

SANGAMO BIOSCIENCES INC  
Form DEFA14A  
April 25, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**SANGAMO BIOSCIENCES, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



















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Real Estate Income Fund

1,650,155

(65,610

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(1,584,545

)

**Tax Basis of Distributable Earnings:** The tax character of distributable earnings at December 31, 2016 was as follows:

Undistributed	Undistributed	Capital	Unrealized	<b>Post</b>	Total
	Long-Term	Loss Carry	Appreciation	<b>October</b>	Distributable

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	Ordinary Income	Capital Gain	Forwards	(Depreciation)	and Other Losses <sup>(b)</sup>	Earnings
Greater China Fund	\$ 3,991	\$	—	\$(12,362,955)	\$ 979,403	\$— (11,379,561 )
BDC Income Fund	863		—	(3,460,813 )	645,211	(303,820) (3,118,559 )
Real Estate Income Fund	—		—	(1,548,373 )	514,582	(6,168 ) (1,039,959 )

The difference between book basis and tax basis unrealized appreciation/(depreciation) is attributable primarily to wash sales and PFICs.

**Elective Deferrals:** The BDC Fund has elected to defer \$303,820 of capital losses recognized during the period November 1, 2016-December 31, 2016.

The Real Estate Fund has elected to defer \$6,168 of ordinary losses to the period ending December 31, 2017.

**Capital Losses:** Capital loss carry forwards, as of December 31, 2016, available to offset future capital gains, if any, are as follows:

	Greater China Fund	BDC Income Fund	Real Estate Income Fund
Expiring 2017	\$10,930,578	\$—	\$—
Long Term with No Expiration	235,607	763,025	114,152 *
Short Term with No Expiration	1,196,770	2,697,788	1,434,221 *
Total	\$12,362,955	\$3,460,813	\$1,548,373

\*Subject to limitations under §382 of the Code

**Distributions to Shareholders:** Income distributions and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities held by each Fund, timing differences and differing characterization of distributions made by each Fund.

SCM Trust Notes to Financial Statements (Unaudited) (Continued)

June 30,  
2017

The tax character of distributions paid during are as follows:

Fund	Year	Return of Capital	Ordinary Income	Long-Term Capital Gains <sup>(a)</sup>	Total Distributions
Greater China Fund	December 31, 2015	\$—	\$152,604	\$—	\$152,604
	December 31, 2016	—	169,576	—	169,576
BDC Income Fund	March 31, 2016	—	1,895,840	—	1,895,840
	March 31, 2015	—	443,308	5,045	448,353
	December 31, 2016 <sup>(b)</sup>	—	766,967	—	766,967
Real Estate Income Fund	March 31, 2016	—	2,321,774	81,751	2,403,525
	March 31, 2015	—	1,312,311	1,310,714	2,623,025
	December 31, 2016 <sup>(b)</sup>	262,427	1,141,052	1,533,581	2,937,060

<sup>(a)</sup> The Funds designate Long-Term Capital Gain dividends pursuant to Section 852(b)(3) of the Internal Revenue Code for the year ended December 31, 2016.

<sup>(b)</sup> For the period April 1 to December 31, 2016.

## NOTE 5 – REORGANIZATIONS

On October 21, 2016, the shareholders of the AR Capital BDC Income Fund, the AR Capital Global Real Estate Income Fund and the AR Capital Real Estate Income Fund approved the agreement and plan of reorganization providing for the transfer of assets and assumption of liabilities of such funds by the Shelton BDC Income Fund and the Shelton Real Estate Income Fund, respectively. The reorganization was effective as of the close of business on November 4, 2016. The following tables illustrate the specifics of each Fund's reorganization:

AR Capital BDC Income Fund	Shares issued to Shareholders of AR Capital BDC Income Fund	Shelton BDC Income Fund	Combined Net Assets	Tax Status of Transfer
Net Assets	Fund	Assets	Net Assets	
\$ 14,780,538	1,668,286	\$ —	\$ 14,780,538	Non-taxable

<sup>(1)</sup> Includes accumulated realized gains and unrealized appreciation in the amounts of \$332,361 and \$223,360 respectively.

AR Capital Global Real Estate Income Fund	Shares issued to Shareholders of AR Capital	Shelton Real Estate Income Fund	Combined Net Assets	Tax Status of Transfer
Net Assets				

	Global Real Estate Income Fund	Net Assets	
\$ 2,467,461	278,928	\$ —	\$16,524,350 Non-taxable

(1) Includes accumulated realized gain and unrealized depreciation in the amounts of \$120,779 and \$(177,489) respectively.

	Shares issued to Shareholders of AR Capital Real Estate Income Fund	Shelton Real Estate Income Fund	Net Assets	Combined Net Assets	Tax Status of Transfer
\$ 14,056,889	1,588,861	\$ —	\$16,524,350		Non-taxable

(1) Includes accumulated realized gains and unrealized appreciation in the amounts of \$1,178,287 and \$480,458 respectively.

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SCM Trust Notes to Financial Statements (Unaudited) (Continued)

June 30,  
2017

As of close of business on November 4, 2016, the classes were converted at the following rates:

Pre-Merger Class	Pre-Merger NAV	Rate	Shares	Dollars	Post-Merger NAV	Post Merger Class
ARC Global Real Estate Income Fund Class A	8.37	.9456 to 1	159,382	\$1,410,528	8.85	Shelton Real Estate Income Fund Investor Class
ARC Global Real Estate Income Fund Class C	8.37	.9454 to 1	66,649	589,847	8.85	Shelton Real Estate Income Fund Investor Class
ARC Global Real Estate Income Fund Advisor Class	8.38	.949 to 1	52,898	467,085	8.83	Shelton Real Estate Income Fund Institutional Class
ARC Real Estate Income Fund Class A	8.85	1	995,315	8,805,282	8.85	Shelton Real Estate Income Fund Investor Class
ARC Real Estate Income Fund Class C	8.80	.9944 to 1	536,418	4,747,297	8.85	Shelton Real Estate Income Fund Investor Class
ARC Real Estate Income Fund Advisor Class	8.83	1	57,128	504,310	8.83	Shelton Real Estate Income Fund Institutional Class
ARC BDC Income Fund Class A	8.86	1	1,139,403	10,099,544	8.86	Shelton BDC Income Fund Investor Class
ARC BDC Income Fund Class C	8.84	.99774 to 1	486,190	4,307,647	8.86	Shelton BDC Income Fund Investor Class
ARC BDC Income Fund Advisor Class	8.74	1	42,694	373,348	8.74	Shelton BDC Income Fund Institutional Class

Assuming the acquisition had been completed on April 1, 2016, the beginning of the annual reporting period, of the Shelton Real Estate Income Fund's pro forma results of operations for the period ended December 31, 2016 are as follows:

	Shelton Real Estate Income Fund
Net Investment Income	\$412,918
Net gain on Investments	164,093
Net increase in net assets resulting from operations	577,011

Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of the former AR Capital Global Real Estate Income Fund that have been included in the Shelton Real Estate Income Fund's statement of operations since November 4, 2016.

Note 6 – SUBSEQUENT EVENTS

In preparing the financial statements as of June 30, 2017, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements through the date of issuance of the financial statements, and has determined that there were no subsequent events requiring recognition or disclosure.

SCM Trust Additional Information (Unaudited) June 30, 2017

#### Fund Holdings

The Fund holdings shown in this report are as of June 30, 2017. Holdings are subject to change at any time, so holdings shown in the report may not reflect current Fund holdings. The Fund files complete schedules of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the Commission's Public Reference Room, 100 F. Street N.E., Room 1580, Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information filed in the form N-Q also may be obtained by calling (800) 955-9988.

#### Proxy Voting Policy

The Fund's Statement of Additional Information ("SAI") containing a description of the policies and procedures that the SCM Trust uses to determine how to vote proxies relating to portfolio securities, along with the Fund's proxy voting record relating to portfolio securities held during the 12-month period ended June 30, 2017, is available upon request, at no charge, at the phone number below, or on the SEC's website at [www.sec.gov](http://www.sec.gov).

#### About this Report

This report is submitted for the general information of the shareholders of the SCM Trust. It is authorized for distribution only if preceded or accompanied by a current SCM Trust prospectus. Additional copies of the prospectus may be obtained by calling (800) 955-9988 or can be downloaded from the Fund's website at [www.sheltoncap.com](http://www.sheltoncap.com). Please read the prospectus carefully before you invest or send money, as it explains the risks, fees and expenses of investing in the Fund.



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Board of Trustees and Executive Officers (Unaudited)

Overall responsibility for management of the Fund rests with the Board of Trustees. The Trustees serve during the lifetime of the Trust and until its termination, or until death, resignation, retirement or removal. The Trustees, in turn, elect the officers of the Fund to actively supervise its day-to-day operations. The officers have been elected for an annual term. The following are the Trustees and Executive Officers of the Fund:

Name	Address	Year of Birth	Position Held with the Trust	Length of Time Served
Stephen C. Rogers	1050 17th Street, Suite 1710 Denver, CO 80265	1966	Chairman and Trustee	Since June, 2011
Kevin T. Kogler	1050 17th Street, Suite 1710 Denver, CO 80265	1966	Trustee	Since June, 2011
Marco L. Quazzo	1050 17th Street, Suite 1710 Denver, CO 80265	1962	Trustee	Since August, 2014
Stephen H. Sutro	1050 17th Street, Suite 1710 Denver, CO 80265	1969	Trustee	Since June, 2011
William P. Mock	1050 17th Street, Suite 1710 Denver, CO 80265	1966	Treasurer	Since June, 2011
Gregory T. Pusch	1050 17th Street, Suite 1710 Denver, CO 80265	1966	Chief Compliance Officer	Since March, 2017

The principal occupations of the Trustees and Executive Officers of the Fund during the past five years and public directorships held by the Trustees are set forth below:

Stephen C. Rogers*	Chief Executive Officer, Shelton Capital Management, 1999 to present. ETF Spreads, 2007 to present.
Kevin T. Kogler	President & Founder of MicroBiz LLC, 2012 to present; Principal, Robertson Piper Software Group, 2006 to 2012; Senior Vice President, Investment Banking, Friedman, Billings Ramsey, 2005 to 2006. ETF Spreads, 2007 to present.
Marco L. Quazzo	Principal, Bartko Zankel Bunzel & Miller, March, 2015 to present; Partner, Barg Coffin Lewis & Trapp LLP (law firm), 2008 to March 2015.
Stephen H. Sutro	Managing Partner, Duane Morris LLP (law firm), 2014 to present; Partner, Duane Morris LLP (law firm), 2003 to Present. ETF Spreads, 2007 to present.
William P. Mock	Portfolio Manager, Shelton Capital Management, 2010 to present; Portfolio Manager, ETSpreads, 2007 to present.
Gregory T. Pusch	Global Head of Risk & Compliance, Matthews Asia 2015-2016; Head of Legal & Regulatory Compliance/CCO, HarbourVest Partners, 2012-2015.

Additional information about the Trustees may be found in the SAI, which is available without charge by calling (800) 955-9988.

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Trustee deemed to be an “interested person” of the Trust, as defined in the Investment Company Act of 1940. Mr. \*Rogers is an interested person because he is the CEO of Shelton Capital Management, the Trust’s Advisor and Administrator.

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Board Approval of the Advisory Agreement (Unaudited)  
June 30, 2017

## SCM TRUST BOARD APPROVAL OF THE MANAGEMENT AGREEMENT – SHELTON GREATER CHINA FUND

The 1940 Act requires that the full Board and a majority of the Independent Trustees annually approve the continuation of the Trust's Management Agreement dated June 12, 2011 between SCM Trust and CCM Partners D/B/A Shelton Capital Management ("SCM") (the "Management Agreement"), with respect to the Shelton Greater China Fund. At a meeting held in-person on February 9, 2017, the Board, including a majority of the Independent Trustees of the SCM Trust, on behalf of the Shelton Greater China Fund (the "Fund"), considered and approved the continuance of the Management Agreement with respect to the Fund with CCM Partners D/B/A Shelton Capital Management for an additional one-year period ending March 31, 2018.

Prior to the meeting, the Independent Trustees requested information from SCM. This information, together with other information provided by SCM, and the information provided to the Independent Trustees throughout the course of the year, formed the primary (but not exclusive) basis for the Board's determinations as summarized below. In addition to the information identified above, other material factors and conclusions that formed the basis for the Board's subsequent approval are described below.

### Information Received

**Materials Received.** During the course of each year, the Independent Trustees receive a wide variety of materials relating to the services provided by SCM, including reports on the Fund's investment results; portfolio composition; third party fund rankings; investment strategy; portfolio trading practices; shareholder services; and other information relating to the nature, extent and quality of services provided by SCM. In addition, the Board requests and reviews supplementary information that includes materials regarding the Fund's investment results, advisory fee and expense comparisons, the costs of operating the Fund and financial and profitability information regarding SCM (the principal business activity of which is managing the Fund and other investment companies and separately managed accounts), description of various functions such as compliance monitoring and portfolio trading practices, and information about the personnel providing investment management services to the Fund.

**Review Process.** The Board received assistance and advice regarding legal and industry standards from independent legal counsel to the Independent Trustees. The Board discussed the renewal of the Management Agreement with SCM representatives and in a private session with independent legal counsel at which representatives of SCM were not present. In deciding to approve the renewal of the Management Agreement, the Independent Trustees considered the total mix of information requested by and made available to them and did not identify any single issue or particular information that, in isolation, was the controlling factor. This summary describes the most important, but not all, of the factors considered by the Board.

### Nature, Extent and Quality of Services

The Board considered the depth and quality of SCM's investment management process; the experience, capability and integrity of its senior management and other personnel; operating performance and the overall financial strength and stability of its organization. The Board also considered that SCM made available to its investment professionals a variety of resources relating to investment management, compliance, trading, performance and portfolio accounting. The Board further considered SCM's continuing need to attract and retain qualified personnel and, noting SCM's additions over recent years, determined that SCM was adequately managing matters related to the Fund.

The Board considered, in connection with the performance of its investment management services to the Fund, the following: SCM's policies, procedures and systems to ensure compliance with applicable laws and regulations and its commitment to these programs; its efforts to keep the Trustees informed; and its attention to matters that may involve conflicts of interest with the Fund. As a point of comparison, the Board also considered the nature, extent, quality and cost of certain non-investment related administrative services provided by SCM to the Fund under the Restated Fund Administration Servicing Agreement.

The Board concluded that SCM had the quality and depth of personnel and investment methods essential to performing its duties under the Management Agreement, and that the nature, extent and overall quality of such services are satisfactory and reliable.

#### Investment Performance

The Board considered the Fund's investment results in comparison to its stated investment objectives. The Trustees reviewed the short-term and long-term performance of the Fund on both an absolute basis and in comparison to benchmark indices. The Trustees also reviewed Morningstar rankings for the Fund, as applicable. In assessing performance of the Fund, the Trustees took into consideration the fact that Fund performance is expected to mirror the appropriate benchmark as closely as possible given certain practical constraints imposed by the 1940 Act, the Fund's investment restrictions, the Fund's size and similar factors. Among the factors considered in this regard was that the Fund's performance was in the first quartile for the 1-year period, the second quartile for the 3-year period, and in the fourth quartile over the 5-year and 10-year periods.

The Board received a satisfactory explanation of the reasons underlying the long-term performance of the Fund. The Board ultimately concluded that SCM's performance record in managing the Fund was satisfactory, supporting the determination that SCM's continued management under the Management Agreement would be consistent with the best interests of the Fund and its shareholders.

#### Management Fees and Total Operating Expenses

The Board reviewed the management fees and total operating expenses of the Fund and compared such amounts with the management fees and total operating expenses of other funds in the industry that are found within the same style category, or peer group, as defined by Bloomberg. While the Board recognized that comparisons between the Fund and peer group funds may be imprecise, given the different service levels and characteristics of mutual funds and the different business models and cost structures of their investment advisors, the comparative information assisted the Board in evaluating the reasonableness of the Fund's management fees and total operating expenses. The Board considered the advisory fees and total fees and expenses of the Fund in comparison to the advisory fees and other fees and expenses of other funds in the Fund's relevant peer group. The Trustees considered both the gross advisory fee rates, as well as the effective advisory rates charged by SCM after taking into consideration the expense limitation arrangements and voluntary fee waivers. The Board noted the voluntary advisory fee limitation that SCM had put into effect with respect to the Fund.

Board Approval of the Advisory Agreement (Unaudited) (Continued)  
June 30, 2017

#### Adviser Costs, Level of Profits, Economies of Scale and Ancillary Benefits

The Board reviewed information regarding SCM's costs of providing services to the Fund, as well as the resulting level of profits to SCM. The Independent Trustees received financial and other information from SCM, in addition to a representation from SCM that its profits were not excessive and that SCM's profitability was low by industry standards. The Board noted its intention to continue to monitor assets under management, and the resulting impact on SCM's profitability, in order to ensure that SCM has sufficient resources to continue to provide the services that shareholders in the Fund require. The Board considered SCM's need to invest in technology, data services, infrastructure and staff to provide the expected quality of investment advisory services to the Fund. The Trustees also noted that SCM has contractually agreed to limit its advisory fees on the Fund so that the Fund does not exceed its specified operating expense limitations, and that SCM has imposed a voluntary fee limitation. Such voluntary fee limitation may be decreased or eliminated by SCM upon approval of the Board. The Board also considered that SCM does not receive substantial indirect benefits from managing the Fund (one example of an indirect benefit is research paid for by Fund brokerage commissions – SCM currently does not utilize soft-dollar arrangements or enjoy the benefit of such arrangements). On the basis of the foregoing, together with the other information provided to it at the meeting and throughout the year, the Board concluded that the Fund's cost structure was reasonable.

#### Conclusions

Based on their review, including but not limited to their consideration of each of the factors referred to above, the Board concluded that the Management Agreement, taking into account the separate administration fees, is and would be fair and reasonable to the Fund and its shareholders, that the Fund's shareholders received or should receive reasonable value in return for the advisory fees and other amounts paid to SCM by the Fund, and that the renewal of the Management Agreement was in the best interests of the Fund and its shareholders.

#### SCM TRUST BOARD APPROVAL OF THE INVESTMENT ADVISORY AGREEMENT – SHELTON BDC INCOME FUND, SHELTON REAL ESTATE INCOME FUND

The Board, including a majority of the Independent Trustees, on behalf of each of the Funds, considered and approved the Investment Advisory Agreement with respect to each Fund to become effective upon launch of each Fund. The Board's decision to approve the Investment Advisory Agreement reflects the exercise of its business judgment on whether to authorize the creation and offering of these new series of the Trust which comprise the Funds, as proposed by, and based on information requested by the Board and provided by, Shelton and based on Shelton's recommendation to go forward with each of the Funds.

Prior to the meeting, the Independent Trustees requested information from Shelton. This information formed the primary (but not exclusive) basis for the Board's determinations as summarized below. In addition to the information identified above, other material factors and conclusions that formed the basis for the Board's subsequent approval are described below.

**Materials Received.** During the course of each year, the Independent Trustees receive a wide variety of materials relating to the services provided by Shelton to the other series of the Trust, and to funds advised by Shelton in a related trust for which the Board also serves. That information includes reports on each such fund's investment results; portfolio composition; third party fund rankings; investment strategy; portfolio trading practices; shareholder services; and other information relating to the nature, extent and quality of services provided by Shelton to those funds. In addition, the Board requests and reviews supplementary information that includes materials regarding each such fund's investment results, advisory fee and expense comparisons, the costs of operating those funds and financial and

profitability information regarding Shelton (the principal business activity of which is managing the funds), description of various functions such as compliance monitoring and portfolio trading practices, and information about the personnel providing investment management services to each fund. As such, the Board, and the Independent Trustees, are acquainted with Shelton and its performance of investment management services for registered investment companies. For the meeting at which the Advisory Agreement was approved, the Independent Trustees requested information regarding Shelton's financial condition and profitability, services, operations and personnel, and compliance procedures.

Review Process. The Board received assistance and advice regarding legal and industry standards from independent legal counsel to the Independent Trustees. The Board discussed the approval of the Investment Advisory Agreement both with Shelton representatives and in a private session with independent legal counsel at which representatives of Shelton were not present. In deciding to approve the Investment Advisory Agreement, the Independent Trustees considered the total mix of information requested by and made available to them and did not identify any single issue or particular information that, in isolation, was the controlling factor. This summary describes the most important, but not all, of the factors considered by the Board.

#### Nature, Extent and Quality of Services

Shelton, its Personnel and its Resources. The Board considered the depth and quality of Shelton's investment management process; the experience, capability and integrity of its senior management and other personnel; operating performance and the overall financial strength and stability of its organization. The Board also considered that Shelton made available to its investment professionals a variety of resources relating to investment management, compliance, trading, performance and portfolio accounting. The Board further considered Shelton's continuing need to attract and retain qualified personnel and, noting Shelton's additions over recent years, determined that Shelton was adequately managing matters related to the existing series of the Trust and would be expected to make appropriate investments for the Funds. Because each of the Funds will employ the same investment strategy of the predecessor funds and, except for the Shelton BDC Income Fund, the same key management personnel, the nature and quality of the management of each Fund is expected to reflect that of the predecessor fund. This, in turn, assisted the Board in reaching a conclusion that the nature, extent and quality of Shelton's services were such as to warrant approval of the Investment Advisory Agreement.

Other Services. The Board considered, in connection with the performance of its investment management services to the other series of the Trust, and the services to be provided to the Funds, the following: Shelton's policies, procedures and systems to ensure compliance with applicable laws and regulations and its commitment to these programs; its efforts to keep the Board informed; and its attention to matters that may involve conflicts of interest with the Funds. As a point of comparison, the Board also considered the nature, extent, quality and cost of certain non-investment related administrative services provided by Shelton to the Funds under the administration servicing agreements.

Board Approval of the Advisory Agreement (Unaudited) (Continued)  
June 30, 2017

The Board concluded that Shelton had the quality and depth of personnel and investment methods essential to performing its duties under the Investment Advisory Agreement, and that the nature, extent and overall quality of such services are satisfactory and reliable.

**Investment Performance.** The Board considered that there is no performance history at the time of the meeting for the Funds.

**Management Fees and Total Operating Expenses.** The Board reviewed the proposed management fees and proposed total operating expenses of each Fund with Shelton, and compared such amounts with the management fees and total operating expenses of other funds in the industry. The Trustees considered both the gross advisory fee rates, as well as the effective advisory rates proposed to be charged by Shelton after taking into consideration the expense limitation arrangements and voluntary fee waivers. The Board noted that the total net management fees charged to each Fund, after taking into account these expense limitations and voluntary waivers, appeared to be competitive with comparable funds. The Trustees noted the Funds would be paying for certain administrative services provided to the Funds by Shelton under the fund administration servicing agreement that would take effect upon the transition of the Funds to the SCM Trust.

**Adviser, Costs, Level of Profits, Economies of Scale and Ancillary Benefits.** The Board reviewed information regarding Shelton's anticipated costs of providing services to the Funds, as well as the resulting level of profits to Shelton. The Independent Trustees received financial and other information from Shelton, in addition to a representation from Shelton that its profits were not excessive and that Shelton's profitability was low by industry standards. The Board noted its intention to monitor assets under management, and the resulting impact on Shelton's profitability, in order to ensure that Shelton has sufficient resources to provide the services that shareholders in the Funds require. The Board considered Shelton's need to invest in technology, data services, infrastructure and staff to provide the expected quality of investment advisory services to the Funds. The Board also noted that Shelton has contractually agreed to limit its advisory fees on the Funds so that those Funds do not exceed their respective specified operating expense limitations. Such voluntary fee limitations may be decreased or eliminated at the option of Shelton in the future, a factor that was also considered by the Board. The Board considered possible indirect benefits that may accrue to Shelton as a result of the acquisition, and concluded that it was very difficult to determine whether any such benefits would accrue before the Funds have experienced any meaningful operating history. Nevertheless, in connection with its governance of the other series of the Trust, the Board regularly receives financial information regarding Shelton and the compensation and benefits that Shelton derives from its relationship with that fund, and noted that Shelton does not presently receive substantial indirect benefits from managing the other series of the Trust (one example of an indirect benefit is research paid for by Fund brokerage commissions – Shelton currently does not utilize soft-dollar arrangements or enjoy the benefit of such arrangements). On the basis of the foregoing, together with the other information provided to it at the June 28th, 2016 meeting and throughout the year, the Board concluded that the advisory fee to be charged to each Fund was reasonable in relation to the services to be provided.

**Conclusions.** Based on their review of the totality of the circumstances and relevant factors, the Board's decision to approve the proposed Investment Advisory Agreement with respect to each of the Funds reflected its determination that, based upon the information requested and supplied, Shelton's proposal to establish and maintain each Fund, and its past performance and actions in providing services to other mutual funds (which the Board has found to be satisfactory), provide a reasonable basis to support the business judgment to approve the proposed Investment Advisory Agreement and other proposed arrangements.





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ITEM 2. CODE OF ETHICS.

Not applicable for semi-annual report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable for semi-annual report.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable for semi-annual report.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable for semi-annual report.

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) Investments in securities of unaffiliated issuers as of the close of the reporting period are included as part of the report to shareholders filed under Item 1 of this Form N-CSR.

(b) Not applicable.

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ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the Registrant's board of trustees since the Registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The Registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c)) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act that occurred during the Registrant's last fiscal half-year (the Registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting

ITEM 12. EXHIBITS.

- (a)(1) Code of Ethics not applicable for semi-annual report.
  - (a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002, as amended ("SOX"), are filed as Exhibit 12(a)(2) to this Form N-CSR.
  - (b) Certifications required by Rule 30a-2(b) under the 1940 Act, Section 906 of SOX, Rule 13a-14(b) under the Exchange Act, and Section 1350 of Chapter 63 of Title 18 of the United States Code are furnished as Exhibit 12(b) to this Form N-CSR.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Shelton Greater China Fund

By/s/ Stephen C. Rogers  
Stephen C. Rogers, Chairman  
Date: September 1, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By/s/ Stephen C. Rogers  
Stephen C. Rogers, Chairman  
Date: September 1, 2017

By/s/ William P. Mock  
William P. Mock, Treasurer  
Date: September 1, 2017