

Item 1 – Cover Page

SFC Asset Management, Inc.

1423 North Atherton Street

State College, PA 16803

(814) 238-8474

www.sfcassets-online.com

March 20, 2012

This Brochure provides information about the qualifications and business practices of SFC ASSET MANAGEMENT, INC. (SFC). If you have any questions about the contents of this Brochure, please contact us at (814) 238-8474. 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.

SFC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about SFC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SFC is 109129

Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes. The most recent update of our brochure was March 20, 2012 and we did not have any material changes as part of this update.

(Brochure Date: 3/20/2012)

(Date of Most Recent Annual Updating Amendment: 3/20/2012)

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting James J. Karchner, President/Director at (814) 238-8474.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	10
Item 7 – Types of Clients	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9 – Disciplinary Information	13
Item 10 – Other Financial Industry Activities and Affiliations.....	13
Item 11 – Code of Ethics.....	14
Item 12 – Brokerage Practices.....	15
Item 13 – Review of Accounts.....	18
Item 14 – Client Referrals and Other Compensation	19
Item 15 – Custody	20
Item 16 – Investment Discretion	20
Item 17 – Voting Client Securities	20
Item 18 – Financial Information.....	21
Item 19 – Requirements for State-Registered Advisers.....	21

Item 4 – Advisory Business

SFC is wholly owned by an affiliated accounting firm, Seligman, Friedman & Co., P.C. SFC has been providing advisory services since 1993.

As of December 31, 2011, SFC managed \$57,968,322 on a discretionary basis and \$21,737,887 on a nondiscretionary basis.

Investment Management Services:

SFC manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations and other business entities. SFC will work with the client to determine the client's investment objectives and investor's risk profile and will design a written investment policy statement. SFC uses investment and portfolio allocation software to evaluate alternative portfolio designs. SFC evaluates the client's existing investments with respect to the client's investment policy statement. SFC works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by SFC. SFC will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold regular review meetings with the client regarding the account as necessary.

SFC will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. SFC will allocate the client's assets among various investments taking into consideration the overall risk profile selected by the client. SFC primarily recommends portfolios consisting of mutual funds offered by Dimensional Fund Advisors (DFA). DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include some individual equity securities if warranted by tax concerns or personal client preference. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

SFC manages mutual fund and equity portfolios on a discretionary basis. Client may impose any reasonable restrictions on SFC's discretionary authority, including restrictions on the types of securities in which SFC may invest client's assets and on specific securities, which the client may believe to be appropriate.

SFC may also recommend fixed income securities to advisory clients, which consist of managed accounts of individual bonds. SFC will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third party fixed income sub-advisor.

Pursuant to its discretionary authority, SFC will retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Fixed Income Investment Policy Statement. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain SFC's consent prior to the sale of any client securities.

On an ongoing basis, SFC will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. SFC will periodically, and at least annually, review clients' investment policy, risk profile and discuss the re-balancing of each client's accounts to the extent appropriate. SFC will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, SFC may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

Employee Benefit Retirement Plan Services:

SFC also provides advisory services to participant-directed employee retirement benefit plans. SFC will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. SFC will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

SFC will recommend changes in the plan's investment vehicles as may be appropriate from time to time. SFC generally will review the plan's investment vehicles and investment policy as necessary. The annual fee for plan services will be charged as a percentage of assets of the plan in accordance with the fee schedule disclosed in Item 5.

Financial Planning Services:

SFC engages in modular financial planning and, in limited circumstances, broad-based financial planning. Financial planning typically involves providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. SFC gathers required

information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals, and attitudes towards risk. Related documents supplied by the client are carefully reviewed, including a questionnaire completed by the client. Clients may receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. Depending on the objectives of the client, the financial plan may include, but is not limited to, one or more of the following:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- TAX & CASH FLOW: Income tax and spending analysis and planning for past, current and future years. SFC may illustrate the impact of various investments on a client's current income tax and future tax liability.
- DEATH & DISABILITY: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis.
- RETIREMENT: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

Financial plans are based on the client's financial situation at the time the plan is presented and on the financial information disclosed by the client to SFC. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. SFC cannot offer guarantees or promises that the client's financial goals and objectives will be met. As the client's financial situation, goals, objectives, or needs change, the client must notify SFC promptly.

Should a client choose to implement the recommendations contained in the plan, SFC suggests the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion. Clients are not obligated to implement the financial plan through SFC. If a client does implement the financial plan through SFC, separate portfolio management fees will apply.

SEI Asset Allocation Program:

SFC participates in the SEI Asset Allocation Program, which is offered to high net worth individuals, defined benefit plans, participant and non-participant directed defined contribution plans, institutions, endowments, and foundations.

With the SEI Asset Allocation Program, SFC serves as the investment advisor to the investor, and is responsible for analyzing the investor's current financial situation, return expectations, risk tolerance, time horizon, and asset class preference, pursuant to SFC's investment advisory agreement. Based upon the investor's information, SFC and the investor select an investment strategy and choose from one of many mutual fund asset allocation models, which may be provided by SEI Investments Management Corporation ("SIMC"), or purchase the individual mutual funds.

SFC will allocate the assets placed in the investor's account among the SEI Funds (a family of mutual funds advised by SIMC) in accordance with the investment strategy or model selected by the investor. The investor, through SFC, may adjust the asset allocation to help ensure that the mix reflects the objectives of the chosen strategy. The investor may, at any time, impose reasonable restrictions on the management of his/her account or choose a new investment strategy. For participant-directed plans, assets will be invested in the SEI Asset Allocation mutual funds and other style-specific SEI Funds (if applicable). The SEI Funds are administered, distributed, and in some cases advised by SIMC or its affiliates for which it is paid fees as disclosed in the SEI Funds' prospectuses. The prospectus(es) should be read carefully by all investors before investing in the SEI Funds.

SEI Managed Accounts Program and Integrated Managed Accounts Program:

SFC participates in the Managed Accounts Program (the "Program"). To participate in the Program, SFC, SEI Investments Management Corporation ("SIMC") and the individual investors execute a tri-party agreement ("Managed Account Agreement") providing for the management of certain investor assets in accordance with the terms thereof. Pursuant to a Managed Account Agreement, the investor appoints SFC as its investment advisor to assist the investor in selecting an asset allocation strategy, which would include the percentage of investor assets allocated to designated portfolios of separate securities (each, a "Managed Account Portfolio") and may include the percentage of assets allocated to a portfolio of mutual funds advised by SIMC or an affiliate of SIMC. The investor appoints SIMC to manage the assets in each Managed Account Portfolio in accordance with a strategy selected by the investor together with SFC. SIMC may delegate its responsibility for selecting particular securities to one or more portfolio managers.

SIMC's fee schedule for the Program is disclosed in SIMC's Form ADV part 2 provided to clients.

Under the Program, the investor receives investment advisory services, the execution of securities brokerage transactions, custody services and reporting services for a single specified fee. Participation in the Program may cost the participant more or less than purchasing such services separately. In addition, the Program fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs.

Other Portfolio Management Services:

SFC provides limited discretionary portfolio management services where the investment advice is custom-tailored to meet the needs and investment objectives of the client. This service will incorporate the services of mutual fund families provided by Charles Schwab & Co., Inc. ("Schwab") through Schwab's Mutual Fund OneSource® program and will be based solely on SFC's own recommendations to the client. Brokerage services for these accounts will be provided through Schwab. Please refer to the disclosure under Item 12 of this Brochure.

SFC will assist the client in completing a questionnaire concerning the client's current financial situation, financial goals and attitudes towards risk. The questionnaire will help SFC review the client's situation and enable SFC to recommend an asset allocation based on the client's specific needs and goals which are designed to meet an investment objective consistent with the client's needs and goals.

Once the client's asset allocation has been established, the portfolio will be implemented using the mutual funds made available to SFC by Schwab. SFC will, if appropriate, suggest modifications to the portfolio to more adequately reflect the individual needs of the client. Multiple mutual funds will be selected representing various investment styles. Funds will be selected based on consistent management, investment style, benchmark performance and below average expenses. The funds will be monitored to ensure that their investment styles and performance remain consistent with the objectives of the funds.

SFC will recommend, on at least an annual basis, rebalancing to maintain the proper allocation to each asset class. The rebalancing takes place upon the review and approval of the client. SFC will obtain client approval prior to executing trades in the client's account. SFC's discretion is limited to rebalancing the client's portfolio for the purpose of funding the client's money market account to allow the direct debit of the Firm's portfolio management fees.

SEI Global Institutions Group Program:

SFC has entered into an introducing arrangement with SEI Investments Management Corporation ("SIMC") who will pay SFC an introduction fee (which may be a portion of the fee paid to SIMC by the referred client) for introducing prospective clients to the Global Institutions Group. Under the Global Institutions Group, SIMC provides asset management services for various types of sophisticated institutional investors, including traditional corporate pension plans, Taft-Hartley benefit plans, funded welfare plans (i.e., VEBAs), charitable foundations, endowment funds, pooled giving funds and other general organizational investment accounts.

The payment of any introduction fee by SIMC to SFC will not result in an increase in fees to the specific client. Where required by federal or state law, each introducing arrangement will be governed by a written agreement between SFC and SIMC that complies with Rule 206(4)-3 of the Investment Advisor's Act of 1940. In particular, referred clients will be provided with copies of Part 2 of SIMC's Form ADV, separate disclosure of the nature of the introducing or referral arrangement (including compensation features) applicable to the client being referred, and any other document required to be provided under applicable state law including obtaining a written approval of the client of the arrangement.

Selection of Other Advisors:

SFC may recommend that clients utilize the services of a third party investment advisor ("TPA") to manage a portion of or their entire portfolio. All TPAs recommended to clients must be registered as investment advisors either with the Securities and Exchange Commission or with the appropriate state authorities.

After gathering information about the client's financial situation and objectives, SFC will make recommendations regarding the suitability of a TPA or investment style based on, but not limited to, the client's financial needs, investment goals, tolerance for risk, and investment objectives. Upon selection of a TPA, SFC will monitor the performance of the TPA to ensure their performance and investment style remains aligned with the investment goals and objectives of the client.

Item 5 – Fees and Compensation

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

SFC's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to SFC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to SFC's fee, and SFC shall not receive any portion of these commissions, fees, and costs.

Investment Management Services & Employee Benefit Retirement Plan Services:

SFC has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. SFC pays a fee for BAM services based on management fees paid to SFC on accounts that use BAM Advisor Services. The fee paid by SFC to BAM consists of a portion of the fee paid by clients to SFC and varies based on the total client assets participating in BAM Advisor Services through SFC. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by SFC is established in a client's written agreement with SFC. Clients will be invoiced in arrears for each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which SFC calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the portion of the quarter in which the account is incepted.

SFC will request written authorization from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to SFC or its designated service provider, BAM, to withdraw fees from the account. SFC will send to the client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices.

The annual fee for Investment Management and Employee Benefit Retirement Plan services will be charged as a percentage of assets under management or assets under advisement for retirement plan assets, according to the schedule below:

Assets under management	Annual Fee (%)
First \$1,000,000	1.00%
Next \$1,000,000	0.75%
Next \$1,000,000	0.60%
Next \$1,000,000	0.50%
Next \$1,000,000	0.40%
On all amounts greater than \$5,000,000	0.25%

Financial Planning Services:

Financial planning services are provided on an hourly fee basis which ranges from \$150 to \$250 per hour. Such fee is negotiable depending upon the complexity and scope of the plan, the client's financial situation, and the client's objectives. The minimum fee for financial planning services is \$300 which may be waived or lowered in the Firm's sole discretion. An estimate of the total cost will be determined at the start of the advisory relationship. In some circumstances the cost/time could potentially exceed the initial estimate. In such cases, the Firm will notify the client and may request that the client approve the additional fee. Fees for financial planning services will generally be due upon completion of the services rendered although in some circumstances the Firm will require a deposit of 50% of the total estimated fee in advance. Typically, the financial plan will be presented to the client within ninety days of the engagement date, provided that all the information needed to prepare the financial plan has been promptly provided by the client.

Either party may terminate the financial planning agreement within five business days of the date of acceptance without penalty to the client. After the five-day period, either party may terminate the agreement by providing written notice to the other party. In the event there are any prepaid unearned fees at the time of termination, the Firm will promptly refund a pro rata share to the client.

SEI Asset Allocation Program, SEI Integrated Managed Accounts Program and Other Portfolio Management Services:

The annual fee for these services is billed quarterly in arrears based on the market value of the assets on the last day of the calendar quarter. Fees will be assessed pro rata in the event the portfolio management agreement is executed at any time other than the first day of a

calendar quarter. The fee is based on a percentage of assets under management and is negotiable. The annualized fees for portfolio management services are based on the fee schedule below. SFC will quote an exact percentage to each client based on both the nature and total dollar value of that account.

The fees payable to SFC for the SEI Asset Allocation Program, Managed Accounts Program and Integrated Managed Accounts Program, and the program described under Other Portfolio Management Services are as follows:

Assets under management	Annual Fee (%)
First \$1,000,000	1.00%
Next \$1,000,000	0.75%
Next \$1,000,000	0.60%
Next \$1,000,000	0.50%
Next \$1,000,000	0.40%
On all amounts greater than \$5,000,000	0.25%

Clients will either be invoiced for the payment of SFC's management fees or payment will be made by the qualified custodian holding the client's funds and securities provided the client supplies written authorization permitting the fees to be paid directly from the account. SFC will not have access to client funds for payment of fees without written consent by the client. Further, the qualified custodian agrees to deliver a monthly account statement directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy. SFC will receive a duplicate copy of the statement that was delivered to the client.

The client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any unpaid, earned fees will be automatically deducted from the client's account.

Selection of Other Advisors, including SIMC:

SFC will share in the fee paid by the client to the TPA. Clients who are referred to TPAs will receive full disclosure, including services rendered and fee schedules, at the time of the referral by delivery of a copy of the relevant TPA's Form ADV Part 2 or equivalent disclosure document. In addition, if the investment program recommended to a client is a wrap fee program, the client will also receive the Schedule H or equivalent wrap fee brochure provided by the sponsor of the program. The Firm or the TPA will provide to each client all appropriate disclosure statements.

Fees paid by the client to the TPA are established and payable in accordance with the Form ADV Part 2 or other equivalent disclosure document provided by each TPA to whom the client is referred and these fees may or may not be negotiable. Such compensation may differ depending upon the individual agreement SFC has with each TPA. As such, SFC may have an incentive to recommend one TPA over another TPA with whom it has less favorable compensation arrangements or other advisory programs offered by TPAs with which it has no compensation arrangements.

Clients may be required to sign an agreement directly with the TPA selected. The client, the Firm or the TPA, in accordance with the provisions of those agreements, may terminate the advisory relationship. If the TPA is compensated in advance, the client will typically receive a pro rata refund of any prepaid advisory fees upon termination of an advisory agreement.

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

SFC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

Item 7 – Types of Clients

SFC provides services to individuals, qualified retirement plans, trusts, charitable organizations and other business entities.

Account Minimums

SFC generally requires a minimum account of \$250,000 and a minimum fee of \$2,500 for Investment Management Services, Employee Benefit Retirement Plan Services, SEI Asset Allocation Program, Managed Accounts Program and Integrated Managed Accounts Program, and the program described under Other Portfolio Management Services. These minimum account sizes and minimum fees may be negotiable under certain circumstances, including legacy relationships.

SFC charges a minimum fee of \$300 for financial planning services, which may be waived or lowered in the Firm's sole discretion.

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

SFC does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Methods of Analysis and Investment Strategy

SFC's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. SFC's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. SFC recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. SFC selects or recommends to clients portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, SFC's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. SFC's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that SFC's strategy seeks to minimize.

In the implementation of investment plans, SFC therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. SFC may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and SFC may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

SFC's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

SFC receives supporting research from BAM Advisor Services and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). SFC utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment

philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to SFC.

Analysis of a Client's Financial Situation

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, SFC relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, SFC may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by SFC may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in SFC's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected

Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by SFC may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

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 SFC or the integrity of SFC's management. SFC has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliated Accounting Firm

SFC Asset Management, Inc. is a wholly owned subsidiary of Seligman, Friedman, and Company, P.C. d/b/a SF & Company, an accounting firm. All IARs of SFC are Certified Public Accountants with Seligman, Friedman, and Company, P.C. Messrs. Smeltzer, Karchner, Cardello, and Ms. Pringle are all shareholders of Seligman, Friedman, and Company, P.C. In their separate capacities as certified public accountants and/or shareholders of Seligman, Friedman, & Company, P.C., these individuals may provide advice about securities which is incidental to their accounting practice. This advice may include a recommendation that the Client use the services of an investment advisor including SFC. However, advice on investments by members of SFC is entirely separate and distinct from any recommendations made by these individuals in their separate capacities as CPAs. Clients are instructed that the fees paid to SFC for advisory services are separate and distinct from the fees paid for accounting services. Clients to whom SFC offers advisory services are informed that they are under no obligation to use Seligman Friedman, and Company, P.C.'s accounting services.

Messrs Karchner and Adelsperger spend less than 40% of their professional time as CPAs. All other IARs of SFC spend over 90% of their professional time as CPAs.

BAM Advisor Services, LLC

As described above in Item 4, SFC may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. SFC selects BAM Advisors Services, LLC for such fixed income management. SFC also contracts with BAM Advisor Services, LLC for back office services and assistance with portfolio modeling. SFC has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that BAM Advisor Services, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of SFC continuously makes this assessment. While SFC has a contract with BAM Advisor Services, LLC governing a time period for back office services, SFC has no such fixed commitment to the selection of BAM Advisor Services, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM Advisor Services, LLC.

Item 11 – Code of Ethics

SFC has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. SFC's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth SFC's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with SFC may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of SFC that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, SFC requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief Compliance Officer. SFC also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

SFC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. SFC requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

SFC will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is SFC's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. SFC will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Investment Management Services & Other Portfolio Management Services:

SFC arranges for the execution of all securities transactions for Investment Management Services with the assistance of BAM Advisor Services. Through BAM, SFC participates in the Schwab Advisor Services (SAS) program offered to independent investment advisors by Charles Schwab & Company, Inc. Schwab is a FINRA registered broker dealer. Other Portfolio Management Services securities transactions are also executed through Schwab.

The Schwab brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. SFC regularly reviews this program to ensure that its recommendations are consistent with its fiduciary duty. This trading platform is essential to SFC's service arrangements and capabilities, and SFC may not accept clients who direct the use of other brokers. As part of these programs, SFC receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As SFC will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct SFC as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that SFC will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. SFC will seek

to negotiate favorable commission rates for its clients at the aforementioned recommended custodians, and receives additional negotiating assistance from BAM. Not all investment advisors require clients to direct the use of specific brokers.

SFC will not exercise authority to arrange client transactions in fixed income securities. Clients may provide this authority to a third party fixed income sub-advisor retained by SFC on client's behalf by designating the fixed income sub-advisor with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the fixed income sub-advisor utilized.

SAS does not generally charge clients a custodial fee and is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and markdowns) being charged by the custodial broker and an additional broker. While SFC will not arrange transactions through other brokers, the authority of any fixed income sub-advisor utilized includes the ability to trade client fixed income assets through other brokers.

SFC does not have any arrangements to compensate any broker dealer for client referrals.

SFC may also recommend no-load annuity products and other specially-based products through Monumental Life Insurance Company.

SFC does not maintain any client trade error gains. SFC makes client whole with respect to any trade error losses incurred by client caused by SFC.

SFC generally does not aggregate any client transactions in mutual funds or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which SFC arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case an SFC client's orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not an SFC client. See BAM Advisor Services, LLC Form ADV Part 2.

SEI Asset Allocation Program, Managed Accounts Program, Integrated Managed Account Programs & Global Institutions Group Program

For the SEI Asset Allocation Program, Managed Accounts Program, Integrated Managed Accounts Programs, and Global Institutions Group Program, the Firm will use the services of SEI Corporation, the sponsor of these programs. In order to be eligible for the SEI

Management Program, clients are required to use SEI Investment Distribution Co., a FINRA registered broker/dealer, for the placement of all trades. Therefore, SFC, through its recommendation of the SEI Management Programs, is recommending SEI Investment Distribution Co. as the broker/dealer to be used. As SFC will not request the discretionary authority to determine the broker/dealer to be used or the commission rates to be paid in these situations, clients must direct SFC to utilize SEI Investment Distribution Co. In directing the use of a particular broker or dealer, it should be understood that SFC will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisors require clients to direct the use of specific brokers.

SEI Private Trust Company acts as the transfer agent and custodian for SEI Management Program accounts. SFC's client accounts are required to be maintained at SEI Private Trust Company in order to participate in the SEI Management Program.

Employee Benefit Retirement Plan Services:

SFC does not arrange for the execution of securities transactions for participant directed plans as a part of this service. Transactions are executed directly through employee plan participation.

Financial Planning Services:

SFC's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. SFC may recommend any one of several brokers. SFC clients must independently evaluate these brokers before opening an account. The factors considered by SFC when making this recommendation are the broker's ability to provide professional services, SFC's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. SFC's financial planning clients may use any broker or dealer of their choice.

Item 13 – Review of Accounts

Reviews:

Account assets are supervised continuously and formally reviewed quarterly by the Members of SFC, Karchner and Adelsperger. The review process contains each of the following elements:

- a. Assessing client goals and objectives;
- b. Evaluating the employed strategy(ies);
- c. Monitoring the portfolio(s); and
- d. Addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. A specific client request;
- b. Change in client goals and objectives;
- c. Tax loss harvesting opportunities;
- d. An imbalance in a portfolio asset allocation; and
- e. Market/economic conditions.

Fixed income portfolio: certain account review responsibilities may be delegated to a third party fixed income sub-advisor as described above in Item 4.

Employee benefit retirement plan services: assets are generally reviewed on a quarterly basis, and according to the standards and situations described above for investment management accounts.

Financial planning: no formal reviews will be conducted for financial planning clients, except as contracted for at the inception of the advisory relationship.

Reports:

All Investment Management clients will receive quarterly performance reports, prepared by BAM and/or SEI and reviewed by SFC, which summarizes the client's account and asset allocation. Clients will also receive monthly statements from their account custodian, which will outline the client's current positions, and current market value.

Employee Benefit Retirement Plan Services accounts receive quarterly statements from their plan administrator. SFC will provide additional reports and recommendations to plan sponsors based on its review of plan asset performance or specific client requests.

Financial Planning: no regular reports will be issued for financial planning services.

Item 14 – Client Referrals and Other Compensation

As indicated under the disclosure for Item 12, SAS provides SFC with access to services, which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them.

These services benefit SFC but may not benefit its clients' accounts. Many of the products and services assist SFC in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of SFC's fees from its clients' accounts, and assist with back office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SFC's accounts. Recommended brokers also make available to SFC other services intended to help SFC manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. SFC does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, SFC endeavors to act in its clients' best interests. SFC's requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to SFC of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

As indicated under the disclosure for Item 12, SFC utilizes the services of SEI Investment Distribution Co. in conjunction with the SEI Management Programs. Through this combination of services, SFC receives direct access to real-time client accounts, electronic download of trades, balances and positions, and the ability to directly debit client fees. SFC receives software and services that may not be available to other investment advisors who do not participate in the SEI Management Programs.

SFC also receives software from DFA, which SFC utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for SFC personnel. These services are designed to assist SFC plan and design its services for business growth. DFA, through a web-based service, provides referrals of investor clients to SFC. DFA makes such referrals to many investment advisors based on the geographic location of the prospective client. DFA does not provide help to SFC in recruiting investor clients in any other way.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. SFC urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Clients may provide SFC with written authority to determine which securities and the amounts of securities that are to be bought or sold. SFC will specifically request discretionary authority for fixed income portfolios to retain a third party money manager for fixed income accounts. Any limitations on discretionary authority shall be included in the client's advisory agreement or added as an addendum. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, SFC observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to SFC in writing.

Item 17 – Voting Client Securities

Proxy Voting: As a matter of firm policy and practice, SFC does not accept the authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients'

investment portfolios. SFC, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that SFC will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct SFC to transmit copies of class action notices to the client or a third party. Upon such direction, SFC will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 – Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about SFC's financial condition. SFC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

SFC has two principal executive officers and management persons, Mr. James Karchner and Mr. James Adelsperger. The education and business background for Mr. Karchner and Mr. Adelsperger is supplied on the Form ADV Part 2B Brochure Supplement.

James J. Karchner
SFC Asset Management Inc.
1423 North Atherton Street
State College, PA 16803
(814) 238-8474

March 20, 2012

This Brochure Supplement provides information about James J. Karchner that supplements the SFC Asset Management, Inc. Brochure. You should have received a copy of that Brochure. Please contact James J. Karchner, President & Chief Compliance Officer, if you did not receive SFC Asset Management Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about James J. Karchner is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

James J. Karchner, CPA/PFS, CFP®

Born: 1965

Education

Pennsylvania State University, B.S. Accounting, 1987.

College of Financial Planning, CERTIFIED FINANCIAL PLANNER™, 1994.

Employment:

SFC Asset Management, Inc., President/Director, 08/1993 – Present.

Seligman, Friedman & Company, P.C., Shareholder, 01/2003 – Present.

Additional Information about the CPA designation

Certified Public Accountant (CPA) is the title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA.

Additional Information about the PFS designation

Issued by: The American Institute of Certified Public Accountants (AICPA)

Prerequisites/Experience Required: Candidate must meet all of the following requirements:

- Be a member of the AICPA;
- Hold an unrevoked CPA certificate issued by a state authority;
- Earn at least 100 points under the PFS point system. For example, 30 points are awarded for each year of 1,200 hours of experience; up to 40 points are awarded for passing various exams; one point is awarded for three CPE credits, etc. (See the PFS Credential Handbook for more on earning PFS points);
- Substantiate business experience in personal financial planning-related services

Educational Requirements: CPA plus personal financial planning specific education (See the PFS Credential Handbook)

Examination Type: Final Certification Exam

Continuing Education/Experience Requirements: A combined total of 60 PFS points in personal financial planning business experience and qualified "life-long learning" activities every 3 years. The PFS point system is described in the PFS Credential Handbook.

Additional Information about the CFP designation

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

Examination Type: CFP Certification Examination

Continuing Education/Experience Requirements: 30 hours every 2 years

Item 3- 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 each supervised person providing investment advice. No information is applicable to this Item for James J. Karchner.

Item 4- Other Business Activities

SFC Asset Management, Inc. is a wholly owned subsidiary of Seligman, Friedman, and Company, P.C. d/b/a SF & Company, an accounting firm. Mr. Karchner is a Certified Public Accountant with Seligman, Friedman, and Company, P.C.. In his separate capacity as a certified public accountant of Seligman, Friedman, & Company, P.C., Mr. Karchner may provide advice about securities which is incidental to the accounting practice. This advice may include a recommendation that the Client use the services of an investment advisor including SFC. However, advice on investments by members of SFC is entirely separate and distinct from any recommendations made by Mr. Karchner in his separate capacity as a CPA. Clients are instructed that the fees paid to SFC for advisory services are separate and distinct from the fees paid for accounting services. Clients to whom SFC offers advisory services are informed that they are under no obligation to use Seligman Friedman, and Company, P.C.'s accounting services.

Mr. Karchner spends less than 40% of his professional time as a CPA.

Item 5- Additional Compensation

Mr. Karchner is compensated as an employee and owner of SFC Asset Management Inc. and Seligman, Friedman, and Company, P.C.

Item 6 - Supervision

Mr. James Karchner is President and Director of SFC Asset Management Inc. As such, Mr. Karchner is responsible for supervision of all advisory activities. Mr. Karchner's accounts are subject to regular review and verification that asset balances are being managed in accordance with a client's investment guidelines.

Mr. James Karchner can be reached at 1423 North Atherton Street, State College, PA 16803. His telephone number is (814) 238-8474.

Item 7- Requirements for State-Registered Advisers

State registered advisers are required to disclose all material facts regarding certain arbitration events, proceedings, or bankruptcy petitions. No information is applicable to this Item for Mr. Karchner.

James D. Adelsperger
SFC Asset Management Inc.
1423 North Atherton Street
State College, PA 16803
(814) 238-8474

March 20, 2012

This Brochure Supplement provides information about James D. Adelsperger that supplements the SFC Asset Management, Inc. Brochure. You should have received a copy of that Brochure. Please contact James J. Karchner, President & Chief Compliance Officer if you did not receive SFC Asset Management Inc.'s Brochure or if you have any questions about the contents of this supplement.

Additional information about James D. Adelsperger is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2- Educational Background and Business Experience

James D. Adelsperger, CPA, CFP®

Born: 1953

Education

York College of Pennsylvania, B.S., Business Administration, 1990

Employment

SFC Asset Management, Inc., Investment Adviser Representative/Vice President, 01/2006 – Present.

Seligman, Friedman & Company, P.C., Accountant, 09/1996 – Present

Additional Information about the CPA designation

Certified Public Accountant (CPA) is the title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA.

Additional Information about the CFP designation

Issued by: Certified Financial Planner Board of Standards, Inc.

Prerequisites/Experience Required: Candidate must meet the following requirements:

- A bachelor's degree (or higher) from an accredited college or university, and
- 3 years of full-time personal financial planning experience

Educational Requirements: Candidate must complete a CFP-board registered program, or hold one of the following:

- CPA
- ChFC
- Chartered Life Underwriter (CLU)
- CFA
- Ph.D. in business or economics
- Doctor of Business Administration
- Attorney's License

Examination Type: CFP Certification Examination

Continuing Education/Experience Requirements: 30 hours every 2 years

Item 3- Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item for James D. Adelsperger.

Item 4- Other Business Activities

SFC Asset Management, Inc. is a wholly owned subsidiary of Seligman, Friedman, and Company, P.C. d/b/a SF & Company, an accounting firm. Mr. Adelsperger is a Certified Public Accountant with Seligman, Friedman, and Company, P.C. In his separate capacity as a certified public accountant of Seligman, Friedman, & Company, P.C., Mr. Adelsperger may provide advice about securities which is incidental to the accounting practice. This advice may include a recommendation that the Client use the services of an investment adviser including SFC. However, advice on investments by members of SFC is entirely separate and distinct from any recommendations made by Mr. Adelsperger in his separate capacity as a CPA. Clients are instructed that the fees paid to SFC for advisory services are separate and distinct from the fees paid for accounting services. Clients to whom SFC offers advisory services are informed that they are under no obligation to use Seligman Friedman, and Company, P.C.'s accounting services.

Mr. Adelsperger spends less than 40% of his professional time as a CPA.

Item 5- Additional Compensation

Mr. James Adelsperger is compensated as an employee of SFC Asset Management, Inc. and Seligman, Friedman and Company, P.C.

Item 6 - Supervision

Mr. Adelsperger is registered as an investment adviser representative and provides investment advice to clients. Mr. Adelsperger is supervised by James J. Karchner. Mr. Adelsperger's accounts are subject to regular review and verification that asset balances are being managed in accordance with a client's investment guidelines.

Mr. James J. Karchner can be reached at 1423 North Atherton Street, State College, PA 16803. His telephone number is (814) 238-8474.

Item 7- Requirements for State-Registered Advisers

State registered advisers are required to disclose all material facts regarding certain arbitration events, proceedings, or bankruptcy petitions. No information is applicable to this Item for Mr. Adelsperger.