

**Investment Adviser
Brochure Part 2A
Passive Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of Passive Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (315) 478-3130 and/or info@passivecapital.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

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

The use of the term registered investment adviser does not imply a certain level of skill or training.

January 9, 2012

Item 2 – Material Changes

The following is a summary of only the material changes that Passive Capital Management, LLC has made to its Brochure since the Brochure was delivered beginning January 18, 2011:

The Maryland office relocated to 2328 West Joppa Road, Suite 120, Lutherville, MD 21093, Phone: 443.275.2703 and Fax: 443.275.2955.

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Item 4 – Advisory Business

Passive Capital Management, LLC (“the Adviser”) has been in business since 2007. The principal owners are:

- Scott D. Reinhardt
- Jonathan E. Farber

Assets Under Management

As of January 2, 2012 the Adviser manages \$172,000,000 in client assets broken down as follows:

Discretionary \$172,000,000
Non-Discretionary \$0

Investment Management Services

The Adviser provides investment management services to its clients on a discretionary and non-discretionary basis.

Discretionary Services

Discretionary services consist of constructing portfolios to achieve established risk objectives. Portfolios include various funds, primarily passively managed index and asset class funds, designed to achieve competitive returns while attempting to minimize costs and capture the returns provided by the capital markets. The portfolio would generally be rebalanced quarterly to reflect previous commitments to each market/asset class.

When the Adviser manages client assets on a discretionary basis, the Adviser executes securities transactions for clients without having to obtain specific client consent prior to each transaction. Discretionary authority is limited to investments within clients’ managed accounts.

Non-discretionary Services

Non-discretionary services consists of establishing long-term investment policies, making recommendations regarding portfolio construction and security selection, implementation as directed by the client, and measuring and monitoring results.

When the Adviser manages client assets on a non-discretionary basis, the Adviser notifies the client and obtains permission prior to the sale or purchase of each security within the client’s managed account. Clients may decide not to invest in certain securities or types of securities and refuse to approve securities transactions.

Item 5 – Fees and Compensation

The Adviser is compensated for investment management services based on clients' assets under management. Fees are based on the market value of assets on the last business day of the preceding quarter, are payable quarterly in arrears and are prorated for accounts opened during the quarter.

Fees are negotiable when an Investment Adviser Representative had a relationship with a client through a previous employer. If a client was subject to lower fee breakpoints, a fee schedule similar to the fee schedule that was in effect with the previous employer may be negotiated. The Adviser may also negotiate fees based upon additional business opportunities, family relationships and other factors.

- 0.80% of the initial \$1,000,000
- 0.60% of the next \$4,000,000
- 0.40% on the next \$5,000,000
- 0.20% on amounts over \$10,000,000

The account custodian may charge fees, which are in addition to and separate from advisory fees. Custodians may charge accounts for transaction, retirement plan and administration fees. Mutual funds have annual expenses and may assess other fees, which are described in each fund's prospectus. Advisory clients should note that fees for comparable services vary and lower or higher fees for comparable services may be available from other sources.

Termination

Clients will have a period of five (5) business days from the date of signing an advisory agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, either party may terminate the advisory agreement with 30 days written notice.

Since fees are payable after services are provided, there are no unearned fees and the client is not due a refund upon early terminate of an investment advisory contract. However the Adviser's fees are prorated to the date of termination.

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

The Adviser does not charge or receive, directly or indirectly, any performance-based fees.

Item 7 – Types of Clients

The Adviser provides advisory services to:

- Individuals, including their trusts, estates, 401(k) plans and IRAs and those of their family members, (but does provide services to businesses organized as sole proprietorships).

- High net worth individuals (individually or jointly with their spouse have more than \$750,000 managed by the Adviser or a net worth of \$1,500,000 excluding the value of their primary residence).
- Business entities including corporations
- Pension and profit sharing plans (other than plan participants)
- Charitable or nonprofit organizations – This may include social welfare organizations, agricultural/horticultural organizations, labor organizations, business leagues or trade associations and entities that operate for purposes that are religious, artistic, literary, charitable, scientific, educational or in the interest of public safety.

Account Minimums

The Adviser does not impose a minimum account requirement on clients.

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

The Adviser believes:

- Capital markets and asset classes generate returns
- Asset allocation is the primary determinant of the variability in performance
- Markets are generally efficient
- Expected returns are a function of systematic risk
- Diversification is critical

The Adviser doesn't try to outsmart the collective wisdom of the markets or predict the future as the Adviser believes that these are oftentimes futile endeavors. The Adviser constructs portfolios with passively-managed investment products. The strategy is to gain exposure to asset classes in a cost-effective manner by attempting to minimize trading commissions, taxes and market-timing penalties.

The primary method of analysis consists of the review of past results from various portfolios compared to what was available in domestic and international capital markets as represented in published indices and various asset classes. The analysis includes the measurement and integration of investment goals and objectives with what can be expected from well-functioning capital markets. The Adviser uses passive investment vehicles to capture the risk/return from various asset classes; the allocation is determined by the individual client's goals, objectives, and risk tolerance.

The primary source of information consists of published data on returns from various indices and asset classes that represent components of domestic and international capital markets. Other sources of information include specific results of active investment managers and data from proprietary databases.

The investment strategy consists of allocating funds among several diversified financial asset portfolios designed to replicate specific markets/asset classes to meet specific risk objectives. Important to this strategy is the periodic measurement of results to ensure these objectives are

being achieved. In sum, the Adviser adheres to a disciplined asset allocation philosophy.

Item 8.A – Frequent Trading of Securities

The Adviser is not involved in the frequent trading of securities.

Item 8.B – Material Risks of Particular Securities

The Adviser doesn't recommend a type of security that involves significant or unusual risks.

Item 9 – Disciplinary Information

The Adviser does not have any disciplinary information to disclose.

Item 9.A – Criminal or Civil Actions

Neither the Adviser nor any management person has been found guilty of or has any criminal or civil actions pending in a domestic, foreign or military court.

Item 9.B – Administrative Proceedings

Neither the Adviser nor any management person has any administrative proceedings pending before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Item 9.C – Self-Regulatory Organization ("SRO") Proceedings

Neither the Adviser nor any management person have been found by any SRO to have caused an investment-related business to lose its authorization to do business, or to have been involved in a violation of the SRO's rules, or were barred or suspended from membership or from association with other members, or were expelled from membership, otherwise significantly limited from investment-related activities, or fined more than \$2,500.

Item 10 – Other Financial Industry Activities and Affiliations

Item 10.A – Broker-Dealer Registration

Neither the Adviser nor its management persons is or owns a securities broker-dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA") or has an application for registration pending. No associated person of the Adviser is a registered representative of a broker-dealer.

Item 10.B – Futures Commission Merchant/Commodities

Neither the Adviser nor any of its management persons is a commodity broker/futures commission merchant, a commodity pool operator, commodity trading advisor or an associated person for the foregoing entities or has an application for registration pending.

Item 10.C – Relationships with Related Persons

Neither the Adviser nor any of its management persons have any material relationships with related persons that create a material conflict of interest with clients.

Item 10.D – Relationships with Other Advisers

Neither the Adviser nor any of its management persons have any other material relationships or conflicts of interest with any related financial industry participants other than those discussed above.

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

Item 11.A – Code of Ethics

The Adviser has adopted a Code of Ethics that sets forth standards of conduct expected of advisory personnel and to address conflicts that arise from personal trading by advisory personnel. Advisory personnel are obligated to adhere to the Code of Ethics, and applicable securities and other laws.

The Code covers a range of topics that may include: general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Adviser will provide a copy of the Code to any client or prospective client upon request.

Item 11.B – Participation or Interest in Client Transactions

Neither the Adviser nor any associated person recommends to clients, or buys or sells for client accounts, securities in which adviser or an associated person has a material financial interest. Neither the Adviser nor any associated person acting as a principal, buys securities from (or sells securities to) clients; acts as general partner in a partnership in which Adviser solicits client investments; or acts as an investment adviser to an investment company that Adviser recommends to clients.

Item 11.C – Personal Trading by Associated Persons

The Adviser primarily recommends and invests client assets in open-end mutual funds and exchange-traded funds. The Adviser and its related persons may invest in the same open-end mutual funds and exchange-traded funds.

Permitted investments for related persons are:

- Mutual funds
- Exchange-traded funds

Item 11.D – Conflicts of Interest with Personal Trading by Associated Persons

Neither the Adviser nor any related person recommends individual securities to clients, but may facilitate a purchase upon request and may sell securities for client accounts to implement the Adviser's investment management strategy. The Adviser or related persons are not likely to buy or sell the same securities for their own accounts.

Item 12 – Brokerage Practices

The Adviser has discretion to select the broker dealer to use for brokerage and custodial services.

Item 12.A – Factors in Selecting or Recommending Broker-Dealers

The Adviser bases its selection of a specific broker-dealer based on its perception of the breadth of services offered taking into account a number of factors, including for example: reputation, financial strength and stability, on-line access to computerized data regarding client accounts, the availability of no-transaction fee mutual funds, and the competitiveness of commission rates in comparison to other brokers.

Item 12.A1 – Research and Other Soft Dollar Benefits

The term "soft dollars" refers to funds which are generated by client trades being used to pay for products and services such as research and enhanced brokerage services that the Adviser receives from or through the broker-dealers whom it engages to perform securities transactions. The Adviser does not receive soft dollars generated by securities transactions of its clients.

Item 12.A2 – Brokerage for Client Referrals

The Adviser does not refer clients to particular broker-dealers in exchange for client referrals from those broker-dealers.

Item 12.A3 – Directed Brokerage

The Adviser doesn't allow clients to direct their brokerage business to specific broker-dealers.

Item 12.B – Trade Aggregation

The Adviser primarily recommends and invests client assets in open-end mutual funds and exchange traded funds. The Adviser's investment strategies do not present an opportunity to aggregate trades.

Item 13 – Review of Accounts

Accounts are reviewed at least quarterly by Scott Reinhardt, Founding Member and investment adviser representative, and Margaret Boblitz, also an investment adviser representative. Upon review accounts are rebalanced if actual allocations deviate substantially from target allocations. Accounts are rebalanced to reflect previously established long-term commitments to various asset classes.

Brokerage statements are generated by the account custodian general on a monthly basis and valuation reports are generated quarterly by the Adviser. These reports include asset allocation, market value, a summary of market conditions and performance information. Clients are also sent a quarterly newsletter that discusses various investment topics. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Item 14 – Client Referrals and Other Compensation

The Adviser does not have an arrangement under which it or its associated persons compensate others for client referrals.

Item 15 – Custody

The Adviser doesn't accept custody of client funds or securities. Client assets are held by qualified custodians. The Adviser doesn't receive any economic benefit for providing advisory services to clients from a person who is not a client. This includes sales awards or prizes.

Item 16 – Investment Discretion

In some cases, the Adviser will have discretion over the selection and amount of securities to be bought or sold without obtaining specific client consent. The Adviser will also have discretion over the selection of the broker-dealer to be used but not the commission rates to be paid to the broker-dealer.

Item 17 – Voting Client Securities

The Adviser does not accept authority to vote proxies on behalf of clients as a matter of policy. Clients will receive their proxy information directly from their custodian.

Clients may contact the Adviser with questions about a particular solicitation by telephone at (315) 478-3130 or e-mail at info@passivecapital.com.

Item 18 – Financial Information

The Adviser doesn't require prepayment of advisory fees so no audited balance sheet is being provided.

**Investment Adviser
Brochure Supplement Part 2B
Scott D. Reinhardt**

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Main Telephone No. (315) 478-3130
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This brochure supplement provides information about Scott Reinhardt that supplements the Passive Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Scott Reinhardt if you did not receive Passive Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Scott Reinhardt is available on the SEC's website at www.adviserinfo.sec.gov .

January 9, 2012

Item 2 – Educational Background and Business Experience

Scott D. Reinhardt, CFA, was born in 1972 and earned a BA in Economics and graduated Cum Laude, from Princeton University in 1994.

Scott Reinhardt has earned and maintains various professional designations. The designations and minimum qualification requirements follow:

Chartered Financial Analyst (CFA)

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. A CFA charterholder is an individual who has passed tests in economics, accounting, security analysis, and money management, administered by CFA Institute. A CFA charterholder is expected to have at least four years of investment-related experience and is required to place their clients' interests ahead of their own.

A CFA charterholder must adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct which requires that a CFA charterholder act with integrity, independence, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets. In addition, the Code of Ethics and Standards of Professional Conduct requires that a CFA charterholder understands and complies with applicable laws, rules, and regulations.

Business Experience

Passive Capital Management, LLC, Founding Member, 12/2006 to present

Hanover Square Investor Relations, LLC, Owner, 01/2006 to 12/2010

RJR Associates, Institutional & Individual Investment Advisor, 2005-2006

Wachovia Securities, Director, Institutional Equity Sales Division 2002-2005

Deutsche Bank Securities, Vice President, Institutional Equity Sales Division, 1998-2002

Phoenix Advisors, Vice President-Investment Analyst, 1997-1998

McMillion Securities, Inc., Registered Representative, 1997- 1997

Alex Brown & Sons, Corporate Finance Analyst, 1994-1996

Item 3 – Disciplinary Information

Scott Reinhardt does not have any legal or disciplinary events to disclose. Scott Reinhardt is not the subject of any pending legal, disciplinary or administrative proceedings.

Item 4 – Other Business Activities

Scott Reinhardt is not involved in any other business activity or occupation that involves a substantial amount of time or pay.

Item 5 – Additional Compensation

Please refer to Item 4 - Other Business Activities above.

Item 6 – Supervision

Scott Reinhardt is a Founder Member of Passive Capital Management, LLC and doesn't have a supervisor.

**Investment Adviser
Brochure Supplement Part 2B
Jonathan E. Farber**

Passive Capital Management, LLC
2328 West Joppa Road, Suite 120
Baltimore, MD 21093

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www.passivecapital.com

This brochure supplement provides information about Jonathan Farber that supplements the Passive Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Jonathan Farber if you did not receive Passive Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Jonathan Farber is available on the SEC's website at www.adviserinfo.sec.gov.

January 9, 2012

Item 2 – Educational Background and Business Experience

Jonathan E. Farber was born in 1957 and graduated Magna Cum Laude, from Oregon State University in 1979.

Business Experience

Passive Capital Management, LLC, Founding Member, 12/2006 to present

Wachovia Securities, Managing Director, Institutional Equity Sales Division 2002-2006

Deutsche Bank Securities, Inc., Managing Dir., Institutional Equity Sales, 1999-2002

BT Alex Brown Inc., Managing Dir., Institutional Equity Sales Division, 1997-1999

Alex Brown & Sons, Inc., Managing Dir., Institutional Equity Sales Division, 1989-1997

Item 3 – Disciplinary Information

Jonathan Farber does not have any legal or disciplinary events to disclose. Jonathan Farber is not the subject of any pending legal, disciplinary or administrative proceedings.

Item 4 – Other Business Activities

Jonathan Farber is not involved in any other business activity or occupation that involves a substantial amount of time or pay.

Item 5 – Additional Compensation

Please refer to Item 4 - Other Business Activities above.

Item 6 – Supervision

Jonathan Farber is a Founder Member of Passive Capital Management, LLC and doesn't have a supervisor.

**Investment Adviser
Brochure Supplement Part 2B
Margaret H. Boblitz**

Passive Capital Management, LLC
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www.passivecapital.com

This brochure supplement provides information about Margaret Boblitz that supplements the Passive Capital Management, LLC brochure. You should have received a copy of that brochure. Please contact Margaret Boblitz if you did not receive Passive Capital Management, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about Margaret Boblitz is available on the SEC's website at www.adviserinfo.sec.gov.

January 9, 2012

Item 2 – Educational Background and Business Experience

Margaret H. Boblitz was born in 1953 and has no formal education after high school.

Business Experience

Passive Capital Management LLC, Investment Adviser Representative, COO Baltimore Office, 02/2007 to present

Brown Advisory Securities, LLC, Marketing Principal, 01/2006 to 01/2007

Wachovia Capital Markets, LLC, Registered Representative, 07/2003 to 09/2005

Wachovia Securities, Inc., Registered Representative, 06/2002 to 09/2005

First Union Securities, Inc., Registered Representative, Senior VP, 10/1999 to 06/2002

First Union Capital Markets Corp., Principal, 09/1999 to 10/1999

Deutsche Bank Securities Inc., Registered Representative 06/1999 to 08/1999

BT Alex Brown Incorporated, Admin Manager, Registered Representative, Principal, 03/1979 to 06/1999

Alex. Brown & Sons Incorporated, Admin, Registered Representative, Vice President, 03/1979 to 09/1997

Item 3 – Disciplinary Information

Margaret Boblitz does not have any legal or disciplinary events to disclose. Margaret Boblitz is not the subject of any pending legal, disciplinary or administrative proceedings.

Item 4 – Other Business Activities

Margaret Boblitz is not involved in any other business activity or occupation that involves a substantial amount of time or pay.

Item 5 – Additional Compensation

Please refer to Item 4 - Other Business Activities above.

Item 6 – Supervision

The supervised person's supervisor is Jonathan Farber, Founder Member of Passive Capital Management, LLC. Clients may contact Jonathan Farber at (443) 275-2703.