

Strategic Capital Investment Advisors, Inc.

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FORM ADV Part 2A Brochure

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

Additional information about Strategic Capital is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IAR/CRD number for Strategic Capital is 107772.

If you have any questions about the contents of this brochure, please contact Russ LaBarge or Dan Gross at 630-620-6500 or via e-mail (rlabarge@strategiccapi.net / dgross@strategiccapi.net). The information in this brochure has not been verified or approved by the United States Securities and Exchange Commission or by any state securities authority.

On July 28, 2010, the United States Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure has been prepared according to the SEC's new requirements and rules.

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

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2. Material Changes

Strategic Capital's most recent Annual Update to Part 2 of Form ADV was made on March 13, 2017. An Other-than-Annual Update was made on November 30, 2017 to update the firm's primary place of business. Strategic Capital's business activities have not changed materially since the time of those filings.

4. Advisory Business

Strategic Capital Investment Advisors, Inc. is an independent investment consulting firm founded in 1999, that is solely and equally owned by its two founding Principals, Daniel Gross and Russell LaBarge. Strategic Capital provides investment consulting services to institutional clients. The firm does not provide any other types of services (e.g., investment management, financial planning, custody, brokerage, etc.). The firm does not participate in any WRAP programs.

Consulting Services and Approach

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

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

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

- Asset Allocation and Asset/Liability Analysis
- Operational Risk and Cash Flow Analysis
- Portfolio Structure Review and Development
- Investment Manager Evaluation and Search
- Performance Evaluation and Reporting
- Investment Manager Monitoring
- Investment Policy Statement Development and Maintenance
- Portfolio Rebalancing and Restructuring Assistance
- Master Trust/Custody Evaluation and Search
- Defined Contribution Plan Bundled Provider Analysis
- Liquidity Management Plan Design

Advisory Consulting Services

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

Discretionary Fiduciary Consulting Services

Strategic Capital provides Discretionary Fiduciary Investment Consulting Services, which are based on an asset allocation and portfolio structure that is approved and adopted by the client. The client retains the authority to override the recommended asset allocation structure prior to the implementation by Strategic Capital. Changes to the asset allocation for these accounts will not take place without prior notification and approval by the client. Strategic Capital has authority to rebalance accounts based on the specific parameters outlined within the Investment Policy Statement that is adopted by the client and select and terminate third party managers and commingled/mutual funds. Strategic Capital notifies each client prior to the implementation of manager changes and the client has the right to object to the changes, whereby the topic is addressed at the next board meeting. The Fund Administrator implements the actions by directing the custodian to make the changes to the investment program.

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

Strategic Capital has developed proprietary analytical systems across all areas of its consulting practice to most effectively leverage the expertise of its professionals. We design and build customized models to address the unique characteristics of each type of plan/investment program, taking into account the unique problems and issues of each client. Models and systems are developed internally because we want to maintain control of the analytical methodologies and allow for the flexibility required to meet the different needs of our clients. In addition, our analytical models and reporting systems are fully integrated so that

they provide efficiencies unavailable through vendor-purchased platforms that do not interface with other platforms. The proprietary technology that we have developed affords us significant efficiencies.

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

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

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

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

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

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

5. Fees and Compensation

Strategic Capital only receives direct compensation. Strategic Capital's only source of revenue is the "hard dollar" fees that are received from its clients. The firm does not receive any compensation from any other source.

Strategic Capital does not engage in any revenue sharing arrangements, brokerage, soft dollar, or commission recapture activities. The firm does not collect any 12B-1 fees or dealer concessions from mutual funds. The firm does not have any affiliations or arrangements with other providers (i.e., brokerage firms, investment managers, banks, accounting firms, law firms, insurance companies, etc.). The firm does not execute securities transactions or select/recommend broker/dealers to execute transactions for our clients. None of Strategic Capital's supervised persons receives compensation for the sale or placement of securities or other investment products, or from the recommendation/selection of investment managers or commingled/mutual funds.

Strategic Capital charges for services on a fixed retainer and project basis, hourly fee charge and retainer based on a percentage of assets. There is not a set fee schedule, the level of fees are determined and negotiated based on the specific type and complexity of services provided. Strategic Capital charges retainer clients either on a fixed fee or percentage of assets basis. Fees calculated on a percentage of assets are based on the assets as of the beginning of the period, typically quarterly. Project fees are charged as a negotiated flat fee or on an hourly rate basis. Fees are mutually agreed upon with each client at the time of the signing of a consulting services agreement. Retainer fees are due and payable quarterly in arrears or in advance. For project work, Strategic Capital will either bill a portion of the total project fee at the beginning of the project and the remaining portion is due upon completion of the work or bill the entire fee upon completion of the project, depending on the nature and scope of the work. For hourly-based work, fees are billed monthly based on the total number of hours worked on the consulting project. For retainer relationships that are billed in arrears, Strategic Capital bills one-quarter of the annual fee in arrears at the end of each quarter (quarterly billing periods are in March, June, September and December, unless different periods are agreed upon with a specific client) prorated for any partial period. For retainer relationships that are billed in advance, Strategic Capital bills one-quarter of the annual fee at the beginning of each quarter (quarterly billing periods are in March, June, September and December, unless different periods are agreed upon with a specific client) prorated for any partial period. The cost associated with travel to client meetings and the delivery of our reports/materials may be charged to clients. Strategic Capital sends an invoice for our services to clients for payment. Strategic Capital does not have the ability or authority to deduct our fees directly from client accounts.

Termination and Refunds - A Client Agreement may be cancelled at any time for any reason by either party. Strategic Capital and the client will provide thirty to ninety days prior written notice of termination. The period of the notice is typically selected by the client and is outlined in each Consulting Services Agreement. Strategic Capital's fees are payable on a pro-rata basis to the effective date of termination of the firm's services. For clients that pay in advance, Strategic Capital will refund the portion of the fee paid, for the prorated period from the beginning of the quarter to the date of completion of work, at the next quarterly billing cycle, if its services are terminated before the end of a billing period. Strategic Capital will not charge a termination fee to the client.

Strategic Capital's fee is separate from and does not include fees from investment managers, commingled funds or mutual funds employed to invest the assets of the Fund, brokerage/commissions, custodian/banking fees, and other expenses necessary to administer the Fund and service participants and beneficiaries. These other expenses are the responsibility of the client.

6. Performance-based Fees and Side-by-Side Management

This section does not apply. Strategic Capital does not charge performance based fees or engage in side-by-side management.

7. Types of Clients

Strategic Capital provides a full array of investment consulting services to institutional clients (defined benefit pension plans, defined contribution pension plans, money purchase plans, profit sharing plans, welfare funds and other benefit plans, not-for-profit organizations, corporations, and religious organizations). The firm does not have minimum plan size requirements or a stated minimum fee.

8. Methods of analysis, investment strategies, and risk of loss

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

Asset Allocation

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

The firm has developed and maintains its own proprietary asset allocation and asset/liability models to assess various cost/benefit tradeoffs of different asset allocation mixes. (These models are not simply efficient-frontier models.) We developed these models internally because we want to maintain the flexibility to meet client-specific requirements. In addition, the externally developed software that were evaluated prior to building its own models utilize static correlations inputs rather than dynamic correlation modeling. Strategic Capital's asset allocation models recognize that correlation coefficients are not constant over time and, in fact, have shown a significant degree of change, especially in periods of market stress, which are the periods when these types of models provide the important insights when making an asset allocation decision. There is a significant amount of literature in the area of investment research dealing with the concepts of dynamic correlation modeling and the importance of recognizing such dynamic change in modeling asset returns. The issue is that asset classes become more highly correlated (there is less diversification effect) during periods of stress. To accurately assess the downside risk of investment portfolios, an asset allocation model must, therefore, recognize the dynamic nature of asset class correlation coefficients.

Our asset allocation models provide an analysis of expected returns under both “normal” and “stress” scenarios.

- The Normal scenario is used to set return expectations for alternative asset allocation policies given a normal set of return and operational conditions. This analysis is designed to project the most likely result (the median of all of the expected outcomes) given trends in operational factors and normal expected market returns. This defines the expected “benefit” within the cost/benefit relationship.
- The Stress scenario is designed to evaluate the Plan’s ability to support investment risk in adverse conditions. The outcomes are used to simulate expected returns in periods of weak market returns. These scenarios typically represent the bottom 5% to 10% of expected outcomes. This defines the potential “cost” within the cost/benefit relationship.

Portfolio Structuring, Portfolio Optimization and Risk Budgeting

Investment structure determines the efficiency and risk/diversification characteristics of a portfolio within a specific asset class. Portfolios that exhibit greater structural efficiency, where undiversified risks are minimized, will earn higher returns for the inherent risk accepted within an asset class. Inefficient structures increase the probability of unwanted or unforeseen surprises, thus increasing investment risk. These structural inefficiencies become most apparent in periods of market stress, which are the times when plans can least afford relative underperformance.

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

Determining the appropriate allocations to investment managers within each asset class is a critical part of understanding and eliminating unintended risk in portfolio structures. We have developed several portfolio optimization/risk budgeting models that assist us in determining the appropriate allocation to managers within a portfolio. We developed these models because we understand that structures that are not properly diversified will have biases based on the characteristics and allocations to managers, which can lead to significant negative performance surprises. These models allow us to measure and understand the degree of risk relative to benchmarks that is being accepted and allows us to minimize risks that do not provide an adequate amount of return compensation.

Manager Selection and Risk Analysis

We assist our clients in selecting investment managers to implement their investment policies. Our manager research and due diligence process incorporates both qualitative and quantitative analysis and is designed to develop an in-depth understanding of an investment manager’s investment philosophy, process, capabilities, resources and product offerings.

Manager performance must be measured in the context of the amount of risk taken. Portfolio structures that are taking on excessive amounts of uncompensated risk will inevitably lead to disappointments and

negative performance surprises. Risk-adjusted return analysis ensures that a fair trade-off of risk and return is present. We evaluate both risk-adjusted returns and up/downside market volatility within our manager selection and evaluation work.

Our evaluation of performance includes risk-adjusted measurements to assess the amount of volatility being incurred for the return being earned. These measurements include:

- Benchmark Comparisons (comparison of volatility/return versus market indices and style benchmarks)
- Statistical measures (i.e., Alpha, Information Ratio, Sharpe Ratio)
- Up-/down- market characteristics. This analysis provides insights into the ability of a manager to manage portfolios in both strong and weak markets.

Our measurement of a manager's absolute risk focuses on ensuring that an appropriate level of diversification is present and maintained. These measurements include:

- R-Squared (relative to market indices and style benchmarks)
- Fundamental portfolio characteristics (i.e., number of securities, types of securities, use of derivatives)

Asset Allocation Ranges and Rebalancing

For each investment program, asset allocation percentages and asset allocation ranges around the asset allocation policy targets are defined for each asset class within the Investment Policy Statement. These asset allocation targets and ranges serve as a rebalancing guideline to maintain the overall structure and risk posture of the investment program. The ranges also serve as a balance between the benefits of maintaining compliance to the policy and the costs of rebalancing.

When normal cash flows occur, Strategic Capital will assist the client in taking the necessary action to move actual allocations toward the target policy allocations. When market value changes are so significant that they result in actual allocations outside the policy allocation ranges, Strategic Capital will assist the client in making the necessary actions to rebalance the asset allocation back in compliance. An adequate level of cash reserves is maintained to meet benefit payments and expenses.

9. Disciplinary Information

Strategic Capital or its professionals do not have any material legal or disciplinary events to report.

10. Other Financial Industry Activities and Affiliations

Strategic Capital is 100% owned by the firm's founding professionals and has no parent company. The firm does not have any affiliations or financial relationships with any other organization. None of the firm's employees have any affiliation, ownership interest or receive any type of compensation from any financial or investment organizations (e.g., banks, investment management firms, brokerage firms, custodians, insurance companies, etc.).

11. Code of ethics, participation or interest in client transactions, and personal trading

We have instituted a Code of Ethics to ensure that the employees of Strategic Capital are placing the investment interests of the firm's clients above their own, in compliance with Section 204A-1 of the

Investment Advisers Act of 1940 (“the Act”). The Code was established and will be maintained and enforced with the intent of preventing the misuse of material non-public information by Strategic Capital and its supervised persons. In addition, the Code also complies with Section 206 of the Act in prohibiting Strategic Capital and its supervised persons from engaging in any device, scheme, or artifice to defraud any existing or prospective client.

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

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

General Ethical Principles

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

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

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

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

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

12. Brokerage Practices

Strategic Capital is not involved in any brokerage services, does not accept any directed brokerage payments or “soft” dollars and is not affiliated with any firm or entity that provides brokerage services. The firm does not collect any 12B-1 fees or dealer concessions from mutual funds.

13. Review of Accounts

The firm’s senior professionals are responsible for reviewing client accounts. The lead consultant on the relationship along with the analyst team reviews clients’ accounts on a monthly and quarterly basis. In addition, reviews will be conducted on an ad hoc basis when firm-wide changes are being made to specific asset-classes, portfolio structures or investment managers/products.

The firm's investment professionals are directly responsible for the analysis and written commentary/recommendations that are contained in our reports and memorandums. On an ongoing basis, the firm's senior professionals are directly responsible for asset class and manager due diligence and research. The manager research process incorporates both qualitative and quantitative analysis and is designed to develop an in-depth understanding of an investment manager's investment philosophy/process, experience and expertise at managing a specific strategy, risk controls, resources, competitiveness of fees, potential conflicts of interest and product offerings. The manager research process includes meetings with key investment professionals.

We provide comprehensive quarterly performance reports and monthly update reports based on each client's reporting requirements. These reports are designed to assist our clients in the ongoing monitoring and evaluation process. We produce all of our performance analysis and reporting on our internally developed proprietary performance accounting system. We have the ability to provide fully customized reporting based on a client's specific preferences or requirements. We report all returns net of fees to provide an accurate understanding of the returns earned after the payment of investment management fees. Our written analysis focuses on all of the relevant issues relating to both the performance and structure of the client's investment program. In addition, we provide our insights and concerns regarding the investment managers/products that we gain from our manager monitoring and research activities.

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

14. Client Referrals and Other Compensation

Strategic Capital does not directly or indirectly compensate any external persons or entities for client referrals. Strategic Capital does not receive any indirect or "other" compensation. All of the revenue Strategic Capital receives is in the form of hard dollars paid directly by its clients

15. Custody

This section does not apply. Strategic Capital is does not provide any custody service.

16. Investment Discretion

Strategic Capital provides Discretionary Fiduciary Investment Consulting Services, which are based on an asset allocation and portfolio structure that is approved and adopted by the client. The client retains the authority to override the recommended asset allocation structure prior to the implementation by Strategic Capital. Changes to the asset allocation for a these accounts will not take place without prior notification and approval by the client. Strategic Capital has authority to rebalance accounts based on the specific parameters outlined within the Investment Policy Statement that is adopted by the client, and select/terminate third party managers and commingled/mutual funds. Strategic Capital notifies each client prior to the implementation of manager changes and the client has the right to object to the changes, whereby the topic is addressed at the next board meeting.

17. Voting Client Securities (Proxy Voting)

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

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

18. Financial Information

This section does not apply. Strategic Capital does not bill clients six months in advance.