

Part 2A of Form ADV: Firm *Brochure*

Item 1 Cover Page

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This brochure provides information about the qualifications and business practices of Matthai Capital Management. If you have any questions about the contents of this brochure, please contact us at 410-933-5640. 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 Matthai Capital Management also is available on the SEC's website at www.adviserinfosec.gov.

Item 2 Material Changes

Matthai Capital Management ("The Adviser") has not made any material changes since its last brochure update on March 31, 2011.

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Item 4 Advisory Business

Matthai Capital Management (“Adviser”) was founded in June 1990 by George M. Matthai and provides investment services for clients for a percentage of assets under management. The Adviser focuses primarily on clientele desiring capital preservation with growth opportunities with mutual funds and ETFs but does not limit itself to those types of securities. Other types of investments may include:

- Equity securities (exchange listed and over-the-counter)
- Warrants
- Corporate debt securities
- Municipal securities
- U.S. government securities
- Options contracts on securities

As of 12/31/11, the Adviser had the following in assets under management:

Discretionary	Assets: \$41,264,026
Non-Discretionary	Assets: \$6,558,701
Total	Assets: \$47,822,727

Advisory services are tailored to fit a Client’s needs and are based on pertinent information provided by the Client regarding their financial situation. Adviser does allow Clients to impose restrictions on certain types of securities or certain securities at this time,

Item 5 Fees and Compensation

The Adviser charges fees as a percentage of assets under management in the following manner:

\$0- \$300,000	1.5%
Next \$200,000	1.25%
Next \$500,000	1.00%
Next \$1,000,000	0.80%
Next \$8,000,000	0.60%

Example: Fee Calculation for \$1,000,000 Account

First \$300,000: 1.50% X \$300,000 = \$4,500;

Next \$200,000: 1.25% X \$200,000 = \$2,500;

Next \$500,000: 1.00% X \$500,000 = \$5,000.

Total Annual Fee = \$12,000 divided by 4 quarters = \$3,000 quarterly

Fees are payable quarterly, in arrears, and are based upon the total asset value of each client investment portfolio as of the date Adviser is initially engaged and thereafter as of the last business day of the immediately preceding calendar quarter. The Adviser does adjust their fee calculation based on capital flows. For example, if a deposit is made during a quarter, fees calculated on that deposit are from the day it was deposited until quarter end. Conversely, if a withdrawal is taken from an account, the fee calculation on the withdrawal amount is based on the beginning balance of the quarter until such time the withdrawal is made.

Adviser may amend this schedule by sending me 30 days written notice. The minimum annual compensation may be \$500.00. This contract may be terminated by the client upon delivery of written notice. Any unearned fees paid to Adviser will be refunded on a pro rata basis from the date of termination. Clients have the right to terminate this Agreement without penalty within (5) five business days of the execution of this Agreement.

Upon termination, or upon receipt of any instruction from the Client withdrawing certain assets, the property to which such termination or instructions pertains shall be delivered to the Client or Client’s authorized representative

in a reasonable time, but in no event more than 7 business days. Upon receipt of the termination of the advisory agreement, fees will be calculated and charged based on the beginning quarterly balance through the day of receipt of the termination notification.

In certain circumstances, fees may be negotiable based on the complexity and nature of services to be provided. The Adviser, at its discretion and with client consent, may aggregate the value of all of client's accounts for the fee calculation.

Fees will be directly deducted from client's account at the custodian on a quarterly basis as described above unless other arrangements are made with Adviser. Clients will be asked to sign an investment advisory agreement to allow this fee deduction to take place regardless of whether a client has a discretionary or nondiscretionary account. Client may incur other fees not related to the Adviser such as but is not limited to: custodial fees, mutual fund expenses, and other transaction costs. For further detail about brokerage fees and costs are described in the "Brokerage Practices" Section of this brochure.

Clients understand and consent to the fact that each mutual fund in which shares may be purchased in Client's Account charges its own advisory fees and other expenses which are set forth in the Prospectus for each mutual fund. Clients are responsible for paying these operational fees and expenses, which are independent of the Adviser.

Item 6 *Performance-Based Fees* and Side-By-Side Management

The Adviser does not charge performance-based fees or utilize side-by-side management.

Item 7 *Types of Clients*

The Adviser has the following types of clients:

- Individuals
- High Net Worth Individuals
- Pension and Profit Sharing Plans
- Trusts
- Estates
- Charitable Organizations
- Corporations not listed above

Item 8 *Methods of Analysis, Investment Strategies and Risk of Loss*

Methods of Analysis

The Adviser typically uses the following types of methods for analysis alone or in combination:

- Charting
- Fundamental
- Technical

Fundamental/Charting analysis examines: all the material factors of the security, the company, industry in which the company operates, and the economy. Technical/Cyclical analysis examines the supply and demand of the securities

as evidenced by market activity. The potential risks of using Fundamental/Charting analysis are that the IAR is using historical information, which may not predict the future outcome of a security. The potential risk of using Technical analysis is the quality of the information being used to support the analysis and no expectation of a change to a cycle.

Investment Strategies

The Adviser typically employs the following types of investment strategies:

- Long term purchases (held for more than a year)
- Short term purchases (held for less than a year)
- Trading (sold within 30 days)
- Margin transactions
- Option writing

Investing in securities involves risks that clients should be prepared to bear. Each type of investment strategy may have unique risk associated with it. A true long term investment strategy can be susceptible to inflation and market downturns. While a short term investment strategy can be subject to market volatility. An active trading strategy may incur additional transaction costs and taxes and affect investment performance. Margin transaction could be subject to maintenance margin requirements, and margin loans must be repaid regardless of the underlying value of the securities purchased. The Adviser charges fees on the market value of margin accounts without consideration to any debit balances. Therefore, clients will pay more in fees than if the debit balance was considered. This practice creates an incentive for the Adviser to engage in margin trading due to the increased fees. However, Adviser uses margin investment strategies sparingly and only with approval from the client. Options writing has several kinds of risks. An options holder may risk the entire amount paid for the option. An options writer may be assigned the option at any time during which the option is exercisable. Losses in options contracts may be significant.

The Adviser typically recommends but is not limited to the following types of securities:

- Mutual Funds
- ETFs
- Equity securities (exchange listed and over-the-counter)
- Warrants
- Corporate debt securities
- Municipal securities
- U.S. government securities
- Options contracts on securities

Securities may incur expenses above and beyond management fees deducted by the Adviser. While the Adviser does not collect or receive any portion of these fees, the client is responsible for paying any applicable fees or costs assigned by the custodian, mutual fund company, or other entity.

Item 9 Disciplinary Information

The Adviser does not have any disciplinary history.

Item 10 Other Financial Industry Activities and Affiliations

The Adviser is not involved in any other financial industry activities and does not have any affiliates.

Item 11 Code of Ethics, Participation or Interest in *Client* Transactions and Personal Trading

The Adviser has a Code of Ethics (“COE”) and Personal Trading Policy. The COE requires all employees of the Adviser to:

- Always conduct him/herself with honesty, integrity, and in good faith.
- Exercise independent judgment and place client interests ahead of his/her own.
- Conduct him/herself with due care and diligence.
- Respect the confidentiality of internal confidential information.
- Disclose and ethically handle actual or perceived conflicts of interest.
- Comply with all applicable laws, rules and regulations of governmental and regulatory organizations, including all insider trading laws.
- Report any violations or suspected violations of this Code of Ethics to the Chief Compliance Officer.

A copy of the Code of Ethics is available upon request.

There may be occasions in which employees of the Adviser buy or sell securities that it also recommends to clients. This may create a conflict of interest between Adviser and clients, because the Adviser may receive preferential pricing on trades. However, the Adviser has put a Personal Trading Policy into place to ensure that the client's interests always come first. All employees' buys and sells of non-exempted securities as defined by regulations are pre-cleared to ensure there is no conflict with trading taking place on behalf of clients.

Item 12 Brokerage Practices

The Adviser currently uses several custodians to custody client's assets. These custodians are: Raymond James, TD Ameritrade, and Fidelity. These custodians have been chosen based on their operational abilities, product availability, and competitive commission charges and other costs. Each of these custodians may have their own fee and cost schedules they are entitled to as a custodian of the account. These fees and costs are completely independent of the Adviser, and the Adviser does not receive any portion of these collected costs. By executing transactions with the above custodians it is not guaranteed that a client will receive the most favorable execution of their trades, which in turn may cost clients more money.

While these custodians have been chosen by the Adviser for transaction execution, clients may implement a recommended investment strategy through a custodian of their choice. Any other custodian the client chooses may also have a fee or cost schedule for providing custodial services. By executing transactions at a custodian of the client's choice, it is not guaranteed that a client will receive the most favorable execution of their trades, which may in turn may cost the clients more money.

The Adviser does not have any soft dollar arrangements and does not receive research, products, or services other than execution from the above mentioned parties.

The Adviser may receive compensation or other economic benefit from a third party custodian (including equipment or non-research services) which may create a conflict of interest. However, the Adviser is bound by its policies and procedure to ensure the most favorable execution possible for client transactions.

Occasionally the Adviser will aggregate the purchase and sale of securities for clients' accounts in order to try to achieve better execution price on a security. However, on a routine basis, this is not standard practice. Regardless of whether a trade is aggregated or made in each individual account, the client will pay the custodian the same transaction fee for execution per account.

Item 13 Review of Accounts

All accounts are reviewed no less frequently than quarterly. Accounts under discretionary management are reviewed daily. George M. Matthai, President of the Adviser, conducts all account reviews.

Client will receive statements from their brokerage account custodian on a regular basis but no less frequently than quarterly. Special written portfolio performance summaries will be provided quarterly to clients whose portfolios are under professional management of the Adviser.

Item 14 *Client* Referrals and Other Compensation

The Adviser does not pay for or receive compensation for client referrals.

Item 15 *Custody*

The Adviser has custody of Client's assets for the sole purpose of deducting the appropriate quarterly management fees on a quarterly basis. Authorization for fee deduction is made by Clients in writing by executing an investment advisory contract. Adviser sends a notice of the amount of the fee to be deducted to the custodian and concurrently sends an invoice to the client itemizing the fee, including the formula used to calculate the fee, the amount of assets under management upon which the fee is based, and the time period covered by the fee. Clients will receive statements from the custodian that custodies his/her accounts on at least a quarterly basis showing all disbursements, including advisory fees. Clients should carefully review custodian's statements. Client will also receive a written performance portfolio management summary from Adviser on a quarterly basis. Clients are encouraged to compare these documents to ensure accuracy.

Item 16 Investment Discretion

The Adviser may have discretion in some client accounts to execute trades and deduct advisory fees. Clients will give Adviser discretion through the execution of the Matthai Capital Management Account Agreement. Clients may choose not to give any discretion to the Adviser if they so choose.

Item 17 Voting *Client* Securities

The Adviser does not vote proxies on the behalf of clients. Client should receive their proxy materials from the custodian or transfer agent. However, in the event the Adviser receives such material, it will forward all proxy materials to clients. Furthermore, Adviser will not advise clients on how to vote their proxies.

Item 18 Financial Information

The Adviser does not solicit payments of \$500 per client or more six (6) months or more in advance for services. The Adviser has not been subject to bankruptcy and knows of no reason that its financial condition would be impaired in meeting its contractual obligations to clients.

Item 19 ADV Part 2B Brochure Supplement for George M. Matthai

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This brochure supplement provides information about George M. Matthai that supplements the Matthai Capital Management brochure. You should have received a copy of that brochure. Please contact us at 410-933-5640 if you did not receive Matthai Capital Management's brochure or if you have any questions about the contents of this supplement.

Additional information about George M. Matthai is available on the SEC's website at www.adviserinfosec.gov.

Item 2 Educational Background and Business Experience

George M. Matthai (YOB: 1949) is the President of Matthai Capital Management since its founding in 1990 and is its sole investment adviser representative. Matthai is a graduate of Randolph Macon College in Ashland, VA and holds a Bachelor of Arts degree. He has over twenty (20) years of experience in the securities industry with companies that include: Merrill Lynch, Kidder Peabody, and Tucker Anthony.

Item 3 Disciplinary Information

Mr. Matthai does not have any disciplinary history.

Item 4 Other Business Activities

Mr. Matthai does not engage in any other business activities.

Item 5 Additional Compensation

Mr. Matthai does not receive any additional compensation other than what is described in Matthai Capital Management's Firm Brochure.

Item 6 Supervision

Mr. Matthai is the sole investment adviser representative at Matthai Capital Management. He is solely responsible for the supervision of accounts and the firm's other employees. Any questions can be directed to him at 410-933-5640.