



MANAGEMENT INC.

105 S. York St. Suite 450

Elmhurst, IL 60126-3444

Phone: 630-530-1191

www.mentoradvisers.com

Disclosures – Form ADV, Part 2

Updated February 1, 2011

Part 2A

ITEM 1 – COVER PAGE

Independent, Fee-Only
Financial Planning
and Investment
Management Services

This brochure provides information about the qualifications and business practices of Mentor Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at 630-530-1191. 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. Additional information about Mentor Capital Management Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. Registration with the Securities and Exchange Commission or state securities department does not imply any particular level of skill or training.

ITEM 2 - MATERIAL CHANGES

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV,” adopting new rules that amend the disclosure document (“Brochure”) that we provide to clients and prospective clients as required by SEC Rules.

This Brochure dated February 1, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

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 material 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, without charge.

Our current Brochure may be requested by contacting John S. Davis, Chief Compliance Officer, at john@mentoradvisers.com or 630-530-1191.

Additional information about Mentor Capital Management Inc. 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 Mentor Capital Management Inc. who are registered, or are required to be registered, as investment advisor representatives of Mentor Capital Management Inc.

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ITEM 4 - ADVISORY BUSINESS

A. The firm and its principal owner(s); identifying information

Mentor Capital Management Inc. is a fee-only financial planning and investment advisory firm that was established in 1992. It is a corporation governed by the laws of the State of Illinois. Its sole principal owner is John S. Davis, CFP, of Elmhurst, Ill.

Fee-only means that neither the firm nor its associates receives compensation – including commissions – from any source other than clients. This arrangement is designed to remove conflicts of interest and foster objectivity in the recommendations made to help clients meet their financial goals.

This brochure gives you information about the costs and benefits of fee-only financial planning with Mentor Capital Management Inc. In addition, it provides general information about the education and business qualifications of those associated with the firm.

Mentor Capital Management Inc. is registered with the United States Securities and Exchange Commission as an investment advisory firm. This brochure and any current supplement (brochure) contain information from Part 2 of Form ADV as required by the Securities Department, pursuant to the Investment Advisers Act, and by certain states.

This brochure is part of the agreement between the client and Mentor Capital Management Inc. Mentor Capital Management Inc.'s SEC CRD Number is 123176; its IRS Employer Identification Number is 36-385423.

B. Services offered

Mentor Capital Management Inc. Wealth Management Services

Mentor Capital Management Inc. Wealth Management Services include the following:

- The benefits of Mentor Capital Management Inc.'s ongoing research and analysis with regard to taxation of investments, review of specific investment products, and other matters affecting clients' investments and financial planning in general;
- Development and implementation of an Investment Plan. This Investment Plan includes an Investment Policy Statement, which may thereafter be amended from time to time if and when the clients' circumstances change;
- Consolidated quarterly reports from Mentor Capital Management Inc. of the clients' investment portfolio;
- Monthly or quarterly statements directly from account custodians are sent to the client directly from the corresponding brokers, banks, mutual funds, partnership sponsors, and/or insurance companies which hold the clients' investments;
- Newsletters and other materials published by Mentor Capital Management Inc.;
- Invitation to attend Mentor Capital Management Inc.'s educational seminars, if any;
- Portfolio reviews and rebalancing of the portfolio, for the assets held under advisement, on a periodic basis. Portfolios are reviewed at least quarterly;
- Assessment and management of risks for long-term care, disability, life, home, liability, and property and casualty insurance.

- Income tax planning;
- Education planning;
- Estate planning review and facilitation of implementation of wills, trusts, powers of attorney, advance directives for healthcare, charitable trusts, donor advised funds.
- Advice is offered to clients on matters not involving securities only as part of a total wealth management process.

Mentor Capital Management Inc. Project Services

Project Services are designed for consumers who have one or two issues they would like to discuss with a CFP certificant. This may include advice about a specific investment, tax, risk management or estate planning issue. Project Services are provided for a flat fee and include wealth management ideas that the client can implement on his or her own. Project Services are not intended to provide a comprehensive financial plan, but are appropriate for advice on a limited set of issues.

Mentor Capital Management Inc. Hourly Services

Mentor Capital Management Inc. may provide general financial planning services, such as providing a written financial plan, on an hourly basis. This service excludes Investment Management and specific investment recommendations.

Mentor Capital Management Inc. receives approximately 63% of its fees from investment supervisory services; approximately 16% of its fees from management of investment advisory accounts not involving investment supervisory services; and approximately 21% of its fees from furnishing advice to clients on matters not involving securities, on more than an occasional basis.

C. Tailoring to specific needs of clients

Services offered by Mentor Capital Management Inc. in every case are tailored to the specific needs of the client. Associates of Mentor Capital believe it is essential to know the situation as well as the goals and objectives of the client before offering recommendations. To this end, advisors of Mentor Capital Management Inc. gather details about the client's situation, including assets, liabilities, income and expense, before recommending any particular course of action.

Mentor Capital Management Inc. will follow client restrictions on investing in certain securities or types of securities.

D. Wrap-fee programs

Mentor Capital Management Inc., as a matter of policy and practice, does not sponsor any wrap fee program.

A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisors) and the execution of client transactions.

E. Assets under advisement

As of February 1, 2011, Mentor Capital Management Inc. was providing advice on \$37,036,801 of investment assets for 111 family groups.

These include all financial assets of clients who engage Mentor Capital Management Inc. for ongoing advice on their investment portfolios, whether continuous or periodic in nature. Of these assets under advisement, all assets are managed on a non-discretionary basis, and no assets are managed on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

A. Methods of compensation

Fees paid by clients are the only source of compensation received by Mentor Capital Management Inc. and its supervised persons. In no case will Mentor Capital Management Inc. or any of its supervised persons accept fees or compensation from someone other than a client.

Fees for Mentor Capital Management Inc. Wealth Management Services are composed of two parts:

Personal Financial Advisory Fee

1st year 2% of earned income

2nd year Assessed as needed through negotiation with the
and beyond client, based on needs and circumstances.

Annual investment advisory fee

\$1 to \$500,000 of investment assets	0.25% quarterly
\$500,001 to \$1 million of investment assets	0.1875% quarterly
\$1 million or more of investment assets	0.125% quarterly

The annual fee is composed of a financial advisory fee and an investment management fee. However, clients may pay financial planning fees, investment advisory fees, or both, depending on the needs of the client and the terms of the client's engagement.

In certain instances, depending on a client's needs and the services to be performed by Mentor Capital Management Inc., a contract may be entered into with a fee different from the fee schedule set forth above. This fee would be based on negotiations with the client.

Fees for Mentor Capital Management Inc. Project Services are negotiated individually with each client and are based on the complexity of the work involved.

Fees for Mentor Capital Management Inc. Hourly Services are negotiated individually with each client and are based on complexity of the work involved and the time spent by the advisor in providing the service.

MINIMUM AND MAXIMUM ANNUAL FEES

There are no minimum or maximum annual fees.

Investment assets are defined as stocks, bonds, warrants, options, mutual funds, qualified retirement accounts, certificates of deposit, cash, checking and savings accounts, money market accounts, credit union accounts, limited partnerships and such other assets as may be agreed upon.

B. How fees are paid

Fees for Personal Financial Advisory Services shall be paid from accounts not under advisement by Mentor Capital Management Inc. Fees for Investment Advisory Services shall be paid pro-rata from the accounts for which such services are provided. In the event that Investment Advisory fees cannot be paid from such accounts (for example, 401(k) or 403(b) accounts), fees shall be paid from non-tax qualified accounts under advisement by Mentor Capital Management Inc.

On a quarterly basis fees are deducted from client accounts or are paid from accounts not under advisement by Mentor Capital Management Inc.

C. Other types of fees and expenses

Layering – Where client investments are made in shares of mutual funds, exchange-traded funds, closed-end funds or variable annuity subaccounts, clients will pay both a direct management fee to Mentor Capital Management Inc. and an indirect management fee to the fund or subaccount in which they invest.

Brokerage commissions and transaction fee – Frequently, where securities or fund shares are purchased in client accounts, the client will pay a brokerage commission or transaction fee. In no case does Mentor Capital Management Inc. receive a financial benefit from this commission or transaction fee. Please see Section for a further discussion of brokerage.

D. Fees paid in advance

Fees for financial advisory services and investment advisory services are paid in advance. However, in no case may such fees be paid more than six months in advance.

A client or the adviser can terminate the relationship at any time. Any refund, if any, will not exceed one-half of the annual fee. After six months, the refund is pro-rata by month.

E. Additional compensation

Under no circumstances will Mentor Capital Management Inc. or any of its supervised persons receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Such an arrangement would present a conflict of interest, in that it would provide an incentive to recommend investment products based on the compensation received. Mentor Capital Management Inc. and its supervised persons avoid this conflict of interest by accepting compensation *ONLY* from clients.

Mentor Capital Management Inc. and its supervised persons may recommend that clients purchase shares of mutual funds. In such cases it is always recommended that clients purchase shares of “no-load” mutual funds.

Although Mentor Capital Management Inc. and its supervised persons may recommend a particular broker to clients, clients have the option to purchase such investment products through other brokers or agents that are not affiliated with you. See Item 12 for a further discussion of brokerage practices.

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

Mentor Capital Management Inc. does not accept performance-based fees; nor does it manage accounts that impose performance-based fees.

ITEM 7 – TYPES OF CLIENTS

Mentor Capital Management Inc. generally provides investment advice to individuals. From time to time, however, it may also provide financial planning and investment advisory services to pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Mentor Capital Management Inc. does not impose a minimum dollar value of assets or any other condition for starting or maintaining an account. Accounts may be of any size, investments of any type.

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

A. Methods of analysis and investment strategy

In offering securities advice to its clients, Mentor Capital Management Inc. uses fundamental analysis as part of a broad asset-allocation process.

Mentor Capital Management Inc. offers investment advice on equity securities (including exchange-listed securities, securities traded over-the-counter and foreign issues), U.S. government and U.S. government agency debt securities, corporate debt securities other than commercial paper, commercial paper, paper, certificates of deposit, municipal securities, investment company securities (including variable life insurance, variable annuities and mutual fund shares), United States Government securities and options contracts on securities and commodities.

Sources of information used by Mentor Capital Management Inc. include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, annual reports, prospectuses and filings with the Securities and Exchange Commission.

Investment strategies used by Mentor Capital Management Inc. to implement any investment advice given to clients includes long-term purchases (securities held at least a year) as well as short-term purchases (securities sold within a year). For long-term purchases, Mentor Capital Management Inc. uses a passive, low-expense, index-based asset-allocation strategy.

Neither Mentor Capital Management Inc. nor its supervised persons engages in frequent trading of securities or market timing. Strategies are guided by the timing of the client's goals and objectives and his or her risk tolerance.

B. Material risks involved with investment strategy

Investing in securities involves risk of loss that clients should be prepared to bear. None of these risks is unusual. However, the risks are real. Among them are:

Credit risk – Also called default risk, is the risk that the issuer of a debt instrument will be unable to make payments as promised.

Market risk – This is the risk that the value of an investment portfolio will decline due to negative movements in the investment markets. Market risk includes equity risk (the risk that the stock market will decline, thereby causing the value of equity investments to fall) , interest rate risk (the risk that interest rates will rise, causing the value of fixed-income investments to decline), currency risk (the risk that the value of the U.S. dollar relative to a foreign currency will rise, thereby causing the value of investments denominated in the foreign currency to fall) and commodity risk (the risk that commodity prices will fall, thereby eroding the value of investments that are sensitive to such prices).

Liquidity risk – The risk that a security cannot be sold quickly enough to prevent a loss or to free up cash for other uses.

Purchasing-power risk – Also known as inflation risk, this is the chance that investment returns will not keep up with inflation, thereby eroding the capability of the investor to maintain his or her lifestyle. Mentor Capital Management Inc. manages purchasing-power risk by using securities, particularly equity securities, whose returns are expected to exceed the rate of inflation

Mentor Capital Management Inc. uses numerous strategies to manage these risks, including but not limited to the use of investment-grade debt instruments, broad diversification and allocation among the various investment classes.

In spite of implementation of these risk-management strategies, a client may still experience a loss. Although the strategies have been shown in the past to reduce risk, there is no guarantee that they will continue to do so.

C. Significant or unusual risks

Because Mentor Capital Management Inc. does not recommend primarily a particular type of security, there are no other significant or unusual risks involved.

ITEM 9 – DISCIPLINARY INFORMATION

A. Criminal and civil actions

Neither Mentor Capital Management Inc. nor a management person has ever been convicted of, or pleaded guilty or nolo contendere (“no contest”) to (a) any *felony*; (b) a *misdemeanor* that *involved* investments or an *investment-related* business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

Neither Mentor Capital Management Inc. nor a management person is the named subject of a pending criminal *proceeding* that involves an *investment-related* business, fraud, false statements

or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

Neither Mentor Capital Management Inc. nor a management person was found to have been involved in a violation of an investment-related statute or regulation; or

Neither Mentor Capital Management Inc. nor a management person was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

B. Administrative proceedings

Neither Mentor Capital Management Inc. nor a management person was found to have caused an investment-related business to lose its authorization to do business; or was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority

- 1.) denying, suspending, or revoking the authorization of your firm or a management person to act in an investment-related business;
- 2.) barring or suspending your firm's or a management person's association with an investment-related business;
- 3.) otherwise significantly limiting your firm's or a management person's investment-related activities; or imposing a civil money penalty of more than \$2,500 on your firm or a management person

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

A. Broker-dealer

Mentor Capital Management Inc. is not registered, nor does it have an application pending as a securities broker-dealer;

B. Futures commission merchant, commodity pool operator or commodity trading adviser

Mentor Capital Management Inc. is not registered and does not have an application pending as a futures commission merchant, commodity pool operator or commodity trading adviser;

C. Arrangements with related persons

Mentor Capital Management Inc. does not have arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser, futures commission merchant, banking or thrift Institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer or entity that packages or creates limited partnerships.

Neither Mentor Capital Management Inc. nor any related person is a general partner in any partnership in which clients may be advised to invest.

D. Other relationships

Mentor Capital Management Inc. recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer (member SIPC), to maintain custody of clients' assets and to effect trades for their accounts.

Although Mentor Capital Management Inc. may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Mentor Capital Management Inc. is independently owned and operated and not affiliated with Schwab.

Schwab provides Mentor Capital Management Inc. with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional.

These services are not contingent upon Mentor Capital Management Inc. committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Mentor Capital Management Inc. client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Mentor Capital Management Inc. other products and services that benefit Mentor Capital Management Inc. but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Mentor Capital Management Inc. accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist Mentor Capital Management Inc. in managing and administering clients' accounts include software and other technology that: 1.) Provide access to client account data (such as trade confirmations and account statements); 2.) Facilitate trade execution and allocate aggregated trade orders for multiple client accounts; 3.) Provide research, pricing and other market data; 4.) Facilitate payment of Mentor Capital Management Inc.'s fees from its clients' accounts; and 5.) Assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional offers other services intended to help Mentor Capital Management Inc. manage and further develop its business enterprise. These services may include: 1.) compliance, legal and business consulting; 2.) publications and conferences on practice management and business succession; and 3.) access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Mentor Capital Management Inc. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Mentor Capital Management Inc. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of Mentor Capital Management Inc. personnel.

In evaluating whether to recommend or require that clients custody their assets at Schwab, Mentor Capital Management Inc. may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Trading errors – From time to time Mentor Capital Management Inc. may make an error in submitting a trade order on a client's behalf. When this occurs, Mentor Capital Management Inc. may place a correcting trade with the broker-dealer that has custody of the client's account.

If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for the client to retain the gain, or Mentor Capital Management Inc. confers with the client and the client decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account and Charles Schwab & Co. Inc. ("Schwab") is the custodian, Schwab will donate the amount of any gain more than \$100 to charity. If a loss occurs greater than \$100, Mentor Capital Management Inc. will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in a client's account, they may be netted.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of ethics

As a fiduciary, Mentor Capital Management Inc. has a duty of utmost good faith to act solely in the best interests of each of its clients. Clients entrust Mentor Capital Management Inc. with their funds, which in turn places a high standard on the conduct and integrity of its advisers. Mentor Capital Management Inc.'s fiduciary duty compels all employees to act with the utmost integrity in all dealings. This fiduciary duty is the core principle underlying this Code of Ethics and Personal Trading Policy, and represents the expected basis of all of dealings with clients.

Standards of Conduct – This Code of Ethics consists of the following core principles:

- In every case the interests of clients will be placed ahead of the firm's or any employee's own investment interests.

- Employees are expected to conduct their personal securities transactions in accordance with the personal trading policy of Mentor Capital Management Inc. and will strive to avoid any actual or perceived conflict of interest with the client.
- Employees will not take inappropriate advantage of their position with the firm.
- Employees are expected to act in the best interest of each client.
- Employees are expected to comply with federal securities laws.

Mentor Capital Management Inc. will provide a complete copy of its code of ethics upon request.

B. Participation or interest in client transactions

Neither Mentor Capital Management Inc. nor any related person:

- As principal, buys securities from or sells securities it owns to any client;
- As broker or agent effects securities transactions for compensation for any client;
- As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer;
- Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.

C. Simultaneous investments

From time to time Mentor Capital Management Inc. or related persons may buy or sell for itself securities that are also recommended to clients. Any such purchase or sale by Mentor Capital Management Inc. or related persons will be on terms identical with that recommended to clients. In the case of a sale of an investment, Mentor Capital Management Inc. will notify client of its intention to dispose of such investment. If client wishes to dispose of such investment, such interest will be sold if possible at the same time and on the same terms as being sold by Mentor Capital Management Inc. It is agreed that in the event both the client's and Mentor Capital Management Inc.'s interests cannot all be sold, the client's interest to the extent possible will be sold first.

ITEM 12 – BROKERAGE PRACTICES

Neither Mentor Capital Management Inc. nor any related person has authority to determine, without obtaining specific client consent, securities to be bought or sold, the amount of securities bought or sold, the broker or dealer to be used or the commission rates paid.

Mentor Capital Management Inc. and related persons may recommend brokers to clients who do not have active relationships with a broker.

Mentor Capital Management Inc. considers past performance, personal relationship and associations with a national or regional brokerage firm in recommending a broker but does not determine the reasonableness of the broker's commission, as the engagement of any recommended broker is at the exclusive discretion of the client.

ITEM 13 – REVIEW OF ACCOUNTS

A. Frequency and nature of reviews, identity of reviewers

Wealth management associates of Mentor Capital Management Inc. review all accounts on a quarterly basis. Wealth management associates of Mentor Capital Management Inc. prepare a portfolio evaluation statement no less frequently than quarterly. Portfolio and financial planning recommendations are implemented as needed.

B. Other than periodic reviews

Wealth management associates of Mentor Capital Management Inc. do not review accounts on other than periodic bases.

C. Content and frequency of written reports

Consolidated portfolio evaluation statements, prepared quarterly, include quarterly, year-to-date, annual and other trailing period internal rates of return and time-weighted rates of return. Information about net contributions, end-of-quarter values, amounts invested and prior-quarter positions is provided.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

A. Neither Mentor Capital Management Inc. nor any related person has any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients; or either directly or indirectly compensates any person or organization for client referrals.

B. Neither Mentor Capital Management Inc. nor any related person directly or indirectly compensates any *person* who is not a *supervised person* for *client* referrals.

ITEM 15 – CUSTODY

Neither Mentor Capital Management Inc. nor any related person accepts custody of client funds or securities.

Clients are urged to compare the account statements they receive from their qualified custodian with those they receive from Mentor Capital Management Inc. They should report inconsistencies or inaccuracies to us immediately.

ITEM 16 – INVESTMENT DISCRETION

Mentor Capital Management Inc. neither solicits nor accepts discretionary authority over client accounts. Clients authorize Mentor Capital Management Inc. and its supervised persons to execute trades and make withdrawals on their behalf, but this authority is never exercised without prior, explicit instructions from the client.

ITEM 17 – VOTING CLIENT SECURITIES

Neither Mentor Capital Management nor its supervised persons has the authority to vote client securities. Clients will receive their proxies and other solicitations directly from the custodian of their accounts. Clients may contact Mentor Capital Management Inc. at any can time with questions about particular solicitations.

ITEM 18 – FINANCIAL INFORMATION

A. Balance sheet

Because Mentor Capital Management Inc does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance, a balance sheet for its most recent fiscal year is not included here.

B. Financial impairment

Mentor Capital Management Inc. is unaware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy

Mentor Capital Management Inc. has never been the subject of a bankruptcy petition.

ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A. Identity of principal executive officers and management persons

Please see the Brochure Supplement on Pages 21 and 22.

B. Education and business standards

Advisers of Mentor Capital Management Inc. are required to be Certified Financial Planner licensees. In addition, all advisers have extensive experience in business, investments and financial services.

C. Professional certifications

Certified Financial Planner – The Certified Financial Planner, CFP and federally registered CFP (with flame design) marks (collectively, the “CFP marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP certification in the United States.

To attain the right to use the CFP marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The Standards prominently require that CFP professionals provide financial planning services at a fiduciary standard of care. This means CFP professionals must provide financial planning services in the best interests of their clients.

CFP professionals who fail to comply with the above standards and requirements may be subject to the CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP certification.

NAPFA-Registered Financial Adviser – The National Association of Personal Financial Advisors (NAPFA) is an association of fee-only financial advisors who have a fiduciary responsibility to their clients. Certification requirements include:

- Completion of the CFP requirements as set forth by the CFP Board.
- Completion of 60 hours of continuing education every two years.
- Successful completion of the Candidate Fitness Standards and background check.
- Adherence to the NAPFA Fiduciary Oath, Standards of Membership and Affiliation, and Bylaws.
- Sign a Code of Ethics which includes agreeing to abide by the Standards of Professional Conduct and Terms and Conditions.

D. Other business activities

Mentor Capital Management Inc. provides advisory services and furnishes advice to clients on matters not involving securities only as part of a financial planning process.

Daniel B. Carey has no business activities except those he performs for Mentor Capital Management Inc.

John S. Davis is managing partner of Canine Partners LLC, a real-estate management company; and treasurer of Elmhurst Tail Gate Inc., a dog daycare, boarding and grooming operation. He spends approximately 5% of his time with the two entities.

E. Performance-based fees

Mentor Capital Management Inc. does not charge fees based on portfolio performance, because performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the *client*.

F. Material facts regarding events

Neither Mentor Capital Management Inc. nor supervised persons has been involved in any of the following events:

- An award or otherwise being found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.
- An award or otherwise being found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
 - (a) an investment or an investment-related business or activity;
 - (b) fraud, false statement(s), or omissions;
 - (c) theft, embezzlement, or other wrongful taking of property;
 - (d) bribery, forgery, counterfeiting, or extortion; or
 - (e) dishonest, unfair, or unethical practices.

G. Relationships with securities issuers

Neither Mentor Capital Management Inc. nor any supervised person has a relationship with any issuer of securities that is not listed in Item 10.C. of Part 2A.

H. Employee information

Please refer to the Brochure Supplement on Pages 21 and 22.

I. Business continuity plan

Mentor Capital Management Inc. maintains a Business Continuity Plan (outlined in the firm's compliance manual) that provides steps to mitigate and recover from the loss of office space, communications, services or key people.

J. Disaster preparedness

Mentor Capital Management Inc.'s Business Continuity Plan covers natural disasters such as acts of terror, snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, telephone line outage, Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

K. Alternate offices

Alternate offices are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all clients within five days of a disaster that dictates moving our office to an alternate location.

L. Information security

Mentor Capital Management Inc. maintains an information security program to reduce the risk that personal and confidential information may be breached. Mentor Capital Management Inc. employs a firewall barrier and authentication procedures in our computer environment.

M. Privacy notice

Mentor Capital Management Inc. is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. A copy of Mentor Capital Management Inc.'s privacy notice is included in this document, as Appendix .

N. Document retention

Mentor Capital Management Inc. will maintain all client documentation for the period of time required by federal and state law. After that time, information may be destroyed.

Part 2b - Brochure supplement 1 – Dated Feb. 1, 2011

This supplement to the Mentor Capital Management Inc. firm brochure provides information about John S. Davis, CFP. You should have received a copy of this Brochure. Please contact John S. Davis if you did not receive Mentor Capital Management Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about John S. Davis, CFP, is available on the SEC's website, www.adviserinfo.sec.gov.



John S. Davis, CFP
President and Chief Compliance Officer
Mentor Capital Management Inc.
105 S. York St. Suite 450
Elmhurst, IL 60126
Phone: 630-530-1191
CRD #2105704

John S. Davis, born 1954, has been President of Mentor Capital Management Inc. since its founding in 1992. He has a bachelor's degree in journalism from the University of Missouri-Columbia (1976). In 1994 he completed the Certified Financial Planner professional education program with the College for Financial Planning. In July of that year, following passage of a comprehensive examination conducted by the Certified Financial Planner Board of Standards, he was awarded the Certified Financial Planner designation. In 2004 he was admitted to membership in the National Association of Personal Financial Advisers, the fee-only industry organization.

John is Chief Compliance Officer of Mentor Capital Management. He also chairs the company's Investment Committee.

Disciplinary information – There are no disciplinary disclosures for John S. Davis, neither with the United States Securities and Exchange Commission nor with the Illinois Securities Department.

Other business activities – John S. Davis is managing partner of Canine Partners LLC, a real estate concern, and is a member of the board and treasurer of Elmhurst Tail Gate Inc., a dog daycare, boarding and grooming operation. He spends less than 5% of his working time on these activities.

Other compensation – John S. Davis may receive compensation from Canine Partners LLC or Elmhurst Tail Gate Inc., for his activities related to those entities.

Supervision – John S. Davis shares supervisory responsibilities with Daniel B. Carey, co-owner of Mentor Capital Management Inc.

Part 2b - Brochure supplement 2 – Dated Feb. 1, 2011

This supplement to the Mentor Capital Management Inc. firm brochure provides information about Daniel B. Carey, CFP. You should have received a copy of this Brochure. Please contact John S. Davis if you did not receive Mentor Capital Management Inc.'s brochure or if you have any questions about the contents of this supplement. Additional information about Daniel B. Carey, CFP, is available on the SEC's website, www.adviserinfo.sec.gov.



Daniel B. Carey, CFP
Vice President
Mentor Capital Management Inc.
105 S. York St. Suite 450
Elmhurst, IL 60126
Phone: 630-530-1191
CRD #5308930

Daniel B. Carey, born 1978, joined Mentor Capital Management Inc. in 2007. He was appointed vice president and a member of the company's board of directors in 2011. Prior to joining Mentor Capital Management Inc., beginning in 2000, he was employed by Clune & Associates, Chicago. He has a bachelor's degree in Finance and Computer Applications from The University of Notre Dame (2000). In 2004 he completed the Certified Financial Planner professional education program with the College for Financial Planning and was awarded the Certified Financial Planner designation.

Disciplinary information – There are no disciplinary disclosures for Daniel B. Carey, neither with the United States Securities and Exchange Commission nor with the Illinois Securities Department.

Other business activities – Daniel B. Carey has no other business activities.

Other compensation – Daniel B. Carey has no other compensation.

Supervision – Daniel B. Carey shares supervisory responsibilities with John S. Davis, co-owner of Mentor Capital Management Inc.

A MESSAGE FROM THE PRESIDENT OF MENTOR CAPITAL MANAGEMENT INC.

All of us associated with this firm are looking forward to providing you with the highest level of service available in the financial planning field. We strive to provide our clients with thoughtful, prudent guidance as they seek to reach their financial and life-style goals using the financial planning process.

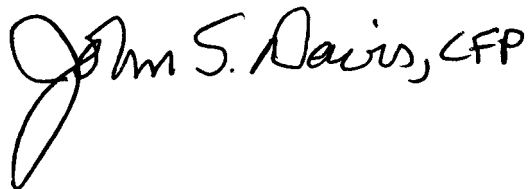
Our firm was founded in response to the growing recognition that the only financial planning professionals who can be truly objective are those who do not receive commissions on the sale of financial products. To this end, Mentor Capital Management Inc. has no revenue source other than the fees paid by its clients for financial planning and investment advisory services.

You can expect an enduring relationship with our firm. Because attaining your financial goals is a long-term proposition, we will work with you, over time, to help you gain control of the decision-making process.

This is what financial planning means – having access to information that will enable you to take control of your financial life and enjoy peace of mind. Our mission is to place before you all of your alternatives and help you to choose your best courses of action.

As you read the material in this Brochure you will learn more about how we ensure objectivity and how our professional approach will result in strategies and recommendations that are in your best interests.

Sincerely yours,

A handwritten signature in black ink that reads "John S. Davis, CFP". The signature is fluid and cursive, with a large, stylized initial 'J'.

John S. Davis, CFP
President, Mentor Capital Management Inc.

FINANCIAL PLANNING AND INVESTMENT ADVISORY SERVICES AGREEMENT

Set forth below is the basis upon which Mentor Capital Management Inc. will furnish financial planning and investment advisory services to the Client:

1. All information and advice furnished by either party to the other, including their respective agents and employees, shall be treated as confidential and shall not be disclosed to third parties except as required by law and with mutual consent and foreknowledge.
2. For financial planning clients, Mentor Capital Management Inc. will review, in detail, the client's current financial position including assets, liabilities, cash management, employee benefits, insurance, estate plan and other detailed factors pertaining to Client's financial position, individual goals and future objectives.
3. In order to enable Mentor Capital Management Inc. to make the above review, the client will furnish Mentor Capital Management Inc. with such information as Mentor Capital Management Inc. may reasonably request, all of which will be held in confidence.
4. Client understands that it is his or her responsibility to notify Mentor Capital Management Inc. whenever a material change occurs in his or her situation. Such changes include but are not limited to employment, family status (birth, death, divorce, dependency), health, legal situation, assets and liabilities. Client understands that it is important for Mentor Capital Management Inc. to have this information in its effort to provide financial planning and investment advisory services at the highest level possible.
5. After collection of all data and documents, Mentor Capital Management Inc. will process and coordinate all information gathered, assimilate all aspects pertaining to client's case, project known conditions into future assumptions, and will make recommendations in a written, concise, personalized financial plan aimed at improving asset utilization, capital accumulation and goal achievement.
6. Mentor Capital Management Inc. will make a supplemental analysis in each subsequent year this agreement is renewed and will update, in writing, those recommendations as necessary in relation to conditions existing at the time of each annual review.
7. The contract for these services shall be for one year beginning with the date this agreement is accepted by Mentor Capital Management Inc. This contract will not be assigned without the consent of the client.
8. Fees charged by Mentor Capital Management Inc. are for financial advisory and investment management services. Mentor Capital Management Inc. fees are distinguished from

FINANCIAL PLANNING AND INVESTMENT ADVISORY SERVICES AGREEMENT (CONT'D)

supplementary legal, investment, insurance or accounting fees which might be incurred by client as a result of implementing recommendations of client's financial plan. Examples of services not performed by Mentor Capital Management Inc. as a part of the financial planning process are: income tax preparation, retirement plan accounting, retirement plan administration, preparation of legal documents, etc.

9. From time to time we give advice that should be reviewed by a client's accountant and/or attorney. It is agreed and understood that in connection with recommendations made with respect to client, accounting and legal fees and other expenses may, from time to time, be incurred. In the event the recommendation of Mentor Capital Management Inc. is taken by the client with respect to the purchase, sale, or retention of any security or property of the client, the client will pay such fees and expenses so incurred.
10. It is agreed that Mentor Capital Management Inc. will neither take possession of nor exercise over any of the client's investments or property without explicit written authorization detailing the extent of this discretion. While we will make recommendations and give advice concerning the purchase, sale, or retention of client's securities or property, the final decision to implement such a recommendation will always be made by the client.
11. It is agreed and understood that Mentor Capital Management Inc. in no event will accept or receive fees, commissions or other remuneration or compensation of whatever kind or description from advisers, originators, sponsors, syndicators or distributors of investments recommended to clients of Mentor Capital Management Inc.
12. From time to time Mentor Capital Management Inc. may effect transactions for its own account in investments recommended for purchase or sale by Mentor Capital Management Inc. to client. Any such purchase or sale by Mentor Capital Management Inc. will be on terms identical with that recommended to clients. In the case of a sale of an investment, Mentor Capital Management Inc. will notify client of its intention to dispose of such investment. If client wishes to dispose of such investment, such interest will be sold if possible at the same time and on the same terms as being sold by Mentor Capital Management Inc. It is agreed that in the event both the client's and Mentor Capital Management Inc.'s interests cannot all be sold, the client's interest to the extent possible will be sold first.
13. Any suit, controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration, conducted in the county and state where the principal of Mentor Capital Management Inc. is domiciled, in accordance with the then existing rules of that state and the American Arbitration Association. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction. The award of the arbitrators or the majority of them is final and binding and not subject to review or appeal. If arbitration is necessary; the prevailing party shall be entitled to all reasonable costs incurred with such action, including reasonable attorney fees.

**FINANCIAL PLANNING AND INVESTMENT ADVISORY
SERVICES AGREEMENT (CONT'D)**

14. Client understands that anytime within five (5) business days after the date of entering into this agreement with Mentor Capital Management Inc., client may terminate this agreement without penalty and will receive a complete refund of any fees paid to Mentor Capital Management Inc.
15. On an annual basis Mentor Capital Management Inc. will provide the client with an offer to receive a copy of Mentor Capital Management Inc.'s then-current brochure.

PRIVACY POLICY NOTICE

Our Promise to You

As a client of Mentor Capital Management Inc., you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

Information Provided by Clients

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and Social Security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

How We Manage and Protect Your Personal Information

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or client representative or, if necessary, to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

Client Notifications

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy.

Please do not hesitate to contact us with questions about this notice.

ACKNOWLEDGMENT

We/I hereby acknowledge having received the Mentor Capital Management Inc. Independent Fee-Only Financial Planning and Investment Management Services brochure and privacy statement dated February 2010 and understand(s) and agree(s) to all the terms contained therein.

Client's Name

Client's Signature

Date

Additional Client's Name

Additional Client's Signature

Date

Associate's Signature