

SOL CAPITAL MANAGEMENT COMPANY

Item 1: Cover Page

Principal Office Address

111 Rockville Pike, Suite 750
Rockville, Maryland 20850
Phone: 301.881.3727
Fax: 301.770.5346

Website Address: www.sol-capital.com

Chief Executive Officer

Rajmiel Odinec
E-mail: rodinec@sol-capital.com

President

Samuel Sandler
E-mail: ssandler@sol-capital.com

Vice President/Chief Compliance Officer

Sandra G. Horne
E-mail: shorne@sol-capital.com

This brochure provides information about the qualifications and business practices of SOL Capital Management Company. If you have any questions about the contents of this brochure, please contact us at 301.881.3727 or shorne@sol-capital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Item 2: Material Changes

There have been material changes to the brochure since our last update on March 31, 2013. We have made editorial changes throughout the document. In addition, there have been material changes consistent with our proxy voting process as reflected in Item 17 and we have adopted a restricted list as reflected in Item 11.

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Item 4: Advisory Business

SOL Capital Management Company has been serving clients as an investment advisory firm since 1987. The company was begun by Samuel Sandler, Frances J. Odinec and James A. Lynn. Mr. Rajmiel Odinec joined the firm in November of 1989. In July, 1999, Mr. Lynn was bought out by Mr. Sandler and Mr. & Mrs. Odinec, and now the firm is owned by just the three of them. The ownership is as follows:

Mr. Samuel Sandler Owns 50%

Mr. Rajmiel Odinec Owns 25%

Mrs. Frances J. Odinec Owns 25%

SOL Capital Management Company offers investment management services and investment consultation services to U.S. and international high net-worth individuals and corporations, pension and profit sharing plans, trusts, estates, and charitable organizations. SOL Capital Management Company manages both discretionary and non-discretionary accounts. Managing accounts on a discretionary basis means that we manage securities accounts on behalf of clients without asking for the client's permission for each transaction. Once we sit with a client and determine their investment objectives and risk tolerances, among other factors, and have drafted an appropriate investment policy statement, SOL chooses the securities that we believe are suited for the client's portfolio and trade in the client's account on their behalf. We also will manage accounts on a non-discretionary basis. In other words, we monitor and review an account and make securities recommendations to the client, when we act on a non-discretionary basis, but it is up to the client to decide whether to accept or reject our recommendations and if the client accepts our recommendations, we will place the trades with the custodian and ensure settlement of those trades. In these cases, we can also monitor and report on these accounts to the client.

We are able to offer investment advice on the following types of securities*:

- Equity Securities
 - Exchange-listed securities
 - Securities traded over-the-counter
 - Foreign securities
 - Exchanged traded funds (or ETFs)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Investment Company Securities
 - Variable annuities

Item 4: Advisory Business Cont.

(Continued from page 3)

- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in:
 - Hedge funds
 - Real estate
 - Oil and gas interests

*SOL also provides consulting advice to some of its clients with respect to the investment of assets following the sale of a business.

No Financial Planning/Consulting Services. SOL Capital Management **does not** hold itself out as providing, nor does it provide, any financial planning or related consulting services. Neither SOL Capital Management, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of SOL Capital Management's services should be construed as such.

Client Obligations. In performing its services, SOL Capital Management is not required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his/her/its responsibility to promptly notify SOL Capital Management if there is ever any change in his/her/its financial situation or investment objectives.

Please Note: Investment Risk. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by SOL Capital Management) will be profitable or equal any specific performance level(s).

Unaffiliated Private Investment Funds. SOL Capital Management may allocate a portion of certain client's assets to unaffiliated private investment funds. SOL Capital Management's role relative to the private investment funds is limited to conducting its initial and regular due diligence and investment monitoring services. If a client becomes a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of SOL Capital Management calculating its investment advisory fee. **SOL Capital Management clients, in writing, may restrict SOL Capital Management from allocating any portion of their assets to private investment funds.**

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike

Item 4: Advisory Business Cont.

liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Please Also Note: Valuation. In the event that SOL Capital Management references private investment funds owned by the client on any supplemental account reports prepared by SOL Capital Management, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. The client's advisory fee shall be based upon reflected fund value(s).

Trade-away/Prime Broker Fees. When beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "trade-away" and/or prime broker fee charged by the account custodian (Fidelity, Schwab, etc.).

When we take on a new account, we meet with each client to discuss their current portfolio, their investment objectives, their liquidity needs, risk tolerance and investment time-horizon. During this discussion, the client may impose restrictions on the types of securities that may be purchased, or may impose restrictions on particular securities that can be purchased. On the basis of that discussion, we prepare a preliminary asset allocation that is further discussed and analyzed with the client. Once an appropriate asset allocation is agreed upon, the client formalizes an investment policy statement and signs it. This policy serves as the general investment guidelines for the investment of the portfolio.

Accounts are generally managed on a discretionary basis, within certain guidelines authorized by the client. However, transactions not falling within those guidelines may be specifically requested by the clients. The amount of regulatory assets under management as reported to the Securities and Exchange Commission on its ADV, Part I by SOL Capital Management Company as of December 31, 2013 was \$1,790,119,685. SOL Capital Management Company also provides consultation services on an additional \$285,847,938 as of December 31, 2013, making the total assets under management and consultation \$2,075,967,623.

Item 5: Fees and Compensation

The fees for providing services are paid to SOL Capital Management Company by clients on the basis of the average monthly capital under management. As a company policy, SOL Capital Management Company does not receive or accept commissions or fees from any source other than clients.

Item 5: Fees and Compensation Cont.

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The basic fee charged by SOL for its advisory services is a percentage of the average monthly capital under management as follows:

\$0 up to	\$5,000,000	1.00%
on the next	\$15,000,000	0.60%
on the next	\$80,000,000	0.50%
amounts over	\$100,000,000	negotiable

Notwithstanding the above table, the fees for advisory services charged by SOL Capital Management Company are negotiable.

The fee is payable monthly, in arrears. The fees incurred are deducted directly from the clients' account with the custodian, unless the client wishes to pay the fee directly, by check.

In addition to the advisory fees paid to SOL Capital Management Company, clients whose assets are invested in mutual funds, private funds, or exchange traded funds will, like other shareholders of those funds, be subject to fees charged by those funds. These fees are built into the pricing structure of the funds and are not paid directly from the client's managed account, and SOL Capital Management Company receives no part of those fees. In general, SOL Capital Management Company seeks to invest clients' assets in mutual funds which have no front or back end sales charges and which it believes to have reasonable fee structures.

In addition to the advisory fees paid to SOL Capital Management Company, clients will also incur fees from custodians for the execution of securities transactions and other transaction services, custody and related services. Please see SOL's brochure, Item 12 – Brokerage Practices for more information on expenses incurred in relation to fees charged to clients by custodians.

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

In the past, SOL Capital Management Company offered a fee schedule to certain clients that included a performance based fee. For some clients who are neither citizens of, nor residents in, the United States, a separate performance based fee schedule, that SOL believed reflected the preferences of those clients, applies. The basic performance-based fee is an annual charge of 0.50% of the average weighted monthly capital under management, subject to a minimum fee of \$2,000 annually. This basic fee is payable monthly in arrears, as are all management fees charged by SOL. For clients with a performance based fee schedule, SOL will adjust the fee at the end of each year if the annual return exceeds the one-year weighted prime rate for the period under consideration. The incremental change will be 10% of such excess return over the weighted prime rate. Since October 30, 1995, this fee schedule has not been offered to any new or prospective clients of SOL Capital Management Company.

Item 6: Performance Based Fees and Side-By-Side Management Cont.

The general concern regarding performance based fees is that an investment adviser has an incentive to invest clients' assets in securities that are riskier in nature in hopes of a greater return. This greater return would, in turn, result in a larger fee at the end of the anniversary year of the client. SOL is very cognizant of this risk and makes a very diligent effort to routinely monitor the asset allocation of accounts subject to a performance fee to make sure they are in line with the stated investment policy statement that is reviewed and agreed upon by the client.

The members of the SOL Investment Committee are responsible for reviewing and managing accounts that have performance based fee schedules and those that do not have performance based fee schedules simultaneously. SOL is cognizant of the potential risk of favoring accounts with performance based fees (e.g. with new investment opportunities). In order to address this risk, SOL has a procedure in place whereby accounts are not reviewed in the same order in the regular bi-monthly review cycle. Within the two-month review cycle, we randomize the order that clients are reviewed so that if we are making a tactical asset allocation change or introducing a new manager or investment vehicle the order in which our clients are invested is random each time.

Item 7: Types of Clients

The types of clients that SOL Capital Management Company provides investment advice to are as follows:

- Individuals
- Pension and profit sharing plans
- Trusts, estates and charitable organizations
- Corporations
- Off-shore corporations

At present, SOL's business is limited to providing investment advice for clients generally with a minimum net worth of US\$5,000,000 who establish accounts generally of at least US\$5,000,000. We may consider clients with less than US\$5,000,000 where the services performed by SOL are of a special nature or in other circumstances as determined at the discretion of SOL.

As of December 31, 2013, SOL provided securities related advice to 315 clients: 163 corporations, 143 individuals, and 9 pension plans, profit sharing plans or charitable organizations.

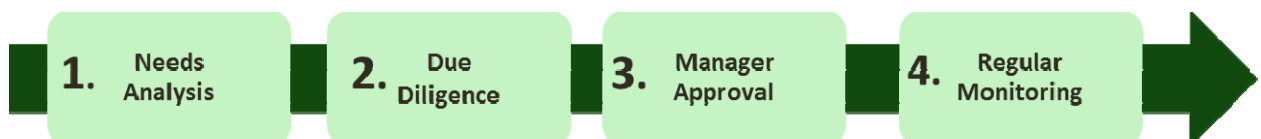
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Manager Selection Process

When constructing client portfolios, SOL generally invests in a combination of actively managed mutual funds, index and passively managed funds, and exchange-traded funds (ETFs). We will add individual equities to portfolios of clients who want more concentration, volatility, or both. However, our focus is on mutual funds, which makes manager selection a top priority for our firm. It is important to note that a client could lose money by investing in mutual funds, and mutual funds can underperform other investments. A mutual fund's share price and total return may fluctuate due to risk factors including, but not limited to issuer risk, management risk, equity risk, market risk, liquidity risk, non-U.S. issuer risk, interest rate risk, credit risk and prepayment risk of the securities purchased by the mutual funds.

A Rigorous Process

SOL follows a four-step process when selecting fund managers. Our goal is to identify what we believe to be the best-in-class managers with proven strategies that align with our clients' objectives.



We describe our manager selection process for actively managed funds below. Please note that our process is similar for index and passively managed funds and ETFs, where applicable.

1. Needs Analysis

Our process begins with a top-down assessment of our existing managers by asset class. We generally look for gaps in our product line-up or for managers we would like to replace.

2. Due Diligence

Screening

Once we have identified an asset class of interest, we screen the universe of funds within that asset class using tools such as Morningstar and Bloomberg. We evaluate a number of metrics, including performance, volatility, and downside risk relative to benchmarks and peer groups.

Quantitative and Qualitative Analysis

If a fund looks promising, we perform a detailed analysis of both the fund and the manager. We scrutinize the manager's track record, investment style and process, portfolio holdings, and approach to risk management, among other factors. We examine the fund's structure and fees.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss Cont.

We augment information from databases with information that we gather directly from the fund company. Periodically, we meet with the fund company and the portfolio manager(s).

Selection Criteria

In general, we favor managers and funds with these characteristics:

- At least a three year performance history, although we will consider newer funds if the manager has a proven track record with another fund of the same style.
- Performance history that was created by the current manager of the fund.
- A portfolio management team rather than a superstar manager, especially when the fund is part of a large mutual fund complex; however, funds managed by individual managers may also be selected.

3. Manager Approval

The lead SOL analyst researching the manager presents his or her findings to the Investment Committee. The Investment Committee meets formally each week and informally on a more frequent basis.

Multiple Perspectives

The discussion among the Investment Committee members may start at the beginning of the due diligence process or further along, perhaps even after the analyst has met with the manager. Regardless of when the Committee gets involved, the members debate the pros and cons of the manager and the fund. If there is a strong case for adding the manager to our roster, the Chief Investment Officer and other analysts will perform a review of the lead analyst's work. One or more of these professionals will also interview the manager. In our opinion, having several points of view supports well-informed selection decisions.

Approved and "Watch" Lists

Once this additional layer of due diligence is complete, the Investment Committee votes on adding the manager to our approved list. Manager approval requires a majority vote and the approval of our Chief Investment Officer. We put rejected funds that are still interesting to us on our watch list and monitor them alongside approved managers.

4. Regular Monitoring

Our due diligence process is ongoing. We review our managers to ensure they are adhering to their stated objectives for investment performance, style, and market capitalization. We meet with and talk with many of our managers, participate in many manager calls, and review fund commentary and other relevant information.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss Cont.

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Removing a Manager

We are long-term investors who generally invest with a manager for many years. However, several factors might cause us to remove a manager from our approved list, such as poor performance, management changes, and style inconsistency.

In most instances, our decision to remove a manager is a gradual one. The members of the Investment Committee typically discuss the issue over the course of several weekly meetings. If a decision is made to remove a manager, we tend to sell the fund out of client portfolios on a gradual basis. Furthermore, a SOL investment analyst may choose to keep a “removed fund” in a client portfolio for numerous reasons, including the need to avoid an undesirable taxable event.

It is important to note that investing in securities involves risk of loss that clients should be prepared to bear.

The risks associated with the investment strategy indicated above are predominantly related to a mutual fund which would deviate significantly from the style or risk profile indicated in its prospectus. A fund may underperform its benchmark or realize a higher level of volatility than experienced in the past. Additional risks include the death or departure of a fund manager, if an insufficient legacy plan is in place.

Item 9: Disciplinary Information

Neither SOL Capital Management nor its management have been involved in any material legal or disciplinary action, including any criminal or civil action, any type of administrative proceeding before the SEC, or any proceeding by a self-regulatory agency (or SRO).

Item 10: Other Financial Industry Activities and Affiliations

Not applicable.

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

Investment advisers are fiduciaries that owe their clients a duty of care and loyalty. This fiduciary duty governs every aspect of an adviser's conduct and relationship with clients. The guiding principle for a fiduciary is to always put the client's interests ahead of his/her own interests and to provide full and fair disclosure to clients, including disclosure of all actual and potential material conflicts of interest. Similarly, investment advisers may not engage in or attempt to engage in fraudulent, deceptive, or manipulative conduct with respect to clients.

SOL Capital Management Company has a fiduciary responsibility to always act in the best interest of its clients. Accordingly, no employee of SOL may take any action, including, but not limited to, purchasing or selling a security, for personal gain that is contrary to the interests of the firm's clients. SOL's obligations to clients also require the firm to maintain and enforce policies and procedures to prevent the misuse of material nonpublic information, which includes misuse of material nonpublic information about the adviser's securities recommendations, and client securities holdings and transactions. SOL's duty of care also requires that it safeguard this sensitive information.

SOL's policy requires all personnel to comply with all applicable federal and state securities laws, to perform their duties with complete propriety and to never take advantage of their position of trust with clients to their detriment. The Code of Ethics sets forth standards of conduct for its employees, establishes procedures to safeguard client information (including information concerning client securities transactions and portfolio holdings) and addresses conflicts that may arise from personal trading by the firm's personnel.

If any client or prospective client would like to see a copy of the SOL Capital Management Company Employee Code of Ethics, please write or e-mail:

Sandra G. Horne
VP/Chief Compliance Officer
SOL Capital Management Company
111 Rockville, Pike, Suite 750
Rockville, Maryland 20850
E-mail: shorne@sol-capital.com

As a policy, SOL Capital Management Company does not recommend or buy securities for client accounts in which SOL, or any related person of SOL, has a material financial interest. However, at times, officers or employees of SOL Capital Management Company may purchase or sell the same mutual funds, stocks, bonds or other securities that are purchased or sold for clients at or about the same time. As a fiduciary, SOL is prohibited from taking advantage of an investment opportunity at the expense of its clients. To ensure compliance with this requirement and to resolve conflicts of interest that may arise, SOL requires all employees to submit information

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

regarding their personal securities transactions to the Compliance Officer. These records are reviewed by the Chief Compliance Officer for instances of trading practices that harm SOL's clients, such as scalping, front-running or taking an investment opportunity from a client for an employee's own benefit. Specific pending client orders and other specific securities are placed on a "restricted list" and employees of SOL may not trade in those securities until they are removed from the "restricted list" or pre-authorized by the CCO. It is important to note that the majority of SOL's client's assets are invested in mutual funds and those particular securities are not at risk of front-running, and therefore are not placed on the restricted list.

Item 12: Brokerage Practices

While SOL Capital Management Company does, in fact, recommend client accounts to particular custodians and/or brokers it does not receive any products, research or services from any of those institutions in exchange, nor does it receive any type of economic benefit in exchange. SOL recommends brokers who will execute transactions on behalf of its clients. We attempt to use brokers who obtain favorable pricing and efficient execution. Most of the trades placed involve mutual funds traded at the end of day NAV.

SOL Capital Management generally recommends that investment management accounts be maintained at Fidelity and/or Schwab. Prior to engaging SOL Capital Management to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with SOL Capital Management setting forth the terms and conditions under which SOL Capital Management shall manage the client's assets, and a separate custodial/brokerage agreement with each designated broker-dealer/custodian.

Factors that SOL Capital Management considers in recommending Fidelity, and/or Schwab (or any other broker-dealer/custodian to clients) include historical relationship with SOL Capital Management, financial strength, reputation, execution capabilities, pricing and service. Although the commissions and/or transaction fees paid by SOL Capital Management's clients shall comply with the SOL Capital Management's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the SOL Capital Management determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's execution-related services, execution capability, commission rates, and responsiveness. Accordingly, although SOL Capital Management will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The

Item 12: Brokerage Practices Cont.

brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, SOL Capital Management's investment management fee. SOL Capital Management's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

SOL works with a few different custodians in order to help clients achieve their overall objectives. We use general guidelines for deciding which broker we prefer to direct the client to, based on the client's objectives and account profile. We feel that by directing the client to a specific brokerage firm, we can help them access the execution-related products and services that we feel are best suited to their investment objectives, at favorable prices. SOL does not receive any commissions or other compensation from the brokers in exchange for this practice.

From time to time, clients may come to us and request a particular broker in order to achieve global diversification, or they may direct the firm to use particular broker-dealers to execute their securities transactions. SOL is certainly willing to accommodate this need, and will utilize broker-dealers identified by a client if such request is supported by a written request, but we feel it is important for the client to be aware that they may be able to get a better commission schedule with another broker and the products that are available to them may not be as diverse. In these cases, it is imperative that the client understand that they may in fact, pay higher commissions and be subject to additional account maintenance and transaction fees they would not be paying if they selected a broker we recommended. It is imperative that clients are aware that directing the firm to use a particular broker-dealer to execute transactions for their account may result in: (1) higher transactions costs for the client; (2) reduce or eliminate the firm's ability to secure the most favorable execution for the client; (3) the client foregoing any benefits from savings on execution costs that SOL could obtain for its other clients by negotiating volume discounts on certain transactions; (4) the client not being able to participate in a new issue of securities; (5) SOL Capital Management Company not beginning to place client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (6) the client not obtaining returns equal to clients that do not direct brokerage.

SOL does not currently participate in any referral programs offered by certain broker dealers. We do not recommend brokers based on any obligation related to client referrals.

SOL trades mostly mutual funds at NAV. Accordingly, SOL seldom places block trades. When block trading is utilized, we allocate the shares purchased or sold based on average cost only.

SOL Capital Management's Chief Compliance Officer, Sandra G. Horne, remains available to address any questions that a client or prospective client may have

Item 13: Review of Accounts

On the basis of the guidelines in the investment policy statement, SOL searches for and invests in what it considers to be appropriate investment vehicles to fund each of the asset classes incorporated into the client's investment program in order to try to achieve the client's investment objective.

Once the client's assets are invested, the portfolio is monitored regularly including the following aspects:

- Check current asset allocation vs. target allocation and ensure each asset class is within the range specified in the investment policy statement. Deviations from the ranges set forth in the client's investment policy are addressed as required including periodic rebalancing of the portfolio.
- Review portfolio holdings for consistency and appropriateness with client's objectives. Mutual funds and their managers are additionally reviewed for consistency with their stated objectives in terms of market capitalization and style focus. Individual securities, mutual funds, and overall portfolio performance are further reviewed against their relative benchmarks.
- Cash balances are reviewed in terms of the client's stated liquidity needs. Any excesses or shortages of cash are addressed as required. When clients contribute significant additional funds or request unexpected withdrawals, a detailed analysis of the portfolio is made in order to determine the most appropriate way to invest new funds or to generate the needed liquidity.

As economic and market conditions evolve, changes might be implemented in the structure of the portfolio within the guidelines allowed in each client's investment policy statement.

If and when any client experiences a substantial change in his/her overall situation that affects his/her overall investment objective, risk-tolerance, time horizon, and/or liquidity needs, SOL and the client review the appropriate changes that may be required in the investment program and investment policy statement. SOL will then implement the agreed upon changes.

All portfolios are assigned an investment analyst who is responsible for monitoring and reviewing each account at least once within a 60-day review cycle, and more often if required. All portfolios are additionally assigned a lead reviewer who is also responsible for monitoring and reviewing each account. Investment analysts and lead reviewers meet periodically to review the accounts together, and at that time make any necessary changes to the portfolio.

Item 13: Review of Accounts Cont.

Each client of SOL Capital Management Company receives quarterly reports on the performance and holdings in their account(s). The reports set forth the current portfolio and its current market value, charges and fees and performance for the year to date. Also, a management fee billing statement is provided on a monthly basis, where applicable. SOL Capital Management Company also has a password-protected reporting website where holdings and transactions are published daily. Clients who are interested in this service are provided details on how to obtain a user ID and password to this site and may review their accounts at their leisure.

Item 14: Client Referrals and Other Compensation

SOL Capital Management Company has entered into a solicitation agreement with Mr. Cal Klausner. Pursuant to the written agreement, he will refer prospective clients to SOL, and interacts with those individuals once they become clients. He will not have a role with any other SOL clients and Mr. Klausner does not service client accounts on behalf of SOL. Clients referred to SOL by Mr. Klausner will be subject to the same terms and conditions, including services provided and fees assessed, as any other client of SOL. Mr. Klausner is compensated based upon the management fees generated from the clients he refers to SOL. Mr. Klausner is paid 33% of all management fees collected from the clients he has introduced to SOL, on a quarterly basis, in arrears.

In his separate capacity as a principal of a CPA firm, Mr. Klausner may provide advice about securities which is incidental to his CPA practice. However, the offering of investment advice by Mr. Klausner in this separate capacity is entirely separate and distinct from any securities advice offered by SOL Capital Management Company.

Item 15: Custody

SOL Capital Management Company is deemed to have custody of client funds because it deducts its management fees directly from client accounts that are held at qualified custodians. The client may choose to pay SOL directly for the management fees, but in most cases, the fees are deducted directly from the client's account at the custodian. Clients receive statements from qualified custodians on a monthly basis, and SOL urges each client to carefully inspect those statements and compare them to the statements that are sent to clients by SOL on a quarterly basis and the billing statements that are sent by SOL on a monthly basis, where applicable. Any discrepancies between the statements from SOL and the custodians should be reported to SOL immediately so that it can be

Item 15: Custody Cont.

investigated. A client can either call SOL at 301.881.3727 or they can email any of our team directly. All email addresses can be found on our website at www.sol-capital.com.

Securities purchased for clients will be held in the clients' names with the issuer and/or with a registered broker/dealer and/or custodian. Cash accounts may also be maintained for clients at banks. Neither SOL nor any of its officers or employees have the authority to gain access to client securities.

Item 16: Investment Discretion

SOL Capital Management Company manages both discretionary and non-discretionary accounts. Managing accounts on a discretionary basis means that we manage securities accounts on behalf of clients without asking for the client's permission for each transaction. Once we sit with a client and determine their investment objectives and risk tolerances, among other factors, and have drafted an appropriate investment policy statement, SOL chooses the securities that we believe are suited for the client's portfolio and trade in the client's account on their behalf. Some clients will give us restrictions on the types of securities they may want us to purchase on their behalf. We are very cognizant of the wishes of our clients when it comes to trade restrictions and, if reasonable, we accommodate those requests. These types of requests are generally stated in the investment policy statement that is signed by the client prior to our taking over management of the securities portfolio.

In order for SOL Capital Management Company to be able to trade in a client account on a discretionary basis, part of the account opening paperwork with most custodians that we deal with requires the client to grant a limited power of attorney over to SOL Capital Management Company. This power of attorney is "limited" in that it allows SOL to trade in the client's account on a discretionary basis and to move money between client accounts that have the same account registration, but it does NOT allow SOL to move money to accounts where there is an unlike registration or take other action on behalf of the client. These powers of attorney can, but do not always, allow SOL Capital Management Company to directly deduct their management fees from the client's account at the custodian. In the case where we are not allowed to take our management fees directly from the client account, the client pays our management fees directly to us, by check.

We also will manage accounts on a non-discretionary basis. In other words, we monitor and review an account and make securities recommendations to the client, when we act on a non-discretionary basis, but it is up to the client to decide whether to accept or reject our recommendations and if the client accepts our recommendations, we will place the trades with the custodian and ensure settlement of those trades.

Item 17: Voting Client Securities

SOL Capital Management Company generally votes proxy on behalf of its advisory clients. SOL utilizes Broadridge's ProxyEdge platform, which is a suite of electronic voting services that help us to simplify the management of institutional proxies. The system is designed to manage the process of meeting notifications, voting, tracking, mailing, reporting, record maintenance and vote disclosure rules by the Securities & Exchange Commission. SOL also utilizes the Premier voting service from Broadridge, which integrates vote recommendations provided by Glass Lewis, & Co, LLC. Based on written guidelines by Glass Lewis, ProxyEdge will generally automatically cast votes on behalf of SOL clients through their electronic system. As such, on the issues where ProxyEdge votes based on stated guidelines, no conflict of interest between SOL and our clients should arise.

SOL will generally be required to vote on any proxies submitted through ProxyEdge related to contested votes, or case by case votes, noteholder meetings, bondholder meetings, consent meetings, private companies and bankruptcy meetings. Regarding conflicts of interest, due to the nature of SOL's advisory business, its small size and because it does not offer investment banking services or manage/advise public companies, it is unlikely that conflicts of interest will arise in voting the proxies of public companies. If it is decided that there is a conflict related to any of the above matters, the proxy will be voted strictly according to SOL guidelines. If this does not resolve the conflict of interest, then the conflict will be disclosed to the beneficial owner(s) of the account, and their consent will be obtained before the proxy is voted.

If a client approaches SOL about a particular vote and has an opinion on how they would like to vote on that particular proxy, we will honor their request and vote the way they have suggested. However, as a regular practice, we do not contact the clients when a proxy requires voting. In the absence of a client contacting us regarding the vote, an automatic vote will be made based on written guidelines provided by Glass Lewis, or in the special cases mentioned above where SOL is required to cast the vote, SOL will make a decision on what it believes to be the best vote and will vote accordingly.

A letter is sent out annually to our clients, that presents the option to receive information on how we have been voted relating to their investments. Clients may obtain a copy of SOL's proxy voting policies and procedures by contacting us at 301-881-3727, or writing us at:

Sandra G. Horne, Chief Compliance Officer
SOL Capital Management Company
111 Rockville Pike, Suite 750
Rockville, Maryland 20850

Item 18: Financial Information

Not applicable.



111 Rockville Pike, Suite 750
Rockville, Maryland 20850
Phone: 301.881.3727
Fax: 301.770.5346

www.sol-capital.com
