



PRODUCTIVE Capital Management, Inc.

Form ADV Part 2A – Disclosure Brochure

March 28, 2011

The information contained herein is provided to Clients and prospective clients about the qualifications and business practices of Productive Capital Management, Inc. (Adviser). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at the telephone listed below.

Productive Capital Management, Inc. is an SEC Registered Investment Adviser however registration does not imply any level of skill or training.

Productive Capital Management, Inc.

20545 Center Ridge Road, Suite 410

Cleveland, Ohio 44116

Phone: (440)356-8996

Contact Email: advisers@productivecm.com

Additional information about Productive Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

On July 28, 2010, the SEC published “Amendments to Form ADV” which requires us to provide clients with a brochure and brochure supplement written in plain English. This brochure dated March 7, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, Item 2 will be used to provide clients with a summary of material changes that are made to this brochure since the last annual update. We will provide clients with a summary of such changes.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information at any time free of charge.

Currently our brochure may be requested by calling us at 440-356-8996 or by emailing advisers@productivecm.com.

Additional information about Productive Capital Management, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov.

Since the last ADV filing, the following material changes have occurred:

Productive Capital Management, Inc. doing business as Productive Portfolios, Inc. officially changed its name to Productive Capital Management, Inc. As noted in our ADV amendment dated December 21, 2010, Kathleen T. Barr is the majority shareholder owning 51% and William P. Scanlon is the minority shareholder owning 49%. No other business change occurred due to the change in ownership.

ITEM 3 – TABLE OF CONTENTS

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-By-Side Management	5
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 – Disciplinary Information	7
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics.....	8
Item 12 – Brokerage Practices	9
Item 13 – Review of Accounts	10
Item 14 – Client Referrals and Other Compensation.....	10
Item 15 – Custody.....	11
Item 16 – Investment Discretion.....	11
Item 17 – Voting Client Securities.....	11
Item 18 – Financial Information	11

ITEM 4 – ADVISORY BUSINESS

The Company

Productive Capital Management, Inc. ("Adviser") was established in 1990 by Ken Kentosh to provide public entities with independent and unbiased investment advice. In 1992 William Scanlon became an equal partner, and in 2003, William Scanlon became the sole owner when Mr. Kentosh retired. In December, 2010 Kathleen Barr joined the Adviser and became the 51% majority shareholder. Ms. Barr has over 25 years of broad based investment industry experience including administration, sales and marketing, risk management and compliance.

Investment Services

Our business can be summarized as follows:

- One hundred percent of Productive Capital Management, Inc.'s business involves managing public entities' operating funds, bond proceeds and similar pools of cash.
- Historically our services have been non-discretionary; however, we now offer discretionary services as well.
- Our current clients are cities, counties, universities, school districts, libraries and state agencies all located in the State of Ohio.
- We invest in short to intermediate term fixed income securities.
- We tailor our services to each client utilizing all investments permissible under state specific investment codes and our clients' investment policies.
- Clients may impose restrictions as long as they are legally permissible under the state code.

Assets Under Management

As of December 31, 2010, Productive Capital Management, Inc. had \$2 billion under management. All of the assets were non-discretionary.

ITEM 5 – FEES AND COMPENSATION

We offer our services on a fee only basis. All fees are calculated on a percentage of assets under management or a flat fee. Clients are billed quarterly in arrears. Clients may however request monthly billing. Clients may authorize their custodian to directly debit the Adviser's fee from assets held in their custodial account.

Clients that pay a flat fee will receive an invoice for the billing period equal to one-quarter of the annual fee. If clients are charged a basis point fee as a percentage of assets under management, the average value of assets for the quarter will be used to calculate the quarterly fee. The Adviser provides clients a fee invoice. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Our fee schedules are as follows:

Assets	Non-discretionary Fee	Discretionary Fee
First \$20 million	10 basis points	15 basis points
Next \$10 million	7 basis points	10 basis points
Over \$30 million	3 basis points	6 basis points

Productive Capital Management requires a \$3 million minimum account size; however, the Adviser reserves the right to waive the minimum depending upon the clients and their needs. All fees are subject to negotiation.

Other Fees and Expenses

Clients may pay other expenses in addition to the fees paid to Productive Capital Management. For example, clients may pay costs such as brokerage commissions, transaction fees, custodial fees, transfer taxes, wire transfer fees, and other fees and taxes charged to brokerage accounts and securities transactions that are unrelated to the fees collected by Productive Capital Management. Money market mutual funds also charge internal management fees which are disclosed in a fund's prospectus and/or financial filings.

Productive Capital Management does not share in any of these fees.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Productive Capital Management, Inc. does not charge performance-based fees.

ITEM 7 – TYPES OF CLIENTS

As stated in Item 4, Productive Capital Management, Inc. offers non-discretionary and discretionary fixed income investment management services to public entities that include cities, counties, universities, school districts, libraries and state agencies.

Types of investments are limited by the state code as well as the investment policy of each entity. Investments include U.S. Government securities, agencies, commercial paper, banker's acceptances, highest rated corporate bonds, certain municipal debt, certificates of deposit and certain approved money market funds. We may recommend state pooled money market funds or other bank liquidity products for a client's cash needs.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Productive Capital Management's primary investment objective is to generate a market yield for our clients while being mindful of the three basic investment principles of safety, liquidity and return. We tailor our advice to each client utilizing all investments permissible under state specific investment codes and our clients' investment policies. Our methods of analysis for constructing portfolios include:

- Fundamental analysis
- Technical analysis
- Cyclical

The main sources of information the Adviser uses include:

- Financial news and publications
- Research material prepared by others,
- Corporate rating services

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS (CONTINUED)

Our portfolio management team shares the same investment philosophy and process which is a result of the culmination of data that is reviewed during the week and discussed at our weekly investment meeting. While each portfolio manager is responsible for their clients' portfolios, a similar theme and strategy is utilized across client accounts with similar investment objectives.

Fixed Income Risks

All investments involve risk of loss that clients should be prepared to bear. These risks include but are not limited to: interest rate risk, issuer/credit risk, liquidity risk, and general economic risk. Although Productive Capital Management, Inc. manages client assets in a manner consistent with risk tolerance, there can be no guarantees. Material risks associated with investing in fixed income securities include:

Interest Rate Risk - fixed income security prices increase or decrease in value as interest rates increase or decrease. Generally, if rates increase, the value of security decreases; if rates decrease the value of a security increases.

Issuer/Credit Risk – risk of issuers not making payments on securities they issue. If the credit quality of a security is lowered due to the issuer's financial condition, it may affect the value of the security as well as the liquidity or our ability to sell the security.

Liquidity Risk - Some of our clients can and will invest in bank certificates of deposit. Clients must realize that collateralized CD's are non-negotiable and, if required to sell before it matures, a principal loss may be realized.

Markets fluctuate and clients need to understand that in the event they need to raise cash for budgetary reasons or portfolios need to be realigned, securities may be sold at a gain or at a loss.

ITEM 9 – DISCIPLINARY INFORMATION

Productive Capital Management, Inc. has no reportable disclosures.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Kathleen T. Barr, President, and Chief Operating Officer, is a registered representative with FINRA and holds series 7 and 24 licenses. Ms. Barr may provide consultative services to fund companies on administrative, operational and compliance matters, and she may receive compensation for those services which would not present a conflict of interest with Productive Capital Management, Inc. clients.

ITEM 11 – CODE OF ETHICS

Productive Capital Management, Inc. has adopted a Code of Ethics (Code) for all employees of the firm describing its high standard of business conduct, the fiduciary duty to our clients and rules surrounding personal securities trading by our employees.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, loyalty to the client, restrictions on the acceptance of gifts, reporting of gifts and business entertainment items, and personal securities trading procedures, among other things. All employees at Productive Capital Management, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

Personal Trading Practices

Officers and employees of the Adviser may trade for their own accounts in securities which are recommended to and/or purchased for the Adviser's clients. The securities are limited to Fannie Mae, Freddie Mac, AA or higher rated corporate bonds and municipal bonds in states where the Adviser is registered. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Productive Capital Management, Inc. 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.

To mitigate a potential conflict of interest, the Code requires employees to obtain pre-clearance of the securities previously mentioned and it restricts personal trading on a day which any Adviser's client is buying or selling the same security. Employee trading is monitored.

ITEM 11 – CODE OF ETHICS (CONTINUED)

Political Contributions

So as not to jeopardize the Adviser's investment management services, all officers and employees must obtain pre-clearance from the Chief Compliance Officer or their designee prior to making any political contribution, and certify quarterly and annually that no other contributions were made during the reporting period. All new employees must submit an initial political contributions report. The Chief Compliance Office or their designee will maintain all of the appropriate records.

Productive Capital Management's clients or prospective clients may request a copy of the firm's Code of Ethics by emailing advisers@productivecm.com or calling 440-356-8996.

ITEM 12 – BROKERAGE PRACTICES

Broker Selection and Execution

Productive Capital Management, Inc. trades with a list of local and nationally recognized broker-dealers that have been pre-approved based on their reputation, competitive pricing and quality of executing trades. Our goal is to obtain best price and trade execution for our clients.

We do not engage in any soft dollar arrangements including markups or markdowns in order to obtain research or any other product or service from any broker-dealer. From time to time, broker-dealers may provide us with market data and intelligence, some of which execute trades on behalf of our clients.

Trade Aggregation

Productive Capital Management, Inc. does not aggregate trades for non-discretionary clients as the client must give prior approval and, therefore, not allowing for aggregations of trades. In most cases we obtain three broker quotes before executing trades. When possible, discretionary accounts would be aggregated with each client receiving a pro-rata portion of each trade. In some cases there will not be enough of any one security to purchase for all discretionary accounts. In this a case similar security would be purchased.

ITEM 13 – REVIEW OF ACCOUNTS

Productive Capital Management provides periodic written portfolio reports to its advisory clients that include a list of assets.

A new client portfolio is reviewed at the end of the first quarter and then at the clients request. An example would be that most of our County clients request quarterly reviews.

The Adviser will also initiate reviews. The portfolio manager assigned to the client performs the review or it may be done by another member of the portfolio management team.

Non-discretionary trades are always pre-approved by the client before executing. Each transaction is summarized by a “transaction summary” trade ticket showing the security, coupon, maturity, purchase yield, and purchase date and is sent to the client on trade date. We urge clients to closely review them and compare against their records and the confirmation they receive from the broker-dealer or bank. Portfolio updates are sent to the clients upon request.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Productive Capital Management, Inc. does not receive any economic benefit from non-clients in connection with giving advice to clients.

Solicitor Fees

Productive Capital Management, Inc. may enter into an agreement with a broker-dealer or a U.S. registered investment adviser in which the Adviser pays a set percentage of its management fees to the referring entity. These agreements are referred to as Solicitor's Agreements. Only agreements with entities that are registered with FINRA or the SEC are permitted under the Investment Adviser's Act of 1940 Rule 206(4)-5 (the “pay to play rule”). Productive Capital Management would pay a percentage of the management fee collected from the client to the referring broker-dealer or investment adviser. Clients under these agreements will not be charged fees other than the standard fees described in Item 5.

ITEM 15 – CUSTODY

Productive Capital Management, Inc. does not provide custodial services to its clients. For non-discretionary accounts, client assets are held with banks, registered broker-dealers, safekeeping agents or qualified custodians. All broker-dealer confirms are sent directly to the client. Productive Capital Management urges clients to carefully review all statements and compare to reports we may provide.

Discretionary clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that hold and maintain client's investment assets. Productive Capital Management, Inc. would urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our reports may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities.

ITEM 16 – INVESTMENT DISCRETION

Productive Capital Management, Inc. will accept discretionary or non-discretionary authority to manage client assets. In doing so, we will observe limitations and restrictions that are outlined in each client's investment policy agreement and will include state imposed restrictions. Investment guidelines and restrictions must be provided to Productive Capital Management in writing.

For our non-discretionary clients, we will make certain recommendations that must be authorized by the client prior to Productive Capital Management, Inc. facilitating such transactions. For discretionary clients, securities will be purchased and sold for your account(s) without obtaining prior approval for each transaction. Discretionary management requires a signed investment management agreement, power of attorney and/or trading authorization forms.

ITEM 17 – VOTING CLIENT SECURITIES

This section does not apply to Productive Capital Management, Inc.

ITEM 18 – FINANCIAL INFORMATION

Productive Capital Management, Inc. is required to provide you with certain financial information or disclosures about our financial condition. We are a privately held corporation and have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and we have not been subject to a bankruptcy proceeding. We do not require or solicit pre-payment of client fees in advance.