

Strategic Capital Investment Advisors, Inc.  
720 E. Butterfield Road, Suite 360  
Lombard, IL 60148

Phone: 630-620-6500  
Fax: 630-620-6501

Russell K. LaBarge, CFA / [rlabarge@strategiccap.net](mailto:rlabarge@strategiccap.net)  
Daniel R. Gross, CFA / [dgross@strategiccap.net](mailto:dgross@strategiccap.net)

[www.strategiccap.net](http://www.strategiccap.net)

## Table of Contents

	Item	Page
Brochure		
1	Organizational Overview	2
2	Consulting Services and Approach	2
3	Consulting Fees	4
4	Investment Reporting	5
5	Sources of Information	6
6	Code of Ethics	6
7	Proxy Voting	7
8	Supplement – Senior Professionals	8

Regulatory Disclosure Statement: This brochure provides information about the qualifications and business practices of Strategic Capital Investment Advisors, Inc. Strategic Capital Investment Advisors is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

There are no material changes to the contents of the information contained in this brochure relative to information contained in our prior Form ADV Part II. Additional information about Strategic Capital is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If you have any questions about the contents of this brochure, please contact Russ LaBarge or Dan Gross at 630-928-0820. The information in this brochure has not been verified or approved by the United States Securities and Exchange Commission or by any state securities authority.

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. Effective 3/31/2011, this Brochure was a new document prepared according to the SEC's new requirements and rules.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

## Organizational Overview

Strategic Capital Investment Advisors, Inc. is an independent investment consulting firm founded in 1999. We provide a full array of investment consulting services to institutional clients (Defined Benefit and Defined Contribution Pension, Profit Sharing and other benefit plans, Not-For-Profit Organizations, Corporations, and Religious Organizations). We offer investment consulting servicing arrangements in both advisory and full fiduciary approaches. We understand our fiduciary responsibility under ERISA and contractually accept fiduciary responsibility for the investment consulting services we provide to our clients.

We are an independent firm that is solely and equally owned by its two founding Principals, Daniel Gross and Russell LaBarge.

## Consulting Services and Approach

We employ a customized consulting approach, whereby we tailor our analysis and advice based on the specific characteristics of the underlying plan (liabilities, liquidity/cash flows, benefit structures, etc.) and the circumstances of the client. We have strong expertise at understanding and addressing unique investment-related issues for a wide array of different types of investment programs/benefit funds.

We offer investment consulting servicing arrangements in both advisory and full fiduciary models. Both methodologies are designed using the same philosophy of independence, where Strategic Capital's role is to provide independent investment consulting services. Strategic Capital does not manage investment portfolios, custody assets, or create investment products.

## Discretionary Full Fiduciary Consulting Services

Under this approach, Strategic Capital provides an asset allocation recommendation that is adopted by our client. The asset allocation policy is based on the specific circumstances and characteristics of the Fund. The Trustees of the investment program retain the authority to override the recommended asset allocation structure prior to the implementation by Strategic Capital. Changes to the asset allocation for a discretionary account will not take place without prior notification and approval by the Trustees. After the adoption of the asset allocation policy, Strategic Capital is responsible for making and implementing all other decisions (asset class portfolio structure, manager selection, termination and replacement, asset rebalancing/liquidity management, portfolio transition, etc.) on a discretionary basis. Strategic Capital will notify the client prior to the implementation of manager changes. The implementation of the asset allocation policy is guided by the Statement of Investment Policy and Guidelines that is adopted by the client.

## Strategic Capital Advisory Consulting Services

For non-discretionary clients, Strategic Capital provides specific recommendations, not just an array of choices, regarding asset allocation, manager selection, termination and replacement, and asset class portfolio structure. The client is responsible for adopting the recommendations. Strategic Capital is responsible for ensuring ongoing asset rebalancing/liquidity management actions are completed, as required, based on policy guidelines. We proactively address issues on an ongoing basis and in cases where it is appropriate we provide recommendations in-between regular meetings.

For both consulting approaches, Strategic Capital provides monthly summary reporting and detailed quarterly reporting, which addresses asset allocation compliance, asset value changes due to cash flows and investment returns, issues related to organizational changes of investment managers, performance for the total investment program, asset class portfolios and managers. Strategic Capital is responsible for meeting with investment managers and providing relevant insights and recommendations to clients.

We have developed proprietary analytical systems across all areas of our consulting practice to most effectively leverage our expertise. We design and build customized models to address the unique characteristics of each type of plan/investment program, taking into account the unique problems and issues of each client. We have developed our systems internally because we want to maintain control of the analytical methodologies and allow for the flexibility required to meet the different needs of our clients. In addition, our analytical models and reporting systems are fully integrated so that they provide efficiencies unavailable through vendor-purchased platforms that do not interface with other platforms. The proprietary technology that we have developed affords us significant efficiencies.

We provide asset allocation, portfolio structuring, manager selection and evaluation advice across a broad array of investments, including:

- US and International Equity
- Fixed Income
- Real Estate
- Global Balanced and Global Tactical Asset Allocation
- Hedge Fund-of-Funds
- Private Equity and Venture Capital

Strategic Capital offers a full array of traditional and full fiduciary investment consulting services, which include:

- Asset Allocation and Asset/Liability Analysis
- Investment Structure Review and Development
- Investment Manager Evaluation and Search
- Performance Evaluation and Reporting
- Investment Manager Monitoring
- Portfolio Rebalancing and Restructuring
- Master Trust/Custody Evaluation and Search
- Defined Contribution Plan Bundled Provider Analysis
- Liquidity Management Plan Design

All of our research and advice is developed and delivered by senior professionals using principles that are based on proven fundamental investment practices and evidence. The firm's senior professionals make up our Investment Committee. The Committee is headed by the firm's two founders, Dan Gross and Russ LaBarge. This committee is responsible for formulating the advice and recommendations that we provide to our clients.

We work with our clients in the development and implementation of strategic asset allocation policies, based the specific circumstances (i.e., funded status, cash flows, liquidity requirements, funding and funding level objectives, etc.) and demographics of the investment plan, objectives of the organization and the nature/characteristics of the assets and liabilities. Analysis and management of risk is a primary focus of our consulting work. We assist our clients in understanding: 1) the ability of the investment program to support investment risk and 2) the cost/benefit trade-off between the downside risk and reward of various asset allocation policies, asset classes and investment structures.

Our process for developing asset allocation advice focuses on the evaluation of the specific circumstances that determine the ability of an investment program to support a specific level of investment risk. We do not use general proxies to complete asset allocation work, as the specific circumstances of each investment program (funded condition, liabilities, cash flows, liquidity requirements, funding objectives, etc.) are critical to understanding its tolerance for investment risk. The primary focus of this process is to analyze the downside risk tolerance of the investment program by stress testing various asset allocation mixes to identify the most appropriate alternatives.

Our approach and philosophy for structuring investment portfolios within each asset class is based on the specific characteristics and the available products within each capital market. Our assessment of investment structure

alternatives includes an evaluation of several factors, including; market efficiency, diversification, active manager downside risk, passive versus active investment alternatives, cost and benchmarks. Understanding and controlling risks within portfolio structures so that they deliver the expected risk/return characteristics of a particular asset class are critical parts of our portfolio structuring, modeling and monitoring processes. A primary focus of our approach is to design efficient portfolio structures that appropriately diversify and minimize active manager risk that does not provide adequate return compensation and can lead to inappropriate levels of downside risk within each asset class.

We assist our clients in selecting investment managers to implement their investment policies. Our manager research and due diligence process incorporates both qualitative and quantitative analysis and is designed to develop an in-depth understanding of an investment manager's investment philosophy, process, capabilities, resources and product offerings. Our senior consultants are responsible for our manager research work. We do not believe that individuals with only a few years of experience should be making these critical evaluations and decisions that have a significant impact on our clients' investment programs. Our senior consultants meet with the senior investment professionals that manage investment products as part of this research process.

### Consulting Fees

Our only source of revenue is the "hard dollar" fees we receive from our clients. We do not receive any compensation from any other source.

We do not engage in any revenue sharing arrangements, brokerage, soft dollar, or commission recapture activities. We do not have any affiliations or arrangements with other providers (i.e., brokerage firms, investment managers, banks, accounting firms, law firms, insurance companies, etc.) We do not provide investment management services, financial planning services, or hold custody of client assets. We do not execute securities transactions or select/recommend broker/dealers to execute transactions for our clients.

We charge for services on a fixed retainer and project basis, hourly fee charge and retainer based on a percentage of assets. We do not have a set fee schedule, the level of fees are determined and negotiated based on the specific type and complexity of services provided. We charge our retainer clients either on a fixed fee or percentage of assets basis. Project fees are charged as a negotiated flat fee or on an hourly rate basis. Fees are mutually agreed upon with each client at the time of the signing of a consulting services agreement. Retainer fees are due and payable quarterly in arrears or in advance. For project work, we bill a portion of the total project fee at the beginning of the project and the remaining portion is due upon completion of the work. For hourly-based work, fees are billed monthly based on the total number of hours worked on the consulting project. For retainer relationships that are billed in arrears, we bill one-quarter of the annual fee in arrears at the end of each quarter (quarterly billing periods are in March, June, September and December, unless different periods are agreed upon with a specific client) prorated for any partial period. For retainer relationships that are billed in advance, we bill one-quarter of the annual fee at the beginning of each quarter (quarterly billing periods are in March, June, September and December, unless different periods are agreed upon with a specific client) prorated for any partial period. For clients that pay in advance, we will refund the portion of our fee paid, for the prorated period from the beginning of the quarter to the date we complete our work, at the next quarterly billing cycle, if our services are terminated before the end of a billing period. The cost associated with travel to client meetings and the delivery of our reports/materials may be charged to clients. We send an invoice for our services to clients for payment. We have no ability or authority to deduct our fees directly from client accounts.

## Investment Reporting

We provide comprehensive quarterly performance reports and monthly update reports based on each client's reporting requirements. These reports are designed to assist our clients in the ongoing monitoring and evaluation process. We produce all of our performance analysis and reporting on our internally developed proprietary performance accounting system. We have the ability to provide fully customized reporting based on a client's specific preferences or requirements. We report all returns net of fees to provide an accurate understanding of the returns earned after the payment of investment management fees.

Following is an overview of a typical report format of a Quarterly Report that we deliver to our clients. We have the ability to fully customize our performance reports based on each client's specific requirements.

1. Market Environment – A 2- to 4-page overview of the performance of the capital markets. We provide focused commentary on the most relevant issues that impact the performance of the markets. We also include a summary of the performance and risk/return characteristics of the major asset classes and sub-asset classes.
2. Total Fund Structure – This section provides an overview of the asset allocation, structure of the Fund, cash flows and asset movements that occurred during the quarter. We compare actual allocations to policy targets and ranges. We include commentary regarding the Fund's compliance with policy guidelines and specific recommendations to move the Fund back in compliance with policy guidelines. In situations where we automatically rebalance the Fund's structure based on very specific and defined parameters, we provide an overview of the actions that were taken to maintain compliance with the policy.
3. Total Fund Performance – This section focuses on the relative performance of the Total Fund and each of the asset class component benchmarks and universes. Analysis of risk-adjusted performance and performance attribution to identify which area of the portfolio added or detracted from performance. We also include commentary that clearly addresses relevant performance issues. We have developed custom benchmarking and analytics for the evaluation of target date funds for defined contribution plans.
4. Manager Analysis - This section includes an overview of each manager's investment process/philosophy and the characteristics of each portfolio. We provide commentary regarding compliance with investment guidelines. A variety of exhibits are included to measure and evaluate performance relative to the appropriate benchmark, universe and investment style. Performance is measured on a relative and risk-adjusted basis. We also include commentary that clearly addresses performance relative to benchmarks. In addition, we provide our insights and concerns regarding professional, organizational and strategic changes.

Our written analysis focuses on all of the relevant issues relating to both the performance and structure of the client's investment program. In addition, we provide our insights and concerns regarding the investment managers/products that we gain from our manager monitoring and research activities.

For each of our clients we receive monthly custodial statements for each investment. These statements provide the market value of assets, cash flows, fees and expenses, earned and accrued income, and the realized and unrealized gains for each manager's portfolio. In addition, these statements identify the date of activities within the portfolio. We enter this data into our proprietary performance accounting system, which calculates a net and gross time-weighted total return for each manager. The system also creates aggregate time-weighted returns for total equity, total fixed income, total fund or other combinations of components. Our system uses the specific fee schedule for each of our client's managers to calculate net-of-fee returns.

Our performance reconciliation process provides a review of the reporting functions of custodians. We calculate returns using the information from the custodial statements. We have instituted an internal audit process to ensure the accuracy of the return calculations and identify discrepancies between custodian and manager data.

The firm's senior professionals are directly responsible for the analysis and written commentary/

recommendations that are contained in our reports.

### Sources of Information

We recognize that maintaining our knowledge of industry developments and conducting proactive research in areas that may be of interest and value to our clients' investment programs are important aspects of our consulting practice.

We continue to build and expand our proprietary models and internal research. This work forces us to readdress critical aspects of our methodology and approach to structuring efficient investment portfolios. We regularly conduct asset class research that is used as the basis for the recommendations we provide to our clients. Clients see this research directly as we prepare materials that we use to educate and inform them about important investment-related issues.

We gain a significant amount of knowledge through industry publications. As part of our membership with the CFA institute, we obtain leading industry research on a wide variety of academically focused research and current topical research.

On an ongoing basis, the firm's senior professionals are directly involved with manager due diligence and research, which includes meetings with key investment professionals. Through this process we stay in touch with factors that are driving changes within specific companies, industries and asset classes. This communication is a valuable source of knowledge regarding current issues within the markets.

Furthermore, we continually monitor numerous media outlets to stay abreast of current world, political, economic, and investment news that may be pertinent to our clients' programs.

### Code of Ethics

We have instituted a Code of Ethics to insure that the employees of Strategic Capital are placing the investment interests of the firm's clients above their own, in compliance with Section 204A-1 of the Investment Advisers Act of 1940 ("the Act"). The Code was established and will be maintained and enforced with the intent of preventing the misuse of material non-public information by Strategic Capital and its supervised persons. In addition, the Code also complies with Section 206 of the Act in prohibiting Strategic Capital and its supervised persons from engaging in any device, scheme, or artifice to defraud any existing or prospective client.

Following is a brief overview of the primary elements of this document.

Strategic Capital does not have any affiliated companies and does not manage any assets, including but not limited to mutual funds.

#### General Ethical Principles

- The duty of all persons employed by Strategic Capital at all times is to place the interests of our clients first.
- All personal securities transactions will be conducted in such a manner as to be consistent with the code of ethics and to avoid any actual or potential conflict of interest or any abuse of an employee's position of trust and responsibility.
- Strategic Capital personnel should never take inappropriate advantage of their positions.
- All information concerning the identity of security holdings and financial circumstances of clients is confidential, and therefore, should be safeguarded against any misuse.
- Independence in the investment decision-making process is paramount.

Supervised persons shall conduct themselves in a manner consistent with the highest ethical standards to ensure that clients' interests come first and that they conduct themselves in a manner to comply with applicable federal securities laws and regulations of Governmental agencies.

Our Code specifically defines access persons within the firm as defined with Rule 204A-1 under the Advisors act. Our code specifically outlines investment restrictions and requirements for reporting of personal securities transactions and holdings to monitor activities of access persons to ensure compliance with the Code.

The Code also outlines requirements for maintaining records to document compliance.

We will provide a copy of our Code of Ethics to any client or prospective client upon request.

#### Proxy Voting

Strategic Capital does not vote any proxies for individual equity securities. Proxies are voted by investment managers that manage separate accounts/commingled funds and mutual funds. Strategic Capital will vote proxies for the mutual funds that are held by its clients. We have a procedure to guide this process. Following is an overview of this procedure.

Strategic Capital is dependent upon a client's custodians to provide proxies in a timely manner. We notify clients and custodians to forward proxies to our attention. Upon receipt of a mutual fund proxy statement, the SCIA investment committee reviews the proposals made by the mutual fund's Board of Directors and will determine how to vote for each proposal in the best interest of the client. Proxies are voted online via the website listed on the proxy vote card. Prior to the final submission of the proxy vote, the email address of the appropriate individual associated with each client is entered into the appropriate area on the website in order to send an email confirmation of the vote to the client. Upon final submission of the proxy vote, a printed copy and a PDF copy of the proxy vote details will be created, and the PDF copy is emailed to the client. We will provide a copy of our Mutual Fund Proxy Voting Policy to any client or prospective client upon request.

Strategic Capital Investment Advisors, Inc.  
720 E. Butterfield Road, Suite 360  
Lombard, IL 60148

Phone: 630-620-6500  
Fax: 630-620-6501

Russell K. LaBarge, CFA  
Daniel R. Gross, CFA  
Jeffrey F. Kuchta, CFA

**Table of Contents**

	<b>Item</b>	<b>Page</b>
<b>Brochure Supplement</b>		
1	Senior Professionals	9

Regulatory Disclosure Statement: This supplement provides information about Daniel R. Gross, CFA, Russell K. LaBarge, CFA, and Jeffrey F. Kuchta, CFA, which supplements the Strategic Capital Investment Advisors, Inc. brochure. You should have received a copy of that brochure. Please contact Russ LaBarge or Dan Gross if you did not receive Strategic Capital Investment Advisors, Inc. brochure or if you have any questions about the content of this supplement.



Senior Professionals – Education and Business Background

<p>Daniel R. Gross, CFA</p> <p>Born: 1958</p> <p>Education:</p> <p>J.L. Kellogg Graduate School of Management, Northwestern University - MM (with honors) Finance/Economics (1981)</p> <p>Miami University, Oxford Ohio – BS (with honors) Finance/Accountancy (1980)</p> <p>Chartered Financial Analyst (1986)</p> <p>Employment:</p> <p>Principal and Senior Consultant, Strategic Capital Investment Advisors, Inc., 1/99 to Present</p> <p>Principal and Consultant, Strategic Financial Concepts, 7/98 to 12/98</p> <p>Principal and Consultant, J.H. Ellwood &amp; Associates, 3/90 to 7/98</p> <p>Senior Investment Specialist, Portfolio Management &amp; Analysis, Amoco Corp., 7/84 to 3/90</p> <p>Senior Investment Analyst, Commonwealth Edison, Chicago, IL 2/81 to 7/84</p>	
<p>Russell K. LaBarge, CFA</p> <p>Born: 1962</p> <p>Education:</p> <p>DePaul University, MBA Finance/Accounting (1991)</p> <p>Illinois State University, BS Finance, BS Management, Minor Economics (1985)</p> <p>Chartered Financial Analyst (1997)</p> <p>Employment:</p> <p>Principal and Senior Consultant, Strategic Capital Investment Advisors, Inc., 1/99 to Present</p> <p>Principal and Consultant, Strategic Financial Concepts, 8/98 to 12/98</p> <p>Consultant, Ennis, Knupp &amp; Associates, 4/92 to 8/98</p> <p>Trust Officer, First National Bank of Chicago, 6/87 to 4/92</p>	
<p>Jeffrey F. Kuchta, CFA</p> <p>Born: 1972</p> <p>Education:</p> <p>Northern Illinois University, BS Finance (1994)</p> <p>Chartered Financial Analyst (1998)</p> <p>Employment:</p> <p>Senior Consultant , Strategic Capital Investment Advisors, Inc., 5/08 to Present</p> <p>Managing Director, Second City Alternatives, LLC., 4/06 to 5/08</p> <p>Senior Portfolio Manager, Mansur Capital, 11/03 to 3/06</p> <p>Consultant, Hedge Advisors, Inc., 1999 to 11/03</p> <p>Research Analyst, Grosvenor Capital, 1997 to 1999</p> <p>Consulting Manager, Ennis Knupp &amp; Associates, 1994 to 1997</p>	