1001 Fourth Avenue, Suite 4305
Seattle, WA 98154
(206) 838-9850
www.smeadcap.com

March 4, 2019

Form ADV PART 2A: (the "Brochure")

This Brochure provides information about the qualifications and business practices of Smead Capital Management, Inc. ("SCM" or the "Firm"). If you have any questions about the contents of this Brochure, please contact us at 206-838-9850. 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.

SCM is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Registration as an Investment Adviser does not imply any level of skill or training.

Additional information about SCM is also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The following material change was made to this brochure since our last annual amendment on February 21, 2018.

- SCM moved its principal office and is now located at:

  1001 Fourth Avenue, Suite 4305
  Seattle, WA 98154.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting Steve LeMire, Chief Compliance Officer at (206) 838-9850 or steve@smeadcap.com. Our Brochure is also available on our website at www.smeadcap.com, free of charge.

Additional information about SCM is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with SCM who are registered, or are required to be registered, as investment adviser representatives of SCM.

Item 3 -Table of Contents

Item 4 – Advisory Business

A. Smead Capital Management, Inc. ("SCM" or the "Firm") is a Securities Exchange Commission ("SEC") registered investment adviser providing investment management services to separate accounts, two privately placed pooled investment vehicles (the "Private Funds"), and mutual funds (collectively the "Clients") for advisors, family offices and institutions. SCM is a Sub-S corporation with William W. Smead being the only shareholder that holds greater than 25% of the Firm's shares. SCM was established in July of 2007.

B. SCM provides investment advisory services for securities such as exchange-listed securities, securities traded over-the-counter, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, mutual fund shares, and US government securities.

C. SCM's separately managed account investment strategy is Capital Appreciation. SCM provides investment advisory services to the Smead Value Fund (the "Fund") a non-diversified series of Smead Funds Trust, a Delaware statutory trust registered with the SEC as an open-end management investment company. SCM also provides investment advisory services to a non-U.S. investor fund (the "Smead US Value UCITS Fund") an investment company authorized and regulated by the *Commission de Surveillance du Secteur Financier* pursuant to Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as amended or supplemented from time to time. SCM also provides sub-advisory services to a multi-manager mutual fund in which assets are allocated among multiple sub-advisers like SCM. The Smead Value Fund and Smead US Value UCITS Fund are both managed to the Capital Appreciation strategy. Clients may impose individual restrictions on investing in certain securities or types of securities by including these restrictions in writing on their investment guideline form.

D. SCM has three wrap fee arrangements: one with Goldman, Sachs & Co., "Global Manager Strategies Separate Account Program"; one with Merrill Lynch, "The Merrill Lynch Managed Account Service" ("MAS"); and one with Morgan Stanley, "Morgan Stanley Fiduciary Services". These are fee-based, discretionary investment advisory services. The Clients instruct the wrap sponsor to accept orders from SCM, their investment manager. The wrap sponsor does not have discretionary authority over the assets in these accounts. The wrap accounts are managed to the Capital Appreciation Strategy. SCM receives a portion of the wrap fee for our services.

E. As of December 31, 2018, SCM managed $1,963,923,525 of assets on a discretionary basis and $1,979,633 of assets on a non-discretionary basis.

Item 5 – Fees and Compensation

A. In the event the Client determines to engage SCM to provide investment management services, SCM shall charge an annual fee based upon a percentage of the market value of the assets being managed by SCM. The following fee schedules are negotiable.

   FEE SCHEDULES:

   All Managed Equity Accounts
   0.85% of the account's market value

   SCM generally imposes a minimum portfolio value for its investment management services. SCM, in its sole discretion, may negotiate to waive its stated account minimum or charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing Client, account retention, pro bono activities, etc.).

B. The Client management fee is generally deducted from the account by the custodian. Through the Discretionary Investment Advisory Agreement (the "Agreement"), the Client gives us authorization to instruct the custodian to deduct the agreed upon fee schedule from one or more of their accounts. The Client may request that we invoice them directly. It is the responsibility of the Client to verify the accuracy of the calculation of the management fee. SCM's annual fee shall be prorated and charged quarterly, in advance, based upon the market value of the assets as valued by our internal portfolio accounting system (this may differ slightly from the custodial statement).

C. SCM's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. However, SCM shall not receive any portion of these commissions, fees, and costs. Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as custodial fees, charges imposed directly by a mutual fund or exchange traded fund ("ETF") in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to SCM fee. SCM generally utilizes the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab") for investment management accounts, but it is not required. SCM will work with the custodian of the Client's choice.

D. All fees are paid in advance. For the initial quarter of investment management services, the first quarter's fee shall be calculated on a pro rata basis. The Agreement between SCM and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. SCM's annual fee shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner.

   The Client may make additions to and withdrawals from the account at any time, subject to SCM's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such Assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to SCM, subject to the usual and customary securities settlement procedures. SCM designs its portfolios as long-term investments and assets withdrawn may impair the achievement of a Client's investment objectives.

   Additions may be in cash or securities provided that SCM reserves the right to liquidate any transferred securities, or decline to accept particular securities into a Client's account. SCM may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

E. None of SCM's employees accepts compensation for the sale of securities or other investment products.

F. The Private Funds' (Smead International Value Fund LP ("International Private Fund") and Smead Opportunities Value Fund LP) general partner is Smead Private Fund Advisers, LLC (the "General Partner"). The Private Funds fees and expenses (including, as applicable, expense waivers or limitations) are described in greater detail in the Private Placement Memorandum ("PPM"). The Private Funds pay SCM assessed management fees, quarterly in arrears, based on an annual rate of 1.00% of the Private Funds net asset value.

G. SCM provides investment advisory services to the Smead Value Fund. SCM receives investment advisory fees for its services typically paid monthly in arrears based on the average daily net assets of the Fund at annual rates described in the Smead Value Fund's Prospectus and Statement of Additional Information. Similarly, SCM receives investment advisory fees for its services to the Smead US Value UCITS Fund, which fees accrue daily and are calculated and payable monthly in arrears at annual rates as described in the Smead US Value UCITS Fund's Prospectus and Supplement.

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

SCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client).

Item 7 – Types of Clients

SCM generally provides portfolio management services to separate accounts, mutual funds for advisors, family offices and institutions. In addition, SCM provides discretionary investment management services on a continuing basis to the Smead International Value Fund LP and the Smead Opportunities Value Fund LP, both Delaware limited liability companies not registered under the Investment Company Act of 1940 ("Investment Company Act"). The Private Funds may be offered only through its PPM, which may be provided by SCM or another authorized party to current and prospective institutional investors, as well as high net worth, financially sophisticated individual investors. Investors in the Private Funds must generally be "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended. ***In no event should this Brochure be considered to be an offer of interest in the Private Funds or relied upon in determining whether to invest.***

Important Information for Residents of Canada: SCM currently advises clients in Ontario, Canada and also markets to "permitted" prospective clients in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Quebec. Clients and prospective clients of SCM that are residents in Canada are advised that SCM operates under the International Adviser Exemption in Canada pursuant to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103"). Such clients should be aware that:

- SCM is not registered as an investment adviser in any Canadian province or territory to provide advice described in NI 31-103;
- SCM is not subject to the full regulatory requirements otherwise applicable under the securities legislation of any Canadian province or territory;
- SCM's head office and principal place of business is located in the United States of America at 1001 Fourth Avenue, Suite 4305 in Seattle, Washington 98154;
- All or substantially all of SCM's assets may be situated outside of Canada; and
- There may be difficulty enforcing legal rights against SCM because of the above.

Because SCM operates under exemptions from the investment adviser registration requirements under applicable Canadian securities law, clients should be aware that SCM is restricted from acting as an investment adviser in respect of securities of Canadian issuers.

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

A. Methods of Analysis and Investment Strategies

SCM's process involves asking the question of how strongly the candidate meets and passes through SCM's eight investment criteria.

Five of these eight criteria are required over entire holding period:

- Meets an economic need;
- Strong competitive advantage (wide moats or barriers to entry);
- Long history of profitability and strong operating metrics;
- Generates high levels of free cash flow; and
- Available at a low price in relation to intrinsic value.

Three of the eight criteria are favored, but not required:

- Management's history of shareholder friendliness;
- Strong balance sheet; and
- Strong insider ownership (preferably with recent purchases).

Successful investments that have grown towards a sustained 8-10% weighting, or whose valuations have become maniacal, are likely to be trimmed or sold as a risk management measure. Additionally, a company may be trimmed or sold if fundamentals have changed such that it violates SCM's eight criteria. Lastly, as a downside protection measure, if a security falls 15-20% from initial purchase price nominally, or against a peer group, a formal review is put into place that may lead towards increasing the weighting of a security, or disposition of the name.

Clients should be aware that investing in securities may result in not achieving desired investing goals, or losing money. This may include the risk that the Adviser's results may not perform equal or better than other investment choices. Investments made by Clients into the Strategies managed by SCM should not be made if Clients are not prepared to bear these risks.

B. Material Risk Involved in Each Strategy

SCM offers one strategy - Capital Appreciation.

Before investing in the Capital Appreciation strategy managed by SCM, you should carefully consider your own investment goals, the amount of time you are willing to leave your money invested and the amount of risk you are willing to take.

Remember, in addition to possibly not achieving your investment goals, you could lose money by investing in equity securities. The principal risks of investing are:

Management Risk**:** The ability of the Strategies to meet its investment objective is directly related to the Adviser's investment management of the Strategies. The value of your investment in the Strategies may vary with the effectiveness of the Adviser's research, analysis and asset allocation among portfolio securities. If the Adviser's investment strategies do not produce the expected results, your investment could be diminished or even lost.

Non-Diversification Risk: The strategy may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, performance may depend on the performance of a small number of issuers.

General Market Risk**:** The market value of a security may move up or down, sometimes rapidly and unpredictably. These fluctuations may cause a security to be worth less than the price originally paid for it, or less than it was worth at an earlier time. Market risk may affect a single issuer, industry, sector of the economy or the market as a whole. The fixed income markets can experience substantially lower valuations, reduced liquidity, price volatility, credit downgrades, and increased likelihood of default and valuation difficulties. Equity and fixed income markets are now global in nature. Therefore, international concerns can affect domestic security prices. This can happen despite little or no apparent degradation in the financial conditions or prospects of that company. Exogenous events may have adverse effects on the strategies.

Equity Market Risk**:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, their issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. If you held common stocks of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer because common shareholders generally have inferior rights to receive payments from issuers in comparison with the rights of preferred shareholders, bondholders and other creditors of such issuers.

ETF Risk: ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Clients could invest in an ETF to gain exposure to a portion of the U.S. or foreign market. Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Large-Cap Company Risk: Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Also, large-cap companies are unlikely to attain high growth rates of sales and earnings.

Value Style Risk: Undervalued stocks may not realize their perceived value for extended periods of time or may never realize their perceived value. Value stocks may respond differently to market and other developments than other types of stocks. Value-oriented funds will typically underperform when growth investing is in favor.

Sector Weightings Risk: Market conditions, interest rates, and economic, regulatory, or financial developments could significantly affect a single sector. If the Fund invests in only a few sectors, it will have more exposure to the price movements of those sectors.

Non-U.S. Securities: The International Private Fund may invest in securities of non-U.S. securities. The investments in securities and instruments in foreign markets involve substantial risks not typically associated with investments in U.S. securities. Foreign securities investments may be affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad). Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the assets denominated in that currency and thereby impact the total return on such assets. SCM may utilize currency hedging transactions to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in foreign securities will also occasion risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of assets and any effects of foreign social, economic or political instability. Foreign companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, foreign companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Cybersecurity: SCM and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both SCM and the Clients it manages to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from Client accounts. While SCM has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, SCM, and its Clients cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to its Clients and/or the issuers in which its Clients invest.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SCM or the integrity of SCM's management. SCM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliates

SCM manages the Smead Value Fund a non-diversified series of Smead Funds Trust. Therefore certain key management employees are registered representatives of ALPS Distributors, Inc., a broker-dealer. As noted in Item 4, 5 and 7, SCM provides investment advice to the Private Funds, and is a related party through common control of the General Partner of the Private Funds. Investment advice is given to the Private Funds itself and not to any investor within the Private Funds. In addition, as noted in Item 4 and 5, SCM provides investment advisory services to the Smead US Value UCITS Fund and serves as the Global Distributor. SCM does not receive additional remuneration for its services as Global Distributor from the Fund. The Global Distributor receives a part of the Management Fee for its services as Investment Manager.

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

A. Code of Ethics

SCM has adopted a Code of Ethics for all employees of the Firm describing its high standard of business conduct, and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at SCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Employees are permitted to buy or sell securities that it also recommends to Clients consistent with SCM's policies and procedures. The Code of Ethics also requires that all employees report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact SCM to request a copy of its Code of Ethics.
When SCM is purchasing or considering for purchase any security on behalf of a Client (except for Client directed actions such as raising cash or investing an unexpected Client contribution), no employee may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when SCM is selling or considering the sale of any security on behalf of a Client, no employee may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. The requirements are not applicable to: (i) direct obligation of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by non-affiliated mutual or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

SCM anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will cause accounts over which SCM has management authority to effect, and will recommend to investment advisory Clients or prospective Clients, the purchase or sale of securities in which SCM, its affiliates and/or Clients, directly or indirectly, have a position of interest. SCM's employees and persons associated with SCM are required to follow SCM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of SCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for SCM's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SCM will not interfere with (i) making decisions in the best interest of advisory Clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of SCM's Clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between SCM and its Clients.

SCM's Clients or prospective Clients may request a copy of the Firm's Code of Ethics by contacting Steve LeMire, Chief Compliance Officer.

B. Participation or Interest in Client Transactions and Personal Trading

Certain affiliated accounts may trade in the same securities with Client accounts on an aggregated basis when consistent with SCM's obligation of best execution. In such circumstances, the affiliated and Client accounts will share commission costs equally and receive securities at a total average price. SCM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is SCM's policy that the Firm will not affect any principal or agency cross securities transactions for Client accounts. The only exception is that the Smead Funds Trust (the "Trust"), which has adopted procedures which have been designed to provide that all conditions contained in Rule 17a-7 under the Investment Company Act have been complied with, in connection with any purchase or sale of securities by any series of the Trust. Such transactions would be proposed to Fund Administration prior to transacting and be completed in accordance with the Trust's Rule 17a-7 procedures. SCM will also not cross trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction will also be deemed to have occurred if a security is crossed between a Private Fund and another Client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

A. Selecting or Recommending Broker-Dealers

SCM may only implement its investment management recommendations after the Client has arranged for and furnished SCM with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Schwab, any other broker-dealer recommended by SCM, broker-dealer directed by the Client, trust companies, banks etc. (collectively referred to herein as the "Financial Institution(s)")

Factors which SCM considers in recommending a broker-dealer to Clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by a broker-dealer may be higher or lower than those charged by other broker-dealers.

If the Client requests SCM to arrange for the execution of securities brokerage transactions for the Clients' 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 it Client in light of its duty to obtain best execution. The Client may direct SCM in writing to use a particular broker-dealer to execute some or all transactions for the Client. In that case, the Client will negotiate their arrangements for the account with that broker-dealer, and SCM will not seek better execution services or prices from other broker-dealers or be able to "batch" Client transactions for execution through other broker-dealers with orders for other accounts managed by SCM (as described below). As a result, the Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, SCM may decline a Client's request to direct brokerage if, in SCM's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

The commissions paid by SCM's Clients shall comply with SCM's duty to obtain "best execution". However, a Client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. This can occur when SCM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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.

Transactions for each Client generally will be effected independently, unless SCM decides to purchase or sell the same securities for several Clients at approximately the same time. SCM may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among SCM's Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among SCM's Clients pro rata to the purchase and sale orders place for each Client on any given day. To the extent that SCM determines to aggregate Client orders for the purchase or sale of securities, including securities in which SCM's Advisory Affiliates(s) may invest, SCM shall generally do so in accordance with applicable rules promulgated under the Adviser Act and no-action guidance provided by the staff of the SEC. SCM shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that SCM determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guideline which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de-minimus allocation in one or more accounts, SCM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

SCM will not direct the custodial relationship when it is acting in a sub-adviser capacity.

B. Research and Other Soft Dollar Benefits

Consistent with obtaining best execution, brokerage transactions will be directed to certain broker-dealers in return for investment research products and/or services which assist SCM in its investment decision-making process.

SCM may receive the following benefits from a broker-dealer: stock charts, research reports, company meetings, conference calls, company tours and management access, industry conferences, portfolio characteristics, receipt of duplicate Client confirmations and bundled duplicate statements, access to a trading desk that exclusively services the Institutional participants, access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts, and access to an electronic communications network for Client order entry and account information.

Soft dollar benefits are not limited to those Clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular Clients or groups of Clients. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

A Client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction. This can occur when SCM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. 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.

Such research generally will be used to service all of SCM's Clients, but brokerage commissions paid by one Client may be used to pay for research that is not used in managing that Client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefits of such investment research products and/or services poses a conflict of interest.

Trade Errors

From time to time, SCM may experience a trade error caused by SCM or an executing broker. In an event that a trade error occurs, SCM will ensure that a Client account is "made whole." Thus, trades are adjusted as needed in order to put the Client in such a position as if the error had never occurred at no cost to the Client. SCM also will not use future brokerage to compensate a broker either directly or indirectly for absorbing the cost of correcting an error in an earlier transaction.

SCM attempts to minimize trade errors by promptly reconciling confirmations with order tickets and intended orders, and by reviewing past trade errors to understand the internal control breakdown that caused the errors.

Item 13 – Review of Accounts

A. SCM monitors portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by a Portfolio Manager and the Director of Operations.

B. All investment advisory Clients are encouraged to discuss their needs, goals, and objectives with SCM and to keep SCM informed of any changes thereto. SCM shall contact ongoing investment advisory Clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the Client's financial situation and/or investment objectives.

C. Unless otherwise agreed upon, Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the Client accounts. Those Clients to whom SCM provides discretionary investment advisory services will also receive a report from SCM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. For those accounts that have a financial intermediary, SCM may choose to report to the financial intermediary directly instead to the Client.

Item 14 – Client Referrals and Other Compensation

SCM does not compensate for Client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains Client's investment assets. SCM urges its Clients to carefully review such statements and compare such official custodial records to the account statements that SCM provides to the Client. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. SCM through its affiliation with the Private Funds is considered to have custody. All Private Fund assets are held in custody by unaffiliated broker-dealers or banks; however, to comply with Rule 206(4)-2 of the Advisers Act, the Private Funds are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Regarding the Private Funds, audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each investor within 120 days of its fiscal year end.

Item 16 – Investment Discretion

SCM receives discretionary authority to manage securities accounts on behalf of Clients. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client account.

When selecting securities and determining amounts, SCM observes the investment objectives, limitations and restrictions of the Clients for which it advises. For registered investment companies, SCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to SCM in writing.

Neither SCM nor the Client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of SCM shall not be considered an assignment.

Item 17 – Voting Client Securities

SCM may vote proxies on behalf of its Clients. SCM may utilize a third-party resource to assist it in this process, as this may help the voting process be efficient, timely, and scalable across all accounts where SCM has been assigned this task on behalf of its Clients. When SCM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its Clients. Absent special circumstances, which are fully described in SCM's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in SCM's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. SCM is permitted to abstain from voting proxies if voting would be costly or impractical or if we otherwise deem voting unnecessary or unwarranted in our reasonable discretion. At any time, Clients may contact SCM to request information about how SCM- voted proxies for that Client's securities or to get a copy of SCM's Proxy Voting Policies and Procedures. A brief summary of SCM's Proxy Voting Policies and Procedures is as follows:

A. SCM's Director of Research is responsible for monitoring corporate actions, making voting decisions in the best interest of Clients, and ensuring that proxies are submitted in a timely manner.

B. The Director of Research will generally vote proxies according to SCM's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decision for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors: management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.

C. Although the Proxy Voting Guidelines are to be followed as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, SCM shall devote an appropriate amount of time and resources to monitor these changes.

D. In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that SCM maintains with persons having an interest in the outcome of certain votes, SCM will take appropriate steps to ensure that its proxy voting decisions are made in the best interest of its Clients and are not the product of such conflict.

Item 18 – Financial Information

SCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.