

STRATEGIC CAPITAL MANAGEMENT, INC.

ADV PART 2A

June 25, 2012

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This disclosure brochure provides clients with information about the qualifications and business practices of Strategic Capital Management, Inc. (SCM), a registered investment adviser. It also describes the services SCM provides as well as background information on those individuals who provide investment advisory services on behalf of SCM. Please contact James J. Davidson, President of SCM at 909.373.2885 if you have any questions about the contents of this disclosure brochure.

The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration does not imply that SCM or any individual providing investment advisory services on behalf of SCM possess a certain level of skill or training. Additional information about SCM is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for SCM is 111475.

MATERIAL CHANGES

The following material changes have occurred since June 1, 2012, the date when SCM last updated this Form ADV Part 2A disclosure brochure:

Fees and Compensation

SCM has clarified the manner in which fees will be charged.

For Financial Planning Services, fees will be charged as follows:

1. For the preparation of the Financial Independence Plan, as a fixed fee, typically ranging from \$500 to \$5,000, depending on the nature and complexity of each client's circumstances. SCM requires a deposit of fifty percent (50%) of the total financial planning fee, with all remaining fees due and payable upon completion of the financial plan; and/or
2. For updates to the Financial Independence Plan, on an hourly basis calculated at the rate of up to \$200 per hour, depending on the nature and complexity of the individual client's personal circumstances. The length of time it will take to complete this service will depend on the nature and complexity of the individual client's personal circumstances. Hourly fees are due and payable upon completion of the services. An estimate for total hours will be determined at the start of the advisory relationship.

All fees are agreed upon prior to entering into a contract with the client.

For Portfolio Management Services, fees will be charged as follows:

The annual fee for the Portfolio Management Services is charged as a percentage of assets according to the following schedule:

Non-Discretionary Portfolio Management Services

Assets Under Management	Maximum Annual Fee
\$0 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.50%
Above \$10,000,000	0.25%

Discretionary Portfolio Management Services

Assets Under Management	Maximum Annual Fee
\$0 to \$5,000,000	2.40%
\$5,000,001 to \$7,500,000	1.80%
\$7,500,001 to \$10,000,000	1.25%
Above \$10,000,000	0.50%

Details of the investment advisory fee charged are more fully described in the portfolio management services agreement entered into with each client. Clients will be billed in advance at the beginning of each calendar quarter, based upon the value (market value or fair market value in the absence of market value), of the client's portfolio at the end of the previous quarter.

Unless otherwise agreed to, SCM's portfolio management agreement and/or the separate agreement the client enters into with the account custodian will authorize SCM, through the account custodian, to debit the client's account for the amount of SCM's fee and to directly remit that portfolio management fee to SCM.

STRATEGIC CAPITAL MANAGEMENT, INC.

Table of Contents

Item 4: ADVISORY BUSINESS	1
Item 5: FEES AND COMPENSATION	3
Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
Item 7: TYPES OF CLIENTS	7
Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	7
Item 9: DISCIPLINARY INFORMATION	9
Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	9
Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	9
Item 12: BROKERAGE PRACTICES	10
Item 13: REVIEW OF ACCOUNTS	13
Item 14: CLIENT REFERRALS AND OTHER COMPENSATION	14
Item 15: CUSTODY	14
Item 16: INVESTMENT DISCRETION	14

STRATEGIC CAPITAL MANAGEMENT, INC.

Table of Contents

Item 17: VOTING CLIENT SECURITIES	15
Item 18: FINANCIAL INFORMATION	15
Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS	16

ITEM 4: ADVISORY BUSINESS

Founded in 1997, Strategic Capital Management, Inc. (“SCM”) has been providing investment advisory services as a registered investment adviser since 2000. The principal owner of SCM is James J. Davidson.

Advisory Services

SCM offers Financial Planning, Third-Party Manager and Portfolio Management services through various programs. Clients can select one or more of these services based on their respective needs.

Financial Planning Services

SCM offers the following Financial Planning Services:

Financial Independent Plan Preparation

The Financial Independent Plan Preparation service is a one-time service that includes:

Step 1-Investment Data Gathering: A SCM adviser representative meets with the client to assist them in setting investment goals and objectives, focusing on their current and future economic needs.

Step 2-Asset Allocation Services: Asset allocation models are developed using the client’s fact finding data in addition to focusing on the client’s desired risk tolerances, asset preferences, investment objectives, expected returns and time horizons. Using computer models, SCM assists clients in evaluating different asset allocation risk return scenarios.

Step 3- Investment Policy Statement Preparation: SCM synthesizes all of the information obtained in the data gathering and asset allocation modeling process to develop for the client a written investment policy statement. This policy statement defines investment portfolio objectives, investment guidelines and asset allocation parameters and benchmarks for the performance monitoring and evaluation process.

Financial Independent Plan Updates

Subsequent to the preparation of the Financial Independent Plan, clients can arrange for SCM to provide updates to the Financial Independence Plan.

SCM may recommend its own services and/or other professionals to implement its financial planning recommendations. Clients are advised that a conflict of interest exists if SCM recommends its own services. The client is under no obligation to act upon any of the recommendations made by SCM under a financial planning engagement and/or engage the

services of any such recommended professional, including SCM or any of its related persons. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of SCM's recommendations.

Third-Party Manager Services

Money Manager Search and Monitoring

SCM performs management searches of various independent, third party registered investment advisers. Based on a client's individual circumstances and needs, SCM will determine which independent adviser's portfolio is appropriate for the client. Factors considered in making this determination include account size, risk tolerance and the investment philosophy of the independent adviser. Clients should refer to the independent adviser's Form ADV Part 2A for a full description of the portfolio management services offered. SCM will meet with the client on a regular basis, or as determined by the client, to review the account.

If SCM believes that a particular independent adviser is performing inadequately, or if SCM believes that a different manager is more suitable for a client's particular needs, then SCM may suggest that the client contract with a different adviser. Under this scenario, SCM will assist the client in selecting a new adviser, and then monitor the account.

Spectrum Financial Account Fund Management

SCM offers an active investment management system through Spectrum Financial, a registered investment adviser ("Spectrum"). Spectrum places clients in a specific mutual fund family or variable annuity based upon the clients available funds to invest and desired money management system. Spectrum attempts to move clients into a defensive fund usually identified as a money market or government securities fund when the Spectrum system identifies impending risk of loss. There is no guarantee that the system will always identify the appropriate time to be defensive. Due to the active management of these accounts the total fees for the program may be more or less than "buy & hold" managers or funds. While Spectrum has shown a history of positive performance that some clients believe is worth these additional fees, past performance cannot guarantee future performance.

Portfolio Monitoring Services

This reporting service provides detailed performance measurement and other data relating to the individual holding in an investment portfolio. These reports are provided at least annually.

Portfolio Management Services

Through personal discussions, during which goals and objectives based on a client's particular circumstances are established, SCM and the client agree on guidelines that quantify the client's risk profile. Thereafter, SCM creates and manages a customized portfolio based on that profile, allocating the client's assets among various investments while taking into consideration the client's risk tolerance.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. SCM will provide portfolio management services on either a discretionary or a non-discretionary basis.

Important Disclosure

SCM had disclosed all material conflicts of interest under California Code of Regulations Section 260.238(k) regarding SCM, its investment adviser representatives and its employees which could be reasonably expected to impair the rendering of unbiased and objective advice.

Assets Under Management

As of June 30, 2011, SCM managed total assets of \$53 million for clients. Of these total assets, \$52,200,000 are managed as non-discretionary accounts pursuant to instructions received from the client and \$800,000 are managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Financial Planning Services

Fees for Financial Planning Services will be charged in one or both of the following ways:

1. For the initial preparation of the Financial Independence Plan, as a fixed fee, typically ranging from \$500 to \$5,000, depending on the nature and complexity of each client's circumstances. SCM requires a deposit of fifty percent (50%) of the total financial planning fee, with all remaining fees due and payable upon completion of the financial plan; and/or
2. For updates to the Financial Independence Plan, on an hourly basis calculated at the rate of up to \$200 per hour, depending on the nature and complexity of the individual client's personal circumstances. The length of time it will take to complete this service will depend on the nature and complexity of the individual client's personal circumstances. Hourly fees are due and payable upon completion of the services. An estimate for total hours will be determined at the start of the advisory relationship.

All fees are agreed upon prior to entering into a contract with the client.

Money Manager Search and Monitoring Services

Money Manager searches are provided as a service by asset class and type of desired investment. For Mutual Fund searches the fee is \$500 per fund identified as suitable for the client based on the client's financial objectives. Separate Account Manager searches require a higher fee of \$2,000 per manager whether they have been pre-screened by SCM or result from a customized search requested by the client.

Clients can request specific Performance Measurement studies for Mutual Funds and Separate Account Managers in their portfolios. Mutual Fund Performance Summaries are charged \$500 per report with Separate Account Managers incurring a \$1,000 to \$2,000 fee depending on whether they approved by one of SCM's existing custodians or must be maintained at a specialized firm.

Institutional managers may pay SCM a portion of the fees they collect for providing investment services. Such fees may be up to 1% of the amount of assets invested.

Portfolio Management Services

The annual fee for the Portfolio Management Services is charged as a percentage of assets according to the following schedule:

Non-Discretionary Portfolio Management Services

Assets Under Management	Maximum Annual Fee
\$0 to \$5,000,000	1.00%
\$5,000,001 to \$10,000,000	0.50%
Above \$10,000,000	0.25%

Discretionary Portfolio Management Services

Assets Under Management	Maximum Annual Fee
\$0 to \$5,000,000	2.40%
\$5,000,001 to \$7,500,000	1.80%
\$7,500,001 to \$10,000,000	1.25%
Above \$10,000,000	0.50%

Details of the investment advisory fee charged are more fully described in the portfolio management services agreement entered into with each client. Clients will be billed in advance at the beginning of each calendar quarter, based upon the value (market value or fair market value in the absence of market value), of the client's portfolio at the end of the previous quarter.

Unless otherwise agreed to, SCM's portfolio management agreement and/or the separate agreement the client enters into with the account custodian will authorize SCM, through the account custodian, to debit the client's account for the amount of SCM's fee and to directly remit that portfolio management fee to SCM.

Clients may make additions to the portfolio at any time. Additional assets received into the portfolio after it is opened will be charged a *pro rata* fee based upon the number of days remaining in the quarter. Clients may withdraw portfolio Assets upon notice to the SCM, subject to the usual and customary securities settlement procedures. No fee adjustments will be made for partial withdrawals or for portfolio appreciation or depreciation within a billing period. A *pro rata* refund of fees charged will be made if the portfolio is closed within a billing period. SCM will impose no start-up, closing, or penalty fees in connection with the portfolio.

Additional Compensation

James Davidson, the President of SCM, is also registered representative of Titan Securities ("Titan"), a FINRA-registered broker-dealer. In the event the client desires, the client can engage Mr. Davidson (but not SCM itself) to provide securities brokerage services under a commission arrangement. Under this arrangement, the client may implement securities transactions through Mr. Davidson in capacity as registered representatives of Titan. Brokerage commissions may be charged by Titan to effect these securities transactions and thereafter, a portion of these commissions may be paid by Titan to Mr. Davidson. Prior to effecting any transactions, the client will be required to enter into a new account agreement with Titan. The brokerage commissions charged by Titan may be higher or lower than those charged by other broker dealers.

In addition, certain investment adviser representatives associated with SCM, may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

While SCM does not sell such securities products to its investment advisory clients, SCM does permit certain related persons, in their individual capacities as registered representatives of SCM, to sell securities products to its investment advisory clients. A conflict of interest exists to the extent that SCM recommends the purchase of securities where individuals associated with SCM receive commissions or other additional compensation as a result of SCM's recommendations. However, this conflict is mitigated by the fact that clients are free to implement SCM's recommendations through any broker-dealer that they choose.

Important Additional Information

Clients are under no obligation to implement the programs developed by SCM, and may specify alternative investments and restrictions upon opening the account or at any time thereafter. The client, either directly or through a power-of-attorney to his or her advisor, will have given pre-authorization to SCM to trade the approved mutual funds and an individual securities that may be held in the account, reasonably consistent with the asset allocation approved by the client or his or her advisor and any investment restrictions requested by them. Clients who establish SCM accounts must agree that the risks of such accounts are borne solely by the client. SCM provides a variety of services to investment advisors and their clients, including reports of account holdings, historical performance information, fee reporting and debiting, transaction data and proposed portfolios. SCM offers periodic rebalancing designed to keep portfolios consistent with the clients' desired asset allocation target amounts within SCM's usual and customer target parameters.

Clients should be aware that lower advisory fees for comparable services may be available from other investment advisors. Some clients may be under historically different fee schedules.

Clients may terminate their agreement with SCM initially within five business days and all fees paid by the client would be refunded. Thereafter, clients or SCM may terminate their agreement upon thirty days' written notice and fees will be refunded on a pro rata basis.

SCM uses the services provided by Schwab Institutional ("Schwab") as a custodian for client assets. SCM does not receive compensation from Schwab for its services as custodian. Clients are responsible for the transaction fees or asset based pricing fees that Schwab charges for its services as broker and custodian for client accounts. Schwab's charges are outlined in Schwab Institutional agreements with clients executed at the time the account is established.

SCM uses the services of Asset Mark as a third party investment program. When Asset Mark is used as a strategy, TD Ameritrade is used as the custodian for these accounts. The Asset Mark Mutual Funds are not available on the Schwab platform.

All fees paid to SCM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of SCM. In that case, the client would not receive the services provided by SCM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. To the extent that client assets are invested in money market funds or cash positions, the fees for monitoring those assets are in addition to the fees included in the internal expenses of those funds paid to their own investment managers,

which are fully disclosed in each fund's prospectus. Accordingly, the client should review both the fees charged by the funds and the fees charged by SCM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Clients may provide written authorization to the custodian of their accounts to pay SCM's fees from the client's account. Under these circumstances, SCM will send to the client and the custodian at approximately the same time, a bill 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. The custodian will send the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to SCM. SCM does not and will not have custody of the client's funds or securities.

Subsequent quarterly fees are computed based upon the market value of assets in the account as of a date on or about the last business day of the prior calendar quarter and deducted quarterly in advance from the client's account. Additional deposits of funds and/or any other securities into the client's account will be subject to the same fees, prorated based on the number of days remaining in the quarter.

The date of the determination of the fee and the specific fees are disclosed in a fee disclosure statement given to each client upon the opening of the account. Upon termination of the advisory agreement, the client will receive a refund of any unearned administration fees previously paid or will receive a statement requiring payment of earned fees not yet paid, depending on the work performed by SCM prior to termination.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

SCM does not charge fees based upon a share of capital gains or the amount of capital appreciation of the assets of our clients.

ITEM 7: TYPES OF CLIENTS

SCM provides its services to individuals, banking or thrift institutions, trusts, charitable institutions, corporations and other businesses. Generally, the minimum amount of an account or family of accounts is \$100,000, subject to negotiation.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

SCM utilizes investment strategies based upon target asset-class allocations to reflect client and advisor supplied information regarding the client's individual financial circumstances, expressed cash needs, risk tolerance and investment objectives. The asset-class allocation programs designate specified percentages within multiple securities asset-

classes with the intent of creating a diversified investment portfolio of no-load (no sales commission) or low-load mutual funds. The client or his or her Advisory Representative has the opportunity to review and approve such recommended asset allocation program.

Investment advice may be offered on any investments held by a client at the start of the advisory relationship. Recommendations for new investments will typically be limited to domestic and foreign equity securities, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal and United States government securities, mutual funds, variable annuities, futures and various limited partnerships investing in real estate and oil and gas.

SCM utilizes a proprietary method of asset-class allocation based upon academic and behavioral economic studies. SCM's asset-class allocation programs and advice concerning securities is based upon publicly available research and reports regarding Efficient Markets Theory adjusted for certain behavioral economic factors. The asset-class allocations are adjusted for risk (defined as historic market volatility over identified periods of time). Its recommendations are designed for longer-term investors. SCM uses financial simulation programs which calculate the effects of various historical rates of return from different asset-classes to assist in the preparation of asset allocation plans.

All investments are subject to risk. SCM portfolios attempt to historically quantify risks and minimize certain risks by diversification among different types of asset classes. There is no assurance that SCM will be successful and the clients are advised that they are subject to the risk of the securities markets. These risks include general market trends, unintended concentrations in certain markets, sectors and individual issuers, government regulation and lack of sufficient market liquidity. Fixed income investments are subject to interest rate risks and volatility of market prices. Real estate securities are subject to property value changes, rental income, property taxes and tax and regulatory changes. Foreign securities are subject to the same risks as discussed herein and subject to the risks of currency exchange rate changes.

Should material life events occur, you should immediately contact your investment advisor to determine if changes to your account and the allocation of the assets held in the account are necessary. Such events include marriage, the birth of children, occupational changes, a death in the immediate family or any other event that may impact your financial future or risk tolerance.

Should the client or their Advisory Representative direct the purchase of other securities, such assets are not managed by SCM and SCM does not collect an investment advisory fee on such assets.

ITEM 9: DISCIPLINARY INFORMATION

SCM has not been a party to any material legal or disciplinary proceedings.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

James Davidson, the President of SCM, is also registered representative of Titan Securities (“Titan”), a FINRA-registered broker-dealer. As a registered representative of Titan, Mr. Davidson may receive commissions on securities transactions. To the extent that clients wish Mr. Davidson to implement any recommendations made by SCM, the purchase or sale of any securities in conjunction with the implementation of such recommendations is made through Titan. Since clients are free to implement SCM’s recommendations through any broker-dealer that they choose, the relationship between SCM and Mr. Davidson’s activities with Titan does not create a material conflict of interest with clients.

SCM may recommend Titan to act as an introducing broker for advisory accounts of SCM or a third-party advisor, subject to client direction. If designated as an introducing broker on client accounts of SCM, pursuant to agreements between Titan and the clearing brokers or banks holding those accounts, Titan may receive a part of the transaction charges for trades in such accounts. Titan currently has such an agreement with its clearing firm, Pershing LLC, and receives a portion of the “transaction charge” for trades in Titan accounts held at Pershing LLC. Prior to referring any clients that are California residents to any third-party advisor, SCM will ensure that such third-party is properly licensed in the State of California.

Some representatives of SCM may also be licensed real estate and insurance brokers or salespersons, and represent clients in insurance and real estate transactions on a commission or fee basis.

SCM receives income from other affiliated entities or divisions of SCM based upon assets under management and/or services rendered. Certain of these fees result from the sale of the affiliate or division and will continue for years. SCM may provide consulting and advisory services to such entities that may be in competition with the services provided to clients of SCM, and such services may be provided at a lower cost or be more extensive services at the same cost as those provided to SCM clients.

ITEM 11: CODE OF ETHICS**Code of Ethics**

SCM has adopted a Code of Ethics to prevent violations of federal securities laws. The Code of Ethics is predicated on the principle that SCM and its employees owe a fiduciary duty to its clients. Accordingly, SCM expects all employees to act with honesty, integrity and

professionalism and to adhere to federal securities laws. SCM and its employees are required to adhere to the Code of Ethics. At all times, SCM and its employees must (i) place client interests ahead of SCM's; (ii) engage in personal investing that is in full compliance with SCM's Code of Ethics; and (iii) avoid taking advantage of their position. Clients and prospective clients may request a copy of SCM's Code of Ethics by contacting James J. Davidson, President of SCM, at 909.373.2885.

Participation or Interest in Client Transactions

SCM or individuals associated with SCM may buy, sell, or hold in their personal accounts the same securities that SCM recommends to its clients. To minimize conflicts of interest, and to maintain the fiduciary responsibility SCM has for its clients, SCM has established the following policy: An officer, manager, or employee of SCM shall not buy or sell securities for a personal portfolio when the decision to purchase is derived by reason of their employment with SCM, unless the information is also available to the investing public as a whole. No person associated with SCM shall prefer his or her own interest to that of any client. Personal trades in securities being purchased or sold for clients may only be made simultaneously with or after trades are made for clients. SCM personnel may not anticipate trades to be placed for clients.

ITEM 12: BROKERAGE PRACTICE

Broker Selection

If the client does not already have a broker-dealer to use as a custodian, SCM may suggest that a client designate a custodian from among Pershing LLC, Titan's clearing firm or from Fidelity Brokerage Services LLC, Charles Schwab & Company, Inc., TD Ameritrade, or other unaffiliated custodians.

Best Execution

Best execution has been defined by the SEC as the "execution of securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The best execution responsibility applies to the circumstances of each particular transaction and an investment adviser must consider the full range and quality of a broker-dealer's services, including, among other things, execution capability, commission rates, the value of any research, financial responsibility and responsiveness.

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 services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the

foregoing, while SCM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests SCM to arrange for the execution of securities brokerage transactions for the client's account, SCM shall direct such transactions through broker-dealers that SCM reasonably believes will provide best execution. SCM shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Broker Analysis

SCM evaluates a wide range of criteria in seeking the most favorable price and market for the execution of transactions. These include the broker-dealer's trading costs, efficiency of execution and error resolution, financial strength and stability, capability, positioning and distribution capabilities, information in regard to the availability of securities, trading patterns, statistical or factual information, opinion pertaining to trading and prior performance in serving SCM.

Also in consideration is such broker-dealers' provision or payment of the costs of research and other investment management-related services (the provisional payment of such costs by brokers are referred to as payment made by "soft dollars", as further discussed in the "Research/Soft Dollars Benefits" section immediately below). Accordingly, if SCM determines in good faith that the amount of trading costs charged by a broker-dealer is reasonable in relation to the value of the brokerage and research or investment management-related services provided by such broker, the client may pay trading costs to such broker in an amount greater than the amount another broker might charge.

SCM's Portfolio Managers are responsible for continuously monitoring and evaluation the performance and execution capabilities of brokers that transact orders for our client accounts to ensure consistent quality executions. In addition, SCM periodically reviews its transaction costs in light of current market circumstances and other relevant information.

Research/Soft Dollar Benefits

SCM may recommend that clients establish brokerage accounts with certain registered broker-dealers to maintain custody of clients' assets and to effect trades for their accounts. Any such broker-dealer is not affiliated with SCM. These broker-dealers may provide SCM with access to its institutional trading and operations services, which are typically not available to retail investors. These services may include research, brokerage, custody, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

These broker-dealers may also make available to SCM other products and services that benefit SCM but may not benefit its clients' accounts. Some of these other products and services assist SCM 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 SCM's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of SCM's accounts, including accounts not maintained at the specific broker-dealer that is offering this particular service. These broker-dealers also provide SCM with other services intended to help SCM manage and further develop its business enterprise. These services may include consulting, publications, conferences and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

In addition, these broker-dealers may make available, arrange and/or pay for these types of services to SCM by independent third parties. These broker-dealers may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to SCM. While as a fiduciary SCM endeavors to act in its clients' best interests, SCM's recommendation that clients maintain their assets in accounts with these broker-dealers may be based in part on the benefit to SCM of the availability of some of the foregoing products and services and not solely on the nature cost or quality of custody and brokerage provided by these broker-dealers which may create a conflict of interest.

Directed Brokerage

Company Directed Brokerage

While clients may execute transactions through any broker of their choice, SCM may recommend any one of several brokers, including Pershing LLC, Titan's clearing firm or from Fidelity Brokerage Services LLC, Charles Schwab & Company, Inc., TD Ameritrade, or other unaffiliated custodians. SCM does not participate in any transaction fees or commissions paid to the broker dealer or custodian and does not receive any fees or commissions for the opening or maintenance of client accounts at recommended brokers.

While there is no direct linkage between the investment advice given and usage of these brokers, economic benefits are received which would not be received if the Company did not give investment advice to clients (please see additional disclosures in the "Research/Soft Dollars Benefits" section directly above).

Not all investment advisers require their clients to direct brokerage. SCM is required to disclose that by directing brokerage, SCM may not be able to achieve most favorable execution of client transactions and this practice may cost clients more money.

Client Directed Brokerage

Certain clients may direct SCM to use particular brokers for executing transactions in their accounts. With regard to client directed brokerage, SCM is required to disclose that SCM

may be unable to negotiate commissions, block or batch orders or otherwise achieve the benefits described above, including best execution. Directed brokerage commission rates may be higher than the rates SCM might pay for transactions in non-directed accounts. Therefore, directing brokerage may cost clients more money. SCM reserves the right to decline acceptance of any client account that directs the use of a broker dealer if SCM believes that the broker dealer would adversely affect SCM's fiduciary duty to the client and/or ability to effectively service the client portfolio.

As a general rule, SCM encourages each client to compare the possible costs or disadvantages of directed brokerage against the value of custodial or other services provided by the broker to the client in exchange for the directed brokerage designation.

Trade Errors

SCM will reimburse accounts for losses resulting from errors in its administration, but does not credit accounts for market losses or its errors resulting in market gains.

ITEM 13: REVIEW OF ACCOUNTS

Reviews

SCM recommends to the Client a target asset-class allocation portfolio for a client, and the mutual funds to implement the asset-class allocation by calculating historical rates of return, investment time horizons and risk tolerances for an investor's expressed financial goals. Periodically SCM reviews the investment portfolio and repositions assets to bring them closer to their target allocations, unless the client or his or her Advisor has requested otherwise. More frequent re-allocations may occur when investors give instructions to change their target allocations or make significant additions to or withdrawals from their accounts. SCM Client Advisor determines the portfolio recommendation policy, the approximate allocation percentages for each level of client risk (historic volatility) and the target variance tolerance band within each of the asset-class funds. At any time, including following a rebalancing to a target reallocation, the client's account may not be the same as the target allocation. Variations from the target allocation may exist at any time and in varying amounts.

SCM encourages Advisors whose clients have accounts with SCM to contact their clients on a periodic basis and to notify SCM of any changes to clients' instructions, address of record, risk tolerance, suitability information or investment objectives. In addition, SCM Advisor Representatives normally have contact with the client at least annually to review any changes in the client's financial situation, needs or investment objectives, as well as the suitability of the current asset allocation program developed for the client. A representative of SCM is available for the client's or Advisor's consultation during normal business hours.

Reviews are conducted by Albert Scudder, investment adviser representative.

Reports

Clients will receive written monthly account statements directly from their custodian. Written confirmation statements will be issued for all trading activity. In addition, SCM will provide quarterly reports. For certain assets that are valued annually such as private placements, clients will receive annual reports directly from the investment manager.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

SCM may share its compensation with solicitors from services. Additionally, SCM or Titan may receive compensation from unrelated investment companies and/or their sponsors or affiliates, for marketing or investments in their sponsored funds. This may take the form of a portion of the advisory or other related fees paid to the investment fund. For example, certain Pershing money market funds make such payments to Titan based upon investments by Titan clients.

SCM will only use solicitors that are properly licensed and/or registered.

ITEM 15: CUSTODY

SCM does not take direct custody of client assets, but does have the ability to withdraw or direct the payment of advisory and account trading fees and expenses. Such fees are reflected on the statement you will receive from SCM and from the broker-dealer, bank, or other qualified custodian that holds your investment assets.

You should receive account statements from your custodian at least once each calendar quarter. SCM urges you to carefully review such statements and compare the custodial statements to the SCM account statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If you identify differences, please call SCM's Compliance Department toll-free so reconciliation may be made.

ITEM 16: INVESTMENT DISCRETION

For those client accounts over which SCM has discretion, SCM requests that it be provided with written authority (e.g., limited power of attorney in SCM's Portfolio Management Agreement) to determine the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change or amend these limitations as required. All such amendments shall be submitted in writing.

For those client accounts over which SCM has discretion, SCM generally has discretionary authority to make the following determinations without obtaining the consent of the client before the transactions are effected: (1) which securities are bought and sold for the account and (2) the total amount of securities to be bought and sold. SCM's authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between SCM and the client.

Should material life events occur, you should immediately contact your investment advisor to determine if changes to your account and the allocation of the assets held in the account are necessary. Such events include marriage, the birth of children, occupational changes, a death in the immediate family or any other event that may impact your financial future or risk tolerance.

ITEM 17: VOTING CLIENT SECURITIES

SCM does not receive the authority to vote proxies for issuers represented in clients' accounts. Clients may contact SCM directly at the phone number or address listed on the first page of this document to obtain information or instruct SCM to vote on behalf of the client.

Class Action Settlements

Although SCM may have discretion over client accounts, it will not be responsible for handling client claims in class action lawsuits or similar settlements involving securities owned by the client. Clients will receive the paperwork for such claims directly from their account custodians. Each client should verify with their custodian or other account administrator whether such claims are being made on the client's behalf by the custodian or if the client is expected to file such claims directly. The client's Advisory Representative is available for consultation on questions regarding class action issues.

ITEM 18: FINANCIAL INFORMATION

Prepayment of Fees

SCM is not required include a balance sheet with this disclosure brochure because SCM does not accept prepayment of more than \$500 for periods greater than 6 months.

Financial Condition

SCM does not have any adverse financial conditions to disclose.

Bankruptcy

SCM has never been the subject of a bankruptcy petition.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Principal Executive Officers and Management Persons

James J. Davidson

President & CEO

Education: University of Southern California, Bachelor of Science, Business 1983.
American College Chartered Financial Consultant, 1985.

Business Experience: Mr. Davidson is the President and Chief Executive Officer of Strategic Capital Management, Inc., which he founded in 1997. Mr. Davidson has also been a registered representative of Titan Securities since 2009. In 1985 he received both a Chartered Life Underwriter and Chartered Financial Consultant designation from the American College. Mr. Davidson holds the FINRA Series 6, 7, 62 and 24 licenses.

Thomas R. Worrall

Registered Investment Advisor

Education: Mt. San Antonio College, Associates in Arts, Business, 1970

Business Experience: Mr. Worrall is a Registered Investment Advisor with Strategic Capital Management, Inc where he has provided service to clients since 2000. He has extensive background in the financial services industry with over 25 years in banking. He holds a series 66 license.

Albert Scudder, Jr.

Registered Investment Advisor

Education: Ohio State University, Bachelor of Science, Finance, 1981 Certified Financial Planner, 1984.

Business Experience: Mr. Scudder is a Registered Investment Advisor with Strategic Capital Management, Inc where he has provided service to clients since 2001. He has extensive background in the financial services industry including management on the investment team of George D. Bjurman & Associates, A Small Cap Fund and acting as a Financial Advisor for Citizens Trust, in Pasadena, California.

Other Business Activities

Please see the information under “Other Financial Industry Activities and Affiliations” on page __ of this disclosure brochure.

Performance-Based Fees

As stated above, SCM does not charge clients fees based on performance.

Disciplinary Disclosures

There are no disclosures to be made under this section.

Relationship with Issuers of Securities

There are no disclosures to be made under this section.