



### ***Ownership Structure***

SFE Investment Counsel Inc. (SFE) operates as an SEC Registered Investment Advisor (RIA). SFE is 100% owned by seven shareholders of SFE Investment Counsel Inc.

### ***Market Risk***

Investments are subject to market risks and may fluctuate in value. This means that you may gain or lose money over any given period. You are urged to speak to your investment professional to help determine whether a particular investment is right for you and consistent with your risk tolerance, investment goals and objectives.

### ***Business Continuity Plan***

SFE Investment Counsel Inc. has developed a Business Continuity Plan on how we will respond to events that significantly disrupt our business. Since the timing and impact of disasters and disruptions is unpredictable, we will have to be flexible in responding to actual events as they occur. With that in mind, we are providing you with this information on our business continuity plan.

*Contacting Us* - If after a significant business disruption you cannot contact us as you usually do by telephone at 213-612-0220 or by email at [info@sfeic.com](mailto:info@sfeic.com), you should call our alternative numbers 562-714-0057 or 626-674-5320. If you cannot access us through either of those means, you should contact your custodian for instructions on how it may provide prompt access to funds and securities, enter orders and process other trade-related, cash, and security transfer transactions. If your account is held at Charles Schwab & Co., Inc. their phone number is (877) 806-4117.

*Our Business Continuity Plan* - We plan to quickly recover and resume business operations after a significant business disruption and respond by safeguarding our employees and property, making a

financial and operational assessment, protecting the firm's books and records, and allowing our customers to transact business. In short, our business continuity plan is designed to permit our firm to resume operations as quickly as possible, given the scope and severity of the significant business disruption.

Our business continuity plan addresses: data back up and recovery; all mission critical systems; financial and operational assessments; alternative communications with customers, employees, and regulators; alternate physical location of employees; critical supplier, contractor, and bank impact; regulatory reporting; and assuring our customers prompt access to their funds and securities if we are unable to continue our business.

*Varying Disruptions* - Significant business disruptions can vary in their scope, such as only our firm, a single building housing our firm, the business district where our firm is located, the city where we are located, or the whole region. Within each of these areas, the severity of the disruption can also vary from minimal to severe. In a disruption to only our firms or a building housing our firms, we will transfer our operations to a local site when needed and expect to recover and resume business within one day. In a disruption affecting our business district, city, or region, we will transfer our operations to a site outside of the affected area, and attempt to recover and resume business within one business day. In either situation, we plan to continue in business and notify you through our web site [www.sfeic.com](http://www.sfeic.com) how to contact us. If the significant business disruption is so severe that it prevents us from remaining in business, we will assure our customer's prompt access to their funds and securities.

*For more information* - If you have questions about our business continuity planning, you can contact us at 213-612-0220.

### ***All-Cap Core Growth & Income Composite Annual Disclosure Statement***

Year End	Total Firm Assets (millions)	Composite Assets (millions)	Number of Portfolios	% of Carve Outs	S & P 500 (tr) Index	Composite Results Annual Performance		Composite Dispersion	Ex-Post Standard Deviation (Rolling 3 yrs)	
						Gross	Net		Composite	S&P 500
2016	\$304	\$87	199	0%	11.96%	13.07%	11.65%	3.93%	10.63%	10.59%
2015	\$283	\$80	190	0%	1.38%	-8.67%	-9.76%	3.58%	10.33%	10.47%
2014	\$324	\$200	346	0%	13.69%	7.87%	6.70%	3.62%	9.06%	8.97%
2013	\$309	\$188	329	0%	32.39%	29.07%	27.76%	3.38%	10.46%	12.11%
2012	\$243	\$148	294	0%	16.00%	10.82%	9.68%	3.23%	13.62%	15.30%
2011	\$240	\$149	291	0%	2.11%	2.37%	1.35%	3.96%	17.00%	18.97%
2010	\$217	\$126	243	0%	15.06%	26.97%	25.77%	6.90%	21.69%	22.16%
2009	\$179	\$62	141	63%	26.46%	35.00%	33.41%	8.51%	19.40%	19.91%
2008	\$183	\$72	142	43%	-37.00%	-35.89%	-36.49%	3.55%	15.57%	15.29%
2007	\$227	\$95	127	47%	5.49%	9.92%	9.04%	7.49%	8.77%	7.79%
2006	\$202	\$85	114	47%	15.79%	15.88%	14.63%	4.44%	8.82%	6.92%
2005	\$172	\$68	83	51%	4.91%	5.46%	4.35%	5.52%	9.03%	9.17%
2004	\$156	\$59	69	59%	10.88%	13.93%	12.74%	3.60%	10.54%	15.02%
2003	\$133	\$47	59	60%	28.68%	21.91%	20.62%	3.76%	n/a	n/a
2002	\$100	\$30	51	68%	-22.10%	-13.67%	-14.63%	3.49%	n/a	n/a
2001	\$94	\$28	47	92%	10.69%	9.24%	8.93%	3.60%	n/a	n/a

**Notes:**

1. In 2001 results and dispersion are reported for the period October 1, 2001 through December 31, 2001 only.
2. Beginning January 1, 2008, composite net returns are calculated by deducting management fees at the account level. Prior to that date, net of fee performance was calculated by deducting a weighted average fee from the gross returns for each year.
3. Not applicable (n/a) based on the abbreviated time frame.

The *All-Cap Core Growth & Income* strategy seeks to produce returns that consistently outperform the S&P 500(tr) Index while taking less-than-market risk. The investment objective is to preserve capital and achieve long term appreciation by employing an opportunistic, total return approach which includes the reinvestment of all dividends into cash. Cash is used as a strategic position. SFE focuses on US companies that have established a competitive advantage in their industries, have strong global franchises and generate significant revenue from their international operations.

This composite was created October 1, 2001 and contains only fee-paying fully discretionary portfolios. The composite is measured against the S&P 500(tr) Index, which is an index of US stocks designed to represent the US stock market. The minimum portfolio size for inclusion in this composite is \$100,000. Policy requires the removal of any portfolio that falls below \$100,000. The removal of a portfolio occurs at the beginning of the quarter in which the balance falls below \$100,000. The portfolio re-enters the composite the quarter after the balance reaches \$100,000. Additional information regarding the inclusion and exclusion of accounts is available upon request.

SFE management fee schedule for the composite is 2.50% on the first \$100,000, 2.25% on the next \$200,000, 2.00% on the next \$700,000, 1.75% on the next \$2 million, 1.5% on the next \$2 million, 1.25% on the next \$5 million, 1.00% on the next \$10 million and 0.75% on amounts in excess of \$20 million. Actual management fees incurred by clients may vary. SFE's sub-advised management fee is 0.50% subject to a \$500.00 minimum annual fee in most cases. Actual sub-advised management fees incurred by clients may vary.

Composite returns are presented gross and net of management fees. Gross returns for some accounts sub-advised by SFE are stated as gross of all management fees and transaction costs and are shown as supplemental information. Net of fee performance was calculated using actual management fees. Composite results include accounts no longer with the firm.

The annual composite dispersion presented is an asset-weighted standard deviation of the accounts in the composite the entire year. As of 1/1/15 accounts with assets other than equities are no longer eligible to be placed in the strategy. Carve-outs were included in this composite until December 31, 2009. Prior to that date, we took the composite level cash percentage and composite level cash performance and allocated that to the equity returns. Additional information regarding the policy for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

SFE claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS® standards. SFE has been independently verified for the periods October 1, 2001 through December 31, 2016 by Ashland Partners & Company LLP. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The *All-Cap Core Growth & Income* composite has been examined for the periods October 1, 2001 through December 31, 2016. The verification and performance examination reports are available upon request.

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. SFE is an independent investment advisor registered with the SEC. List of composite descriptions is available upon request.

## *Pathways™ (SRI) All-Cap Composite Annual Disclosure Statement*

Year End	Total Firm Assets (millions)	Composite Assets (millions)	Number of Portfolios	S & P 500 (tr) Index	Annual Composite Performance Results		Composite Dispersion	Ex-Post Standard Deviation (Rolling 3 Years)	
					Gross	Net		Composite	S&P 500 (tr)
2016	\$304	\$17	31	11.96%	9.66%	8.98%	3.04	10.42%	10.59%
2015	\$283	\$17	33	1.38%	-1.16%	-1.78%	3.12	10.86%	10.47%
2014	\$324	\$25	45	13.69%	7.27%	6.59%	4.97%	9.91%	8.97%
2013	\$309	\$23.2	38	32.39%	27.46%	26.57%	2.47%	11.36%	12.11%
2012	\$243	\$10.5	22	16.00%	12.03%	10.85%	2.58%	15.80%	15.30%
2011	\$240	\$1.1	8	2.11%	-1.02%	-2.22%	n/a	19.32%	18.97%
2010	\$217	\$0.6	4	15.06%	28.28%	26.44%	n/a	n/a	n/a
2009	\$179	\$8.4	3	26.46%	42.26%	40.44%	n/a	n/a	n/a
2008	\$183	\$4.0	1	-37.00%	-17.43%	-18.23%	n/a	n/a	n/a

**Notes:**

1. In 2008 results are reported for the period May 1, 2008 through December 31, 2008 only.
2. From 2008-2010 Ex-Post Standard Deviation (Rolling 3 Years) is not available (n/a). Three years have not been completed.
3. From 2008-2011 the composite contains 5 or fewer portfolios for the full calendar year, a measure of composite dispersion is not statistically meaningful.

The *Pathways™ (SRI) All-Cap* strategy invests in companies that demonstrate commitment to sustainable business practices and good corporate citizenship, according to the SRI/ESG criteria established by SFE Investment Counsel Inc. (SFE). Additional information regarding SFE's criteria of sustainable business practices is available upon request

This composite was created May 1, 2008 and contains only fee-paying fully discretionary portfolios. The composite is measured against the S&P 500(tr) Index, which is an index of US stocks designed to represent the US stock market. The minimum portfolio size for inclusion in this composite is \$100,000. Policy requires the removal of any portfolio that falls below \$100,000. The removal of a portfolio occurs at the beginning of the quarter in which the balance falls below \$100,000. The portfolio re-enters the composite the quarter after the balance reaches \$100,000. Additional information regarding the inclusion and exclusion of accounts is available upon request.

SFE management fee schedule for the composite is 2.50% on the first \$100,000, 2.25% on the next \$200,000, 2.00% on the next \$700,000, 1.75% on the next \$2 million, 1.5% on the next \$2 million, 1.25% on the next \$5 million, 1.00% on the next \$10 million and 0.75% on amounts in excess of \$20 million. Actual management fees incurred by clients may vary. SFE's sub-advised management fee is 0.50% subject to a \$500.00 minimum annual fee in most cases. Actual sub-advised management fees incurred by clients may vary.

Composite returns are presented gross and net of management fees. Gross returns for some accounts sub-advised by SFE are stated as gross of all management fees and transaction costs and are shown as supplemental information. Net of fee performance was calculated using actual management fees. Composite results include accounts no longer with the firm.

The annual composite dispersion presented is an asset-weighted standard deviation of the accounts in the composite the entire year. As of 1/1/15 accounts with assets other than equities are no longer eligible to be placed in the strategy. Carve-outs were included in this composite until December 31, 2009. Prior to that date, we took the composite level cash percentage and composite level cash performance and allocated that to the equity returns. Additional information regarding the policy for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

SFE claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS® standards. SFE has been independently verified for the periods October 1, 2001 through December 31, 2016 by Ashland Partners & Company LLP. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The *Pathways™ (SRI) All-Cap* composite has been examined for the periods May 1, 2008 through December 31, 2016. The verification and performance examination reports are available upon request.

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. SFE is an independent investment advisor registered with the SEC. List of composite descriptions is available upon request.

### **Privacy Notice**

The Gramm-Leach-Bliley Act of 1999 requires each member of the financial services industry to inform its clients of its policy for protecting the privacy of its client's information.

At SFE we take our obligation to protect our client's privacy seriously. Our concern both predates and exceeds the legal requirements and exemplifies our commitment to personal service.

We collect and disclose nonpublic information only to the extent required to serve our client's needs. We gather personal information from the following sources:

- From you, in interviews, on applications or other forms;
- From your transactions with us or others, and;

We do not disclose any nonpublic personal information about you to anyone, except:

- In connection with transactions on your behalf, such as to our clearing firm;
- To other service providers working on your account, such as attorneys, insurance companies and client relationship management, trading software, etc. and;
- When required by law.

We do not make nonpublic personal information available to unrelated third parties or for any outside marketing purposes. SFE has developed an Identity Theft Prevention Program to adequately identify and detect to prevent and mitigate identity theft which is reviewed annually.

Within the firm, we restrict access to your personal and account information to those employees who need to know that information in order to provide products or services to you. We have established procedures to safeguard your privacy.

Any third party and its employees with whom we conduct business and share office space or rents office space from us will be required to sign a Confidentiality Agreement as well as sign and acknowledge compliance with our firm's Code of Ethics, in order to protect client information from the potential of third parties who may have access to client information or may inadvertently review client information.

Should you decide to close your account(s) or become an inactive client, we will continue to adhere to the privacy policies and practices as described in this notice.

Please feel free to contact us if you wish to discuss our privacy policy in greater detail.

May 2016