assets of the account.

Clients may incur additional custodial fees and will incur brokerage and other transaction costs. Please review Item 12 - Brokerage Practices of this brochure for more detail on these costs.

If the investment advisory agreement is terminated before the end of the billing period, client may be eligible for a pro-rated refund of pre-paid fees according to the following policy. Investment Advisory Agreements may be terminated at any time by either party giving to the other 30 days written notice of such termination. Pro-rated fees (if any) will be reimbursed to the client within 90 days and will be calculated 30 days from the date of termination or last account activity.

Douglas Capital Management does not receive compensation for the purchase or sale of securities or other investment products.

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

Douglas Capital Management does not charge performance fees.

Item 7 Types of Clients

Douglas Capital Management provides investment management services for high-net worth individuals and institutional investors, including retirement accounts, corporations, profit-sharing accounts, public funds and personal accounts and trusts.

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

Methods of Analysis

We are long only investors in the U.S. equity and fixed income markets. We select individual securities for investment. The process for equities involves screening for potential investment candidates using predetermined parameters in the Zacks fundamentals database. Once a universe of buy candidates is established, we perform vigorous analysis to choose the best equities for investment. The analysis is based on Wall Street research, company financials, trade journals, annual reports and financial web sites.

Fixed income investments are restricted to investment-grade or higher by at least one of the 3 major rating agencies- Standard & Poors, Moodys or Fitch. Securities are analyzed by the Bloomberg System- a global leader in fixed income analysis- to determine fair market value, duration, credit quality, and yield to call/maturity before investment.

Investment Strategies

We invest in fairly liquid securities and believe that our strategy is equal to market risk. We do trade fairly frequently so the costs associated may be higher than a low turnover approach; however we are not considered high-frequency traders.

Risk of Loss

All investments have certain risks:

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.

Market Risk: The price of a security, bond, or ETF (Exchange-Traded-Fund) may drop in reaction to external factors independent of a security's particular circumstances such as changes in the geopolitical, economic or social environment.

Liquidity Risk: Liquidity is the ability to readily convert a security into cash. For example, Treasury Bills are the considered the most liquid investment, while real estate is considered highly illiquid.

Re-Investment Risk: Primarily affecting fixed income securities in a falling interest rate environment, this risk is that future proceeds from investments may be reinvested at a lower rate of return.

While investing in securities involves risk of loss that clients should be prepared to bear, we do not believe our investing strategies involves more than market risk.

Item 9 Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the firm or the integrity of management.

Douglas Capital Management has no legal or disciplinary events to report.

Item 10 Other Financial Industry Activities and Affiliations

Douglas Capital Management has no material relationships or arrangements with related financial industry participants.

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

Code of Ethics

Douglas Capital Management has adopted a Code of Ethics that is upheld by all employees and designed to ensure that the highest level of honesty, integrity, and confidentiality is maintained in all client relationships. All employees of DCM have a fiduciary duty to place the interest of clients ahead of their own and the firms. This Code of Ethics ensures that this fiduciary duty is upheld. A Copy of the firm's Code of Ethics is available upon request.

Participation or Interest in Client Transactions

Neither Douglas Capital Management, nor any related person, recommends to clients, or buys or sells for client accounts, securities in which we have a direct material financial interest.

Personal Trading

Douglas Capital manages its own profit sharing plan as a client. Douglas Capital Management has internal procedures, which protect its clients. These procedures are contained in an insider Trading Policy and a Code of Ethics document, the latter of which is executed by all employees.

Douglas Capital Management will frequently aggregate its "fully discretionary" clients' buy and sell orders into block trades whenever it deems it the most appropriate method for best execution. If trades are executed at different prices, Douglas Capital Management employs the average pricing technique to ensure equitable treatment for all clients. Douglas Capital Management's proprietary portfolios may participate in the average pricing, but they will not receive a better price.

Personal Trading (cont.)

Quarterly, each employee will provide the CCO with non-exempt brokerage statements for review. Annually, each employee is also required to certify to the Company that he or she has complied with all of the Company's policies and procedures during the period and must provide the Company with a report disclosing all securities in which the employee has any direct or indirect beneficial ownership interest and the names of all brokers, dealers or banks where such securities are held, unless exempt. In the alternative, the employee may certify that all such information is contained in the account statements and confirmations provided to the Company during the period and that as of the date of the certification all such information is accurate and complete. While not strictly prohibited, Douglas Capital Management (and its employees) have largely sought to avoid any conflict of interest by refraining from personal investment in equities which are also purchased for its clients, except where proprietary accounts are treated as a "client", as previously disclosed. Employees must also obtain approval from the CCO for any private investments in IPOs or private placements prior to investing. Investment accounts strictly in mutual funds are exempt from these reporting requirements.

Item 12 Brokerage Practices

Douglas Capital Management's primary objective in the selection of broker-dealer is to obtain the best combination of price and execution. Best price, taking into account commission and other transaction costs, is an important factor in this decision, but the choice of broker-dealer also takes into account the quality of brokerage services, the quality of its execution services, and its financial condition. When more than one firm is believed to meet these criteria, preference may be given to firms that also provide research services to Douglas Capital Management. The research services provided are designed to augment Douglas Capital Management's own internal research and investment strategy capabilities. These services would include company specific reports, economic and political strategy, and a wide variety of analysis, reviews, tables, and databases. Other research services would include security quotations, news, trading information, charts and graphs, portfolio analyses, earnings forecasts, access to research analysts, corporate management, and economists, and products and other services (such as third party publications, reports and analysis, and computer and electronic access, equipment, software, information and accessories that deliver, process or otherwise utilize information, including the research described above) that assist Douglas Capital Management in carrying out its responsibilities and effecting securities transaction and ancillary functions such as clearance and settlement. If Douglas Capital Management determines in good faith that the commission charged by a broker-dealer is reasonable in relation to the value of brokerage and research services provided, the client may be paying a higher commission rate than might be obtained elsewhere.

From time to time, we have entered Soft Dollar arrangements with various brokerage firms, payment of which only occurs through best price and execution. Research services furnished by broker-dealers through which Douglas Capital Management effects transactions are used for the benefit of all clients and not solely for the benefit of the particular client whose transactions were effected by the broker-dealer providing such services. Douglas Capital Management maintains an internal allocation procedure to identify those broker-dealers who have provided it with research and services, and strives to direct enough commissions to ensure the continued receipt of research Douglas Capital Management deems value added. At times Douglas Capital Management receives products or services that are used for research, portfolio management and other purposes such as administration or marketing. These products or services are considered "mixed-use" and Douglas Capital Management makes a good-faith effort to determine the proportion between research and other. The research portion may be paid with soft dollars generated by client commissions, and the non-research portion will be paid in cash by Douglas Capital Management. Specifically, the following products/services are procured for research and portfolio management: Advent Portfolio Management Software, Zachs Investment Research, Bloomberg, Lowry, SunGuard, Telemet America, Analytic Systems, and NYSE and Option Price Reporting Authority, Street Account and Monaghan Advisors.

Item 13 Review of Accounts

Douglas Capital Management utilizes Advent Axys portfolio management software to provide accurate performance and valuation reporting for its valued clients. Daily independent pricing of client investments is automatically downloaded from the custodians. Internal Advent reports are also reconciled monthly w/ the custodian statements that the client receives directly.

On a quarterly basis, Douglas Capital Management provides to each of its clients a separate account written report detailing valuation of investments as well as a custom performance report that is automatically generated by the Advent software package. Advent has certified that this performance software accurately represents the effect of the buy/sell transactions inputted in the account, pricing, as well as interest and dividends.

Accounts are reviewed at a minimum quarterly, by Christopher Douglas CIO and James A. Douglas CCO.

Item 14 Client Referrals and Other Compensation

Douglas Capital Management, Inc. may enter into agreements with various independent solicitors that refer clients to the advisor. Fees charged by DCM to clients introduced to it by solicitors will not be greater than fees or costs DCM charges its advisory clients who were not introduced by solicitors and who have similar portfolios under management with DCM. Any fees paid to solicitors by DCM will be paid out of fees collected by DCM from the introduced client. Any such agreements will be disclosed to client prior to the execution of any investment advisory agreements and will be handled in accordance with the provisions of Rule 206(4)-3 under the Investment Advisors Act of 1940.

Item 15 Custody

Douglas Capital Management does not hold custody of client funds, apart from direct billing of management fees from client assets with client consent. All assets are held at an independent custodian, who will furnish monthly statements directly to the client detailing assets held and any transactions that occur. DCM urges you to carefully review such statements and compare such official custodial records to the quarterly account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedure, reporting dates, or valuation methodologies of certain securities.

Item 16 Investment discretion

Douglas Capital Management is retained on a discretionary basis and is authorized to buy and sell securities at its own discretion within the guidelines of each client's investment objective. Some clients limit the discretionary authority in terms of the type or amount of securities to be bought, the maximum concentration in any one company or industry, the minimum credit quality or maximum maturities for fixed income securities. For the most part, Douglas Capital Management has full authority to buy and sell securities and for the placement of its portfolio business and the amount of commissions paid on transaction. These accounts are called "fully discretionary" or "non-directed" accounts.

Item 17 Voting Client Securities

Douglas Capital Management does not exercise voting authority over client proxies. Client reserves all rights to vote proxies.

Proxies and other solicitations are provided directly to the client by the custodian of client assets or transfer agent of the security.

Item 18 Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about Douglas Capital Management's financial condition. DCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been subject of any bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisors

No Supervised person has been involved in any arbitration claim, bankruptcy petition, or civil or administrative SRO (self-regulatory organization) proceeding.

Brochure Supplement

Educational Background and Business Experience

Christopher (NMI) Douglas, 1957; Rollins College, B.S. Business Administration, 1978, Winter Park, Florida; Chief Investment Officer, CEO, Douglas Capital Management, Inc., Jacksonville, Florida, for the preceding 5 years.

James A. Douglas, 1960; Duke University, AB Economics, AB History, 1982, Durham, North Carolina. CCO, President, Douglas Capital Management, Inc., Jacksonville, Florida, for the preceding 5 years.

Disciplinary Information

There are no legal or disciplinary proceedings to report concerning the above supervised persons.

Other Business Activities

The supervised persons listed above are not engaged in any investment-related business outside of Douglas Capital Management, Inc. The supervised persons do not receive any commissions, bonuses or other compensation based on the sale of investment securities or other investment products.

Additional Compensation

None

Supervision

Christopher Douglas, CIO, CEO and James A. Douglas, CCO, President coordinate investment advice given to clients. As CCO, James A. Douglas is responsible for supervision of individuals providing investment advice to clients. He may be reached at (904) 285-7866.

Supervision of investment advice given to clients is done on an individual client basis.