

**FORM ADV****Uniform Application for Investment Adviser Registration****Part II - Page 1****OMB APPROVAL**

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Name of Investment Adviser: <b>SC Management, Inc.</b>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone Number:
<b>100 Drakes Landing Road, Suite 125</b>	<b>Greenbrae</b>	<b>CA</b>	<b>94904</b>	<b>( 415 ) 464-0991</b>

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**FORM ADV****Part II - Page 2**

Applicant:

**SC Management, Inc.**

SEC File Number:

801-

Date:

**May 21, 2004**

## Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.

(See instruction below.)

Applicant:

- |                                     |     |   |      |
|-------------------------------------|-----|---|------|
| <input checked="" type="checkbox"/> | (1) | Provides investment supervisory services .....  | 100% |
| <input type="checkbox"/>            | (2) | Manages investment advisory accounts not involving investment supervisory services .....  | %    |
| <input type="checkbox"/>            | (3) | Furnishes investment advice through consultations not included in either service described above .....  | %    |
| <input type="checkbox"/>            | (4) | Issues periodicals about securities by subscription .....   | %    |
| <input type="checkbox"/>            | (5) | Issues special reports about securities not included in any service described above .....   | %    |
| <input type="checkbox"/>            | (6) | Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities ..... | %    |
| <input type="checkbox"/>            | (7) | On more than an occasional basis, furnishes advice to clients on matters not involving securities .....   | %    |
| <input type="checkbox"/>            | (8) | Provides a timing service .....   | %    |
| <input type="checkbox"/>            | (9) | Furnishes advice about securities in any manner not described above .....   | %    |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does the applicant call any of the services it checked above financial planning or some similar term? .....

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

C. Applicant offers investment advisory services for: (check all that apply):

- |                                     |     |  |                                     |     |                   |
|-------------------------------------|-----|--|-------------------------------------|-----|-------------------|
| <input checked="" type="checkbox"/> | (1) | A percentage of assets under management      | <input type="checkbox"/>            | (4) | Subscription fees |
| <input type="checkbox"/>            | (2) | Hourly charges                               | <input type="checkbox"/>            | (5) | Commissions       |
| <input type="checkbox"/>            | (3) | Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) | Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** - Applicant generally provides investment advice to: (check those that apply)

- |                                     |    |                                  |                                     |    |   |
|-------------------------------------|----|----------------------------------|-------------------------------------|----|---|
| <input checked="" type="checkbox"/> | A. | Individuals                      | <input checked="" type="checkbox"/> | E. | Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/>            | B. | Banks or thrift institutions     | <input checked="" type="checkbox"/> | F. | Corporations or business entities other than those listed above |
| <input type="checkbox"/>            | C. | Investment companies             | <input checked="" type="checkbox"/> | G. | Other (describe on Schedule F)                                  |
| <input checked="" type="checkbox"/> | D. | Pension and profit sharing plans |                                     |    |   |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 3**

Applicant:

**SC Management, Inc.**

SEC File Number:

801-

Date:

**May 21, 2004****3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> A. Equity Securities                               | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                     |  |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter             | <input type="checkbox"/> I. Options contracts on:                          |
| <input type="checkbox"/> (3) foreign issues  | <input type="checkbox"/> (1) securities                                    |
|  | <input type="checkbox"/> (2) commodities                                   |
| <input type="checkbox"/> B. Warrants   |  |
| <input type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> J. Futures contracts on:                          |
|  | <input type="checkbox"/> (1) tangibles                                     |
| <input type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> (2) intangibles                                   |
| <input type="checkbox"/> E. Certificates of deposit                                    |  |
| <input type="checkbox"/> F. Municipal securities                                       | <input type="checkbox"/> K. Interests in partnerships investing in:        |
|  | <input type="checkbox"/> (1) real estate                                   |
| <input type="checkbox"/> G. Investment company securities                              | <input type="checkbox"/> (2) oil and gas interests                         |
| <input type="checkbox"/> (1) variable life insurance                                   | <input type="checkbox"/> (3) other (explain on Schedule F)                 |
| <input type="checkbox"/> (2) variable annuities  | <input checked="" type="checkbox"/> L. Other (explain on Schedule F)       |
| <input type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.****A.** Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

**B.** The main sources of information applicant uses include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

**C.** The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions  |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input checked="" type="checkbox"/> Short sales  |  |

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

**FORM ADV****Part II - Page 4**

Applicant:

SC Management, Inc.

SEC File Number:

801-

Date:

May 21, 2004

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? . . . . .

Yes No  
☒ ☐

(If yes, describe these standards on Schedule F.)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- |                 |  |
|-----------------|--|
| • name          | • formal education after high school               |
| • year of birth | • business background for the preceding five years |

**7. Other Business Activities.** (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice.
- ☐ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- |  |  |
|--|--|
| <input type="checkbox"/> (1) broker-dealer   | <input type="checkbox"/> (7) accounting firm                                       |
| <input type="checkbox"/> (2) investment company  | <input type="checkbox"/> (8) law firm  |
| <input type="checkbox"/> (3) other investment adviser  | <input type="checkbox"/> (9) insurance company or agency                           |
| <input type="checkbox"/> (4) financial planning firm   | <input type="checkbox"/> (10) pension consultant                                   |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer                         |
| <input type="checkbox"/> (6) banking or thrift institution   | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? . . . . .

Yes No  
☒ ☐

(If yes, describe on Schedule F the partnerships and what they invest in.)

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**FORM ADV****Part II - Page 5**

Applicant:

**SC Management, Inc.**

SEC File Number:

801-

Date:

**May 21, 2004****9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

- 10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account? . . . . .

Yes

No

☒☐

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

**See Schedule F.**

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

**See Schedule F.**

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant:

SC Management, Inc.

SEC File Number:

801-

Date:

May 21, 2004

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

(1) securities to be bought or sold? . . . . .

Yes No

☒ ☐

(2) amount of the securities to be bought or sold ? . . . . .

Yes No

☒ ☐

(3) broker or dealer to be used ? . . . . .

Yes No

☒ ☐

(4) commission rates paid? . . . . .

Yes No

☒ ☐

B. Does applicant or a related person suggest brokers to clients? . . . . .

Yes No

☒ ☐

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? . . . . .

Yes No

☒ ☐

B. directly or indirectly compensates any person for client referrals? . . . . .

Yes No

☐ ☒

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
- requires prepayment of more than \$500 in fees per client and 6 or more months in advance

Has applicant provided a Schedule G balance sheet? . . . . .

Yes No

☐ ☒

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
SC Management, Inc.	801-	June 6, 2006

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>SC Management, Inc.</b>		IRS Empl. Ident. No.: <b>94-3182435</b>
Item of Form (identify)	Answer	
1.D.	<p>SC Management, Inc. ("SCM") will provide specialized discretionary advisory services to investment limited partnerships and individually managed accounts.</p> <p><u>Investment Limited Partnerships</u></p> <p><i>Qualified investors:</i> SCM currently serves as general partner of an investment limited partnership ("Fund"). For its services to the Fund, SCM will receive a management fee quarterly in arrears at a rate of 0.25% per quarter (1% per annum). The management fees are based on the net market value as of the last day of the quarter. In addition, SCM will receive an incentive allocation or incentive fee equal to 20% of the profit allocated to each investor (other than investors from whom SCM agrees at its sole discretion to vary the incentive allocation or fee) to the extent such profit exceeds any prior unrecouped losses. Although management fee and/or incentive fee rates payable to SCM by future clients will be negotiated when such clients become clients, SCM generally expects those fees to be substantially the same as the rates set forth above. All incentive allocations/fees will be made in a manner that complies with applicable rules and regulations.</p> <p>Fees for individually-managed accounts will be calculated as described above.</p> <p><i>Non-Qualified investors:</i> SCM does not expect to accept non-qualified investors into any Funds for which it acts as general partner; nor does it expect to accept individually-managed accounts for these types of investors.</p> <p>The incentive fee and allocation arrangement described above could create an incentive for SCM to make investments that are riskier or more speculative than would be the case in the absence of the arrangement and, in some circumstances, SCM may receive increased fees on allocations as a result of unrealized appreciation as well as realized gains in managed accounts.</p> <p>Funds managed by SCM will terminate on the expiration of their specified terms, or on dissolution under the terms of their limited partnership agreements or other governing documents. Investors may withdraw capital as of the last day of any calendar quarter on 30 days written notice.</p> <p>A client may terminate an advisory account on 30 days written notice. Upon termination, any prepaid fees will be prorated to the date of termination and unearned fees will be returned to the client.</p> <p><u>Proxy Voting</u></p> <p>As a matter of policy and as a fiduciary to our clients, we have responsibility for voting proxies for our clients' portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
SC Management, Inc.	801-	June 6, 2006

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>SC Management, Inc.</b>		IRS Empl. Ident. No.: <b>94-3182435</b>
Item of Form (identify)	Answer	
	<p><b>Voting Guidelines</b></p> <p>(a) In the absence of specific voting guidelines, we will vote proxies in the best interests of each particular client. Our policy is to vote all proxies from a specific issuer the same way for each client absent qualifying restrictions from a client. Our clients are permitted to place reasonable restrictions on our voting authority in the same manner that they may place such restrictions on the actual selection of securities in their accounts;</p> <p>(b) We will generally vote in favor of routine corporate housekeeping proposals such as the election of directors and selection of auditors absent conflicts of interest raised by an auditor's non-audit services;</p> <p>(c) We will generally vote against proposals that cause board members to become entrenched or cause unequal voting rights; and</p> <p>(d) In reviewing proposals, we will further consider the opinion of management, the effect on management, and the effect on shareholder value and the issuer's business practices.</p> <p><b>Conflicts of Interest</b></p> <p>(a) We will identify any conflicts that exist between our interests and the interests of the client by reviewing our relationship with the issuer of each security to determine if we or any of our employees has any financial, business or personal relationship with the issuer;</p> <p>(b) If a material conflict of interest exists, SCM will determine whether it is appropriate to disclose the conflict to the affected clients so as to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation; and</p> <p>(c) We will maintain a record of the voting resolution of any conflict of interest.</p> <p>Any client may request a copy of SCM's complete proxy voting policy, or a record of how a proxy was voted by mail or phone.</p> <p>2.G. SCM currently is the general partner of the Fund and may organize and/or serve as investment manager to other Funds in the future.</p> <p>3.L. Based on analysis of targeted companies SCM may cause clients to invest in any securities it deems appropriate, including restricted securities. However, investment positions are anticipated to be primarily in the types of investments listed in Item 3.</p>	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
SC Management, Inc.	801-	June 6, 2006

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>SC Management, Inc.</b>		IRS Empl. Ident. No.: <b>94-3182435</b>																				
Item of Form (identify)	Answer																					
	<p>SCM does not expect to be engaged to advise clients as to the appropriateness of investing in Funds for which SCM is the general partner or investment manager and SCM will not receive any compensation for doing so, or for selling interests in such Funds. However, because of SCM's relationship to such Funds, should someone who is otherwise a client invest, SCM could be considered to have recommended that investment (see response to item 8.D.).</p>																					
5.	<p>As general standards, an undergraduate degree and some prior business experience are required. Graduate work and a specialized business or technical skill are preferred, but are not required. In addition, any associated persons will meet the examination or experience requirements of the states in which they provide investment advisory services.</p>																					
6.	<p>David A. Davidson, born 1954, received his BS in Biology from University of Southern California in 1977.</p> <p><u>Business Background</u></p> <table> <tr> <td>6/04 - Present</td> <td>SC Management, Inc., Greenbrae, CA</td> </tr> <tr> <td></td> <td>Investment Advisor, President</td> </tr> <tr> <td>6/93 - Present</td> <td>SC Management, Inc., Greenbrae, CA</td> </tr> <tr> <td></td> <td>Consulting, President</td> </tr> <tr> <td>6/01 - 12/03</td> <td>Mikles/Miller Management, Inc., Los Angeles, CA</td> </tr> <tr> <td></td> <td>Investment Adviser, Portfolio Manager</td> </tr> <tr> <td>1/00 - 5/01</td> <td>Fleckenstein Capital, Inc., Seattle, WA</td> </tr> <tr> <td></td> <td>Investment Adviser, Portfolio Manager</td> </tr> <tr> <td>1/92 - 12/95</td> <td>J.O.P.C.O., Atlanta, GA</td> </tr> <tr> <td></td> <td>Investment Adviser, Portfolio Manager</td> </tr> </table>		6/04 - Present	SC Management, Inc., Greenbrae, CA		Investment Advisor, President	6/93 - Present	SC Management, Inc., Greenbrae, CA		Consulting, President	6/01 - 12/03	Mikles/Miller Management, Inc., Los Angeles, CA		Investment Adviser, Portfolio Manager	1/00 - 5/01	Fleckenstein Capital, Inc., Seattle, WA		Investment Adviser, Portfolio Manager	1/92 - 12/95	J.O.P.C.O., Atlanta, GA		Investment Adviser, Portfolio Manager
6/04 - Present	SC Management, Inc., Greenbrae, CA																					
	Investment Advisor, President																					
6/93 - Present	SC Management, Inc., Greenbrae, CA																					
	Consulting, President																					
6/01 - 12/03	Mikles/Miller Management, Inc., Los Angeles, CA																					
	Investment Adviser, Portfolio Manager																					
1/00 - 5/01	Fleckenstein Capital, Inc., Seattle, WA																					
	Investment Adviser, Portfolio Manager																					
1/92 - 12/95	J.O.P.C.O., Atlanta, GA																					
	Investment Adviser, Portfolio Manager																					
8.D. & 9.D.	<p>SCM currently is the general partner of, and investment advisor to an investment limited partnership. The Fund is organized and formed to invest and trade principally in the types of securities outlined in Item 3. SCM does not expect to be engaged to advise clients as to the appropriateness of investing in the Fund, and SCM will not receive any compensation for doing so, or for selling interests in the Fund. However, because of SCM's relationship to the Fund, should someone who is otherwise a client of SCM invest in the Fund, SCM could be considered to have recommended that investment.</p>																					
9.E.	<p>From time to time, SCM may cause clients (including Funds of which it is the general partner) to buy a security in which SCM or an associated person has an ownership position, or SCM or an associated person of SCM may purchase a security of the same class as securities held in a client's account. It is SCM's policy not to permit associated persons (or certain of their relatives) to trade in a manner that takes advantage of price movements caused by clients' transactions.</p> <p>From time to time, trading by SCM and its associated persons (and certain of their relatives) in particular securities may be restricted in recognition of impending investment decisions on behalf of clients. If transaction orders for a client and SCM (and/or its associated persons and relatives) are not aggregated (see discussion under Item 12.A. and 13.A., "Aggregation of Orders"), then transaction orders for SCM and its associated persons will be the last orders filled.</p>																					

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
SC Management, Inc.	801-	June 6, 2006

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>SC Management, Inc.</b>	IRS Empl. Ident. No.: <b>94-3182435</b>
---	--

Item of Form (identify)	Answer
10.	<p>SCM and its associated persons may purchase or sell specific securities for their own account based on personal investment considerations without regard to whether the purchase or sale of such security is appropriate for clients.</p> <p>Clients and investors may request a copy of SCM's Code of Ethics policy at any time.</p> <p>The minimum initial purchase for investment in Funds managed by SCM is \$250,000, although this minimum may be waived at the discretion of SCM.</p> <p>A minimum of \$1,000,000 is required to open an individually managed account, although this minimum may be waived at the discretion of SCM.</p>
11.A.	<p>All accounts will be reviewed periodically by Mr. Davidson for overall adherence with the investment philosophy employed by SCM. Account holdings will also be reviewed at any time changing market conditions warrant.</p>
11.B.	<p>SCM will provide limited partners of investment limited partnerships with an annual report, which will be audited, as provided in the partnership agreement.</p> <p>For individually-managed accounts, investment reports are provided not less often than quarterly, containing at least current investment holdings, transaction summaries, and market values. These reports may be issued by the custodian of the client's assets.</p>
12.A. & 13.A.	<p>Generally, SCM's clients have granted SCM complete discretion over the selection and amount of securities to be bought or sold for clients (within the parameters established by any agreements between the parties, <i>e.g.</i>, the limited partnership agreement for the investment limited partnership); SCM is not generally required to obtain the consent or approval of any client in connection with any investment transaction or decision.</p> <p>In most cases, SCM also has complete discretion over the selection of brokers and dealers ("<i>broker-dealers</i>") to execute securities transactions for its clients and the negotiation of compensation arrangements with such broker-dealers. In addition to using broker-dealers as agents and paying commissions, SCM may cause clients to buy or sell securities directly from or to broker-dealers acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns, and may buy securities from underwriters or broker-dealers in public offerings at prices that include compensation to the underwriters or broker-dealers. The following discussion summarizes the material aspects of SCM's practices in selecting broker-dealers to execute client transactions.</p> <p><b><i>Selection Criteria</i></b></p> <p>Although it is not required to consider any specific criteria, SCM generally seeks "best execution" of securities transactions in light of the circumstances existing at the time individual transactions are executed. In evaluating a broker-dealer's ability to provide best execution, SCM considers a range of factors, including historical net prices (after markups, markdowns or other transaction-related compensation) on other transactions; the execution, clearance and settlement and error correction capabilities of the broker-dealer generally and in connection with securities of the type and in the amounts to be</p>

Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of  
Form ADV**

**Continuation Sheet for Form ADV Part II**

Applicant:	SEC File Number:	Date:
SC Management, Inc.	801-	June 6, 2006

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>SC Management, Inc.</b>		IRS Empl. Ident. No.: <b>94-3182435</b>
Item of Form (identify)	Answer	
	<p>bought or sold; the broker-dealer's willingness to commit capital; the broker-dealer's reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the nature, quantity and quality of research provided by the broker-dealer; and the market for the security. SCM is not obligated to obtain the lowest commission or best net price for an account on any particular transaction.</p> <p><b>"Soft Dollars"</b></p> <p>Under Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Safe Harbor") SCM's use of soft dollars generated by the client's commissions to acquire certain research and brokerage goods or services is presumed not to breach SCM's fiduciary duty to the client—even if the brokerage commissions paid are higher than the lowest available—as long as (among other requirements) the commissions being paid by the client are reasonable in relation to the value of the goods and services obtained and they provide SCM with lawful assistance in its investment decision-making. The Safe Harbor generally is not available where transactions are effected on a principal basis (with a markup or markdown paid to the broker-dealer), for transactions involving futures interests or for services or products that do not constitute research or brokerage services as those terms are currently interpreted by the Securities and Exchange Commission.</p> <p>Subject to the general policies on the use of soft dollars set forth herein, SCM may permit brokers and dealers to pay for expenses that SCM would otherwise have to bear or that otherwise provide benefits to it. Research services obtained with soft dollars may include, for example, traditional research reports, discussions with analysts and meetings with corporate executives to obtain reports on the performance of a company (but not travel and related expenses associated with arranging trips to meet corporate executives, analysts or other individuals who may provide research), certain data services (e.g., those that provide market data, company financial data or economic data), research related to the market for securities (e.g., pre-trade and post-trade analytics, research that identifies optimal execution venues and trading strategies, advice from brokers on order execution and/or the availability of buyers and sellers, execution strategies and market color), tuition for research-related seminars and conferences (excluding associated travel and related expenses), software that provides analysis of the performance of securities portfolios (excluding such software that is used for marketing purposes), certain corporate governance research and rating services and certain proxy voting services that SCM uses to make voting decisions. Brokerage services obtained with soft dollars may include, for example, quotation and communication equipment and services (e.g., First Call, Reuters, Bloomberg, etc.), other order management systems (OMS) that provide trading software or provide connectivity to such software, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement (e.g., dedicated lines between the broker manager and the manager (or the manager's OMS)) and message services used to transmit orders.</p> <p>A broker or dealer with which SCM has soft dollar arrangements may establish "credits" relating to brokerage commissions paid in the past which may be used to pay, or reimburse them for, specified expenses. In other cases, a broker or dealer may provide or pay for the service or product and suggest a level of future business that would fully compensate it. The client's actual transactional business with such a broker-dealer may</p>	

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(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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	<p>be less than the suggested level but can—and likely will—exceed that level. This may be in part because the client’s investment activities generate aggregate commissions in excess of the aggregate suggestions from all broker-dealers providing services and products. And it may be in part because those broker-dealers may also provide superior execution and may therefore be the most appropriate for particular transactions. SCM will not exclude broker-dealers from client business simply because they have not provided research or other services or products.</p> <p><i>Other Services and Products.</i> With client consent, SCM may also use client soft dollars to acquire services and products that provide benefits to SCM and that may not qualify as research or brokerage and/or to pay expenses otherwise payable by SCM. These may include (but are not limited to): expenses of and travel to professional and industry conferences and hardware and software used in SCM’s administrative activities. They may even include such “overhead” expenses as office rent, salaries, benefits and other compensation of employees or of consultants to SCM, telephone charges, legal and accounting expenses of SCM and office services, equipment and supplies. SCM may or may not use other clients’ soft dollars to pay such expenses and, if it does, such use may not be directly proportionate to the benefits received. Using soft dollars for these purposes would not be protected by Section 28(e) and SCM will have a conflict of interest if it does so, as it will have an incentive to use broker-dealers who provide or pay for products and services for which SCM would otherwise have to pay cash and, if soft dollars are limited, it may have an incentive to cause those expenses to be paid with soft dollars while its clients pay their own expenses with cash.</p> <p><i>Review.</i> SCM monitors transaction results as orders are executed to evaluate the quality of execution provided by the broker-dealers it uses, to determine whether compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to those broker-dealers in light of all of the factors described above.</p> <p><i>“Prime Brokerage,” Custody, Clearing and Settling.</i> The investment limited partnership of which SCM is general partner has a “prime brokerage” arrangement with a registered broker-dealer (the “Prime Broker”). Under this arrangement, the Prime Broker, among other things, (i) arranges for the receipt and delivery of securities bought, sold, borrowed and lent; (ii) makes and receives payments for securities; (iii) maintains custody of cash and securities; (iv) tenders securities in connection with tender offers, exchange offers, mergers or other corporate reorganizations; and (v) provides detailed portfolio and related reports. SCM may cause the partnership or other investment funds to pay for custodial and related services either in cash or by allocating a portion of its business to the Prime Broker.</p> <p><i>Aggregation of Orders.</i></p> <p>SCM performs investment advisory services for multiple clients. Under certain circumstances, portfolio transactions may be executed as part of concurrent authorizations to buy or sell the same security for numerous accounts serviced by SCM, some of which may have similar investment objectives. Although such concurrent authorizations could be either advantageous or disadvantageous as to a particular account, they will be effected only when SCM believes that to do so is in the best interests of the effected accounts. When such concurrent authorizations occur, SCM will</p>	

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	<p>generally seek the most equitable allocation of such executions among the effected accounts.</p> <p><b><i>Directed Brokerage</i></b></p> <p>Some clients may instruct SCM to use one or more particular brokers or dealers for some of the transactions in their accounts. Similarly, where SCM acts as the general partner or investment manager for an investment partnership or collective investment fund, SCM may cause the fund to send brokerage to brokers or dealers to pay for fund expenses. In some cases, SCM implements clients' directions by asking a broker-dealer with whom an aggregated transaction has been placed to "step out" of a portion of the transaction in favor of a broker to which a client has directed SCM to send brokerage business - i.e., allow the commissions as to a particular client's portion of the transaction to be paid to that client's directed broker. This is intended to allow all clients to obtain the same average price while accommodating directed brokerage requests. However, "step out" arrangements may not be practicable in all cases. Clients who may want to direct SCM to use a particular broker-dealer should understand that their direction may prevent SCM from aggregating orders with other clients or from effectively negotiating brokerage compensation on their behalf, and they may even prevent SCM from obtaining the most favorable net price and execution. Thus, in directing brokerage business, those clients may lose possible advantages that nondesignating clients may have and they should consider whether the commission expenses, and execution, clearance, and settlement capabilities, they will obtain through their directions are adequately favorable in comparison to those that otherwise will be attained for clients to justify their direction of their brokerage business.</p>	
12.B.	<p>For some clients, particularly those clients who do not use a custodian, SCM may recommend a broker. There is no requirement that a client use such broker as SCM recommends. Such recommendations will take into account a number of factors, some of which are transaction fees, custodial fees charged by the broker for holding securities for the client, commission rates, interest charges on debit balances and interest credits on credit balances, quality of execution, recordkeeping and reporting capabilities, and research services provided by the broker to SCM on a "soft dollar basis," including both standard broker research and "third party" research. In recommending a broker, SCM will attempt to minimize the total cost for all brokerage services paid by the client. However, it may be the case that the recommended broker charges a higher fee for a particular type of service, such as commission rates, than can be obtained from another broker. It may also be the case that the total costs of all services provided by the recommended broker may be higher than can be obtained at another broker if SCM determines in good faith that such total costs are reasonable in relation to the value of brokerage and research services provided by such broker, viewed in terms of SCM's overall responsibilities to the client.</p>	

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