



Ownership Structure

SFE Investment Counsel (SFE) operates as an SEC Registered Investment Advisor (RIA). Our sister company, Stern Fisher Edwards Inc, is a FINRA member Broker Dealer and a member of SIPC. Both companies are 100% owned by the employee 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

Stern Fisher Edwards Inc/SFE Investment Counsel Inc. have 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, 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 our clearing firm, National Financial Services, at 800-801-9942 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.

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.

Our clearing firm, National Financial Services, backs up our important records in a geographically separate area. While every emergency situation poses unique problems based on external factors, such as time of day and the severity of the disruption, we been advised by our clearing firm that its objective is to restore its own operations and be able to complete existing transactions and accept new transactions and payments within a one day period. Your orders and requests for funds and securities could be delayed during this period.

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, transfer operations to our clearing firm if necessary, and

notify you through our web site www.sfeic.com or our customer emergency number, 800-801-9942, 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.

SFE Growth & Income Strategy Composite Annual Disclosure Statement

Year End	Total Firm Assets (millions)	Composite Assets (millions)	Number of Portfolios	% of All Inclusive Assets	% of Carve Outs	S & P 500 Index	Annual Performance Results Composite		Composite Dispersion	Ex-Post Standard Deviation (Rolling 3 yrs)	
							Gross	Net		Composite	S&P 500
2010	\$217	\$126	243	56%	0%	15.06%	26.97%	25.77%	6.90%	21.69%	22.16%
2009	\$179	\$62	141	58%	63%	26.46%	35.00%	33.40%	8.51%	19.40%	19.91%
2008	\$183	\$72	142	34%	43%	-37.00%	-35.89%	-36.49%	3.55%	15.57%	15.29%
2007	\$227	\$95	127	30%	47%	5.49%	9.92%	9.05%	7.49%	8.77%	7.79%
2006	\$202	\$85	114	29%	47%	15.79%	15.88%	14.65%	4.44%	8.82%	6.92%
2005	\$172	\$68	83	24%	51%	4.91%	5.46%	4.35%	5.52%	9.03%	9.17%
2004	\$156	\$59	69	27%	59%	10.88%	13.93%	12.74%	3.60%	10.54%	15.02%
2003	\$133	\$47	59	25%	60%	28.68%	21.91%	20.62%	3.76%	N/A	N/A
2002	\$100	\$30	51	31%	68%	-22.10%	-13.67%	-14.63%	3.49%	N/A	N/A
2001*	\$94	\$28	47	46%	92%	10.69%	9.24%	8.93%	3.60%	N/A	N/A

Notes:

1. * Results and Dispersion are reported for the period October 1, 2001 through December 31, 2001 only.
2. Gross returns are presented as supplemental information, as performance for accounts with all-inclusive fees have not been reduced by transaction costs.
3. Total Firm Assets have been changed from 2001-2007. They now include fee paying Non-Discretionary accounts.
4. All-Inclusive Assets and Carve-Out percentages have been changed in 2008.

SFE Growth & Income Strategy Composite was created October 1, 2001. *SFE Growth & Income Strategy* contains fully discretionary portfolios and for comparison purposes is measured against the S&P 500 Index. The minimum portfolio size for initial inclusion in this composite is \$100,000. These performance numbers are based on all fully discretionary fee-paying portfolios managed by SFE where (1) 70%-100% of assets are invested in equities and (2) the balance of the equity and cash portion of the portfolio is at least \$100,000 at the time of inclusion.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance.

The composite includes both All Inclusive (fee-only) accounts and "fee-plus-commission accounts," for which clients pay both a management fee and discounted commissions. All Inclusive (fee-only) accounts pay a fee based on a percentage of assets under management that covers portfolio monitoring, consulting services, and in some cases, custodial services.

The returns shown in the above table include the reinvestment of all income and are presented (1) gross and net of all fees (2) net of commissions, when charged. Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. Beginning January 1, 2008, net returns are calculated by deducting all actual fees, transaction and administrative costs incurred 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.

The annual composite dispersion presented is an asset-weighted standard deviation of the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Composite policy requires the removal of any portfolio that falls below \$75,000 (3/4 of minimum investment level) due to market volatility or cash withdrawal. The removal of such a portfolio occurs at the beginning of the month in which the balance falls below \$75,000. The portfolio re-enters the composite the month after the balance reaches \$100,000. Additional information regarding the inclusion and exclusion of accounts based on minimum balance policies is available upon request. Composite returns represent investors domiciled in the United States.

The investment management fee schedule for the composite is 1.00% on the first \$5 million, 0.75% on the next \$5 million, 0.50% on the next \$10 million and 0.375% on amounts in excess of \$20 million. Actual investment advisory fees incurred by clients may vary. Carve-outs were included in this composite until December 2009. Prior to that date, we took the composite level cash percentage and composite level cash performance and allocate that to the Equity returns.

SFE Investment Counsel Inc (SFE) is an independent Registered Advisor. SFE claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SFE has been independently verified for the periods October 1, 2001 through December 31, 2010 by Ashland Partners & Company LLP. A copy of the firm's list of composite descriptions is available upon request.

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 *SFE Growth & Income Strategy* composite has been examined for the periods October 1, 2001 through December 31, 2010. The verification and performance examination reports are available upon request.

SFE Pathways™ SRI Strategy Composite Annual Disclosure Statement

Year End	Total Firm Assets (millions)	Composite Assets (millions)	Number of Portfolios	% of All Inclusive Assets	S & P 500 Index	Annual Performance Results Composite		Composite Dispersion	Ex-Post Standard Deviation (Rolling 3 yrs)	
						Gross**	Net		Composite	S&P 500
2010	\$217	\$0.6	4	100%	15.06%	28.28%	26.45%	N/A	N/A	N/A
2009	\$179	\$8.4	3	100%	26.46%	42.26%	40.45%	N/A	N/A	N/A
2008	\$183	\$4.0	1	100%	-37.00%	-17.43%	-18.23%	N/A	N/A	N/A

Notes:

1. Results are reported for the period May 1, 2008 through December 31, 2010 only.
2. Gross returns are presented as supplemental information, as performance for accounts with all-inclusive fees have not been reduced by transaction costs.

3. Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
4. Number of portfolio accounts for 2009 has been changed.
5. 2010 net returns have been changed.

The SFE Pathways™ (SRI) All-Cap strategy composite was created on May 1, 2008. **SFE Pathways™ (SRI) All-Cap** strategy contains fully discretionary portfolios that are invested in companies that demonstrate commitment to sustainable business practices and good corporate citizenship, according to the SRI criteria established by SFE. For comparison purposes, the composite is measured against the S&P 500 Index. The minimum portfolio size for initial inclusion in this composite is \$100,000.

Composite policy requires the temporary removal of any portfolio that falls below \$75,000 (3/4 of minimum investment level) due to market volatility or cash withdrawal. The temporary removal of such a portfolio occurs at the beginning of the month in which the balance falls below \$75,000, and the portfolio re-enters the composite the month after the balance reaches \$100,000. Additional information regarding the inclusion and exclusion of accounts based on minimum balance policies is available upon request.

The composite includes All Inclusive (fee-only) accounts and returns are presented gross and net of all fees and includes the reinvestment of all income. Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs; net returns are reduced by all fees and transaction costs incurred. All Inclusive (fee-only) accounts pay a fee based on a percentage of assets under management, which includes investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance. Composite returns represent investors domiciled in the United States. Past performance is not indicative of future results.

The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Additional information regarding the policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite is 1.00% on the first \$5 million, 0.75% on the next \$5 million, 0.50% on the next \$10 million and 0.375% on amounts in excess of \$20 million. Actual investment advisory fees incurred by clients may vary.

SFE Investment Counsel Inc (SFE) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SFE has been independently verified for the periods October 1, 2001 through December 31, 2010 by Ashland Partners & Company LLP. A copy of the firm's list of composite descriptions is available upon request. SFE is an independent registered investment adviser.

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 **SFE Pathways™ (SRI) All-Cap** composite has been examined for the periods May 1, 2008 through December 31, 2010. The verification and performance examination reports are available upon request.