

Firm Disclosure Brochure

**Spectrum Capital Management
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Disclaimer:

This brochure provides information about the qualifications and business practices of Spectrum Capital Management. If you have any questions about the contents of this brochure, please contact us at (530) 888-9000. 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 Spectrum Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

Spectrum Capital Management is a Registered Investment Adviser but, as such, the registration does not imply or validate any unique skills or training with respect to investment management.

Material Changes:

There are no material changes since our previous brochure dated December 31, 2018

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ADVISORY BUSINESS:

Spectrum Capital Management is a Registered Investment Advisor focusing on asset allocation as its core investment approach. The strategy provides a well-diversified portfolio by allocating assets across major asset classes such as stocks, bonds and cash. The primary investment goal is to create an optimal combination of those asset types subject to expected market returns and risk tolerance constraints.

Spectrum Capital Management was established in 1987 with the principal owner being Jeffrey Y. Fulmer. The non-discretionary assets under management total \$55,977,018 and discretionary assets total \$76,102,798, both as of December 31, 2019.

FEES AND COMPENSATION:

The sole source of fee income derives from charging clients a percentage of assets under management, in accordance with the following schedule:

0.70% per annum on the first \$2,000,000 then
0.60% per annum on the next \$3,000,000 then
0.50% per annum on the amount above \$5,000,000.

Fees are payable monthly or quarterly in arrears, based on the average balance during the period and are generally negotiable. At the client's sole discretion fees may be deducted from their assets or billed directly to them. The clients do not pay any brokerage and transaction costs.

In addition to the fees listed above, clients invested in no-load mutual funds will absorb an indirect advisory fee charged by the mutual fund. The fee varies from fund to fund but it is publicly disclosed as the expense ratio of the fund.

PERFORMANCE-BASED FEES:

Spectrum Capital does not have any accounts with performance-based fees nor do we provide that type of product.

TYPES OF CLIENTS:

Spectrum's asset management services are designed for employee benefit plans, endowments and foundations, and high net worth individuals. It is a provider of consulting services to full service 401(k) providers. The minimum account size for a client is \$250,000.

Methods of Analysis, Investment Strategies and Risk of Loss:

Spectrum uses information of a fundamental nature and employs a proprietary mathematical model to assist in making optimal risk versus return decisions for the client's portfolio. Portfolio assets will be re-allocated periodically to the extent that subsequent measures of optimality call for trading. Holding periods may be more than (or less than) one year, depending on the analysis of the optimization model in reconstituting the portfolio and enhancing its potential for success.

Spectrum invests client portfolios primarily in index funds such as the Standard and Poor's 500 Stock Index, and not selectively in individual common stock issues. Spectrum will use higher risk indexed products, such as a small cap index fund, if appropriate for a client with a greater tolerance for risk.

DISCIPLINARY INFORMATION:

There are no disciplinary actions against Spectrum nor have there ever been any.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS:

Spectrum has engaged ISYS Capital, LLC to act as sales and marketing representative for potential clients. An ISYS principal, David Honeyman Jr. is the primary solicitor of new business for Spectrum. ISYS is compensated by Spectrum and Honeyman is compensated as an employee of ISYS. The compensation paid ISYS consists of a portion of the total fee paid by a client to Spectrum. The client's fee will never be more than Spectrum's normal fee schedule.

CODE OF ETHICS:

Spectrum has established a code of ethics by which it operates its business. The code is based on the principle that all of Spectrum's representatives have a fiduciary duty to place the interest of Clients ahead of their own and the interests of the firm. All of Spectrum's representatives receive a copy of our code ethics and certify annually their compliance with it. A copy of the code of ethics will be made available to each client upon request.

Spectrum invests client portfolios primarily in index styled mutual funds. It does not invest in individual common stocks. Employees and/or Partners of Spectrum may, from time to time, purchase or sell securities, which are components of these index funds. Spectrum is of the opinion that such transactions will not have a market impact on the general level of these funds or the prices of individual issues therein, and thus no impact on client accounts.

Brokerage Practices:

Spectrum invests primarily in indexed mutual funds provided independently of any broker dealer. Spectrum does not receive any fees or commissions from the mutual fund families utilized in the management of a client's portfolio.

Spectrum does not engage in the purchase or sale of individual common stocks and thus does not generate any soft dollar payments and does not receive any soft dollar products or services from broker dealers.

Review of Accounts:

Each account is reviewed once per month, at a minimum, with a view toward restructuring the asset allocation if changed conditions warrant a rebalance. The accounts are reviewed by Jeffrey Y. Fulmer, Chief Investment Officer.

Spectrum provides each client with a monthly statement that details the composition of the portfolio, its performance for the prior period and from inception, and the current market value of the client's holdings. In addition each client receives a copy of Spectrum's Quarterly Investment Newsletter, which highlights recent market activity and economic events.

Client Referrals and Other Compensation:

Spectrum has engaged ISYS Capital, LLC to act as sales and marketing representative for potential clients. An ISYS principal, David Honeyman Jr. is the primary solicitor of new business for Spectrum. ISYS is compensated by Spectrum and Honeyman is compensated as an employee of ISYS. The compensation paid ISYS consists of a portion of the total fee paid by a client to Spectrum. The client's fee will never be more than Spectrum's normal fee schedule.

Spectrum requires ISYS Capital to provide an executed solicitation disclosure agreement for each new client obtained via ISYS sales and marketing activities. The agreement discloses that ISYS is compensated by Spectrum for new business referrals.

Custody:

Spectrum does not retain custody of any client assets. A qualified, third party custodian retains all funds.

Clients received a quarterly account statement from the third party custodian and a monthly statement from Spectrum. Each Spectrum statement identifies the custodian of the account. In addition, Spectrum in writing on its' statement, encourages the client to compare the custodian report with the Spectrum report and to notify Spectrum of any discrepancies.

Investment Discretion:

Spectrum has discretionary authority to manage securities accounts on behalf of clients. The primary activity is to rebalance, as appropriate, the mutual fund holdings within the client's portfolio in order to provide the optimal weight in each asset class.

Spectrum requires a limited power of attorney from the client to authorize the custodian to accept investment or rebalancing instructions from Spectrum.

Voting Client Securities

Spectrum does not have nor will it accept any authority to vote client securities and this exclusion is provided for in the standard Spectrum contract. Generally clients would receive such information from the custodian and Spectrum would recommend that all client inquiries be directed to the custodian.

Financial Information

Spectrum's financial condition is maintained at a level sufficient to meet all contractual commitments to our clients.