

**Mutual Fund Management Co.  
888 W. Big Beaver  
Suite 890  
Troy, MI 48084**

**Phone: 248-635-1155  
Fax: 248-362-8566  
Website: [www.mfmonline.com](http://www.mfmonline.com)**

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**Form ADV Part 2A.  
Brochure**

This brochure provides information about the qualifications and business practices of Mutual Fund Management Co. If you have any questions about the contents of this brochure, please contact us at 248-635-1155. 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 Mutual Fund Management Co. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Mutual Fund Management Co. is 107538.

Mutual Fund Management Co. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Material Changes**

This Brochure is dated **03/01/2012**. It contains no material changes from the previous brochure dated May 1, 2011. Our Brochure may be requested by contacting us at 248-635-1155 or downloaded from our website: [www.mfmonline.com](http://www.mfmonline.com).

Mutual Fund Management Co.  
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## **1. Advisory Business**

Mutual Fund Management Co. has been a registered investment advisory firm since November 5, 1992. Frank S. Arvai is the President of the firm. Mr. Arvai owns 100% of the equity of the firm. Sandra Milke is the Chief Compliance Officer. The firm is not publicly owned or traded. There are no indirect owners of the firm, or intermediaries, which have any ownership in the firm.

Client assets are managed on an individualized basis.

The firm does not sponsor any wrap programs.

As of December 31, 2011, the firm managed on a discretionary basis \$164,497,417 of client assets which represented 916 accounts and managed on a nondiscretionary basis \$4,325,048 which represented 2 accounts.

Mutual Fund Management Co. (or “the adviser”) offers advisory service whereby it provides ongoing investment advice, investment tracking, trade execution, performance monitoring and financial planning to clients. This type of service accounts for 100% of the adviser’s business.

Diversification, tax-efficiency, and low-cost investing are the cornerstones of our investment philosophy. We can utilize actively managed and index mutual funds, as well as ETFs, when crafting a portfolio strategy designed to achieve a client’s specific goals and objectives, based on their risk tolerance level. The client may impose a restriction on investing in certain securities by telling us verbally or in writing.

## 2. Fees and Compensation

The compensation for the investment management service is based on a percentage of the assets being supervised. The annual Management Fee schedule is as follows:

ASSET VALUATION		ANNUAL FEE
First	\$ 250,000	1.5%
Next	\$ 250,000	1.25%
Over	\$ 500,000	1.0%

The Management Fee is payable in advance on a quarterly basis. As a convenience (and if the custodial firm offers the service), the quarterly management fee can be drafted directly from the client account if the client provides this authorization. The client has the option to pay the quarterly management fee directly by check. The client may terminate services at any time without penalty. If termination occurs prior to the end of a full quarter, the client will receive a pro-rated refund for the balance of the quarter. The client does not have to request this refund, as the adviser calculates the amount to be refunded on the day we receive notice, and typically refunds it to the client within one month. The refund is calculated as follows: (Total fee for the quarter/number of days in the qtr)\*days remaining in quarter. The annual fee is negotiable based on the size of the account and the particular circumstances of the client.

In addition to the Management Fee paid by the client to the adviser, the client indirectly pays customary mutual fund expenses, expressed as the “expense ratio,” which can be found in the respective fund prospectuses. In some cases, it may be beneficial to purchase the Institutional share class of a fund, which lowers the expense ratio by 0.25% to 0.60%. This is done on a case-by-case basis.

If the client sells mutual funds before a 90-day holding period has expired, the client may incur a short-term redemption fee of \$49 to \$199 from the custodian (i.e. Charles Schwab & Co., Inc.). In addition to custodian’s fee, the client may incur a short-term redemption fee from the mutual fund company of 1% to 2% of the amount sold if the fund is sold before the specific holding period expires (normally from 30 days to 180 days). The redemption fee will reduce the proceeds from the sale of the mutual fund.

The adviser offers financial planning services in the areas of taxes, investment, insurance, retirement, college planning and estate planning. Depending on specific client needs, the adviser will analyze a client's present position relative to his/her goals and objectives, and make a recommendation on how best to achieve the client's goals. Compensation for financial planning is based on an hourly rate for the time spent by respective personnel.

### **3. Performance-Based Fees and Side-By-Side Management**

None.

#### **4. Types of Clients**

Types of clients include individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities. Our minimum portfolio size is \$250,000 but may be negotiable depending on the circumstances of the particular client.

## **5. Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis

Methods of securities analysis will include fundamental analysis and technical analysis.

Mutual Fund Management Co. (MFMC) measures an investor's goals, risk tolerance and investment time frame through risk tolerance questionnaires and/or meetings with clients in an effort to determine which of our investment strategies would be appropriate for the client.

### Investment Strategies

Investment strategies may include long-term purchases (securities held at least one year), short-term purchases (securities held less than one year) and margin transactions depending on the specific needs of a client. These strategies are typically implemented using no-load mutual funds across several different asset classes including, but not limited to: large caps, mid caps, international, fixed income and alternative strategies. As part of our ongoing research, we analyze thousands of actively managed and index mutual funds, as well as Exchange-Traded Funds (ETFs). When it is warranted, we will replace a fund in a strategy if we determine that it no longer meets our standards.

MFMC generally does not recommend specific individual securities or specific sectors within most asset classes. In general, we do not recommend or select funds focused on specific sectors such as Biotechnology, Utilities, Natural Resources, etc. MFMC's recommendations provide exposure to these sectors through funds that invest in a broad asset class.

We generally recommend no-load mutual funds or Exchange-Traded Funds (ETF's) that represent either an index or managed portfolio of individual securities diversified within the target asset class. When recommending a specific fund, we utilize services such as Morningstar to analyze many factors, some of which include: no-load (or load-waived funds), expense ratio, performance, style, category ranking within asset class, manager tenure, market capitalization, and turnover ratio. The adviser also utilizes many sources of public information to include financial news and research materials.

### Risk of Loss

Investing in securities carries risk of loss which clients must be prepared to bear. There are risks associated with investing including possible loss of principal. Foreign investing involves special risks, such as risk of loss from currency fluctuation or political or economic uncertainty. Investments in real estate funds or programs involve additional special risks, such as credit risk, interest rate fluctuations and the effect of varied economic conditions. Funds focusing on a single country, sector and/or smaller companies generally experience greater price volatility.



## **6. Disciplinary Information**

MFMC has no history of any disciplinary action.

## **7. Other Financial Industry Activities and Affiliations**

Frank S. Arvai is the principal stockholder in the public accounting firm of Arvai & Associates, P.C. The CPA firm provides tax and accounting services to closely-held businesses and individuals. Any client of the CPA firm desiring investment advisory services or financial planning will be handled by MFMC. The CPA firm's resources including offices, computer hardware and software, CD ROM research and support staff are available to MFMC.

Frank Arvai consults weekly with the independent advisory firm of William Mack & Associates, Inc. (CRD #107377) regarding portfolio management. They also assist in preparation of financial plans and retirement plans. In addition, they prepare Frank Arvai clients' quarterly investment reports. Their compensation for these services is 40% of the fees collected from those clients. Exemptions of certain clients from this arrangement may be made, based upon agreement between Mutual Fund Management Co. and William Mack & Associates, Inc.

## **8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The adviser has adopted a written Code of Ethics in compliance with SEC rule 204A-1. The code sets forth standards of conduct and requires compliance with federal securities laws. The code also addresses personal trading and requires our personnel to report their personal securities holdings and transactions to the Chief Compliance Officer of the adviser. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

It is further noted that the adviser is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, the adviser has adopted a company-wide policy outlining insider trading compliance by the adviser and all associated persons and employees. This statement has been distributed to all associated persons and employees of the adviser and has been signed and dated by each person. A copy of the policy is left with each person and the original is maintained in a master file. Further, the adviser has adopted a written supervisory procedure statement highlighting the steps which shall be taken to implement the company-wide policy. These materials are also distributed to all associated persons and employees of the adviser, are signed and dated, and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to the files, (2) providing Continuing Education, (3) restricting and/or monitoring trading on those securities of which employees of the adviser may have non-public information, (4) requiring all employees of the adviser to conduct their trading through a specified broker or reporting all transactions promptly to the adviser, and (5) monitoring the securities trading of the adviser and its employees and associated persons.

As certain situations in which the adviser is involved may represent a conflict of interest, the adviser has established the following restrictions in order to ensure its fiduciary responsibilities:

1) A director, officer or employee of the adviser shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No person of the adviser shall prefer his or her own interest to that of the advisory client. Employees of the adviser may, from time-to-time, buy or sell the same securities that are recommended to the adviser's clients. Such securities are anticipated to be predominately investment company shares listed on a National Exchange or the OTC market. These transactions will be de minimus in nature in relation to the amount of outstanding shares of any such security, and as such, neither the client's nor the employee's buy or sell would affect the market prices of the security in any manner whatsoever.

2) The adviser maintains a list of all securities holdings for itself, and anyone associated with the adviser. These holdings are reviewed on a regular basis by Sandra Milke.

3) The adviser requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

4) Any individual not in observance of the above may be subject to termination.

## **9. Brokerage Practices**

MFMC may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, Member SIPC/FINRA, to maintain custody of clients' assets and to effect trades for their accounts. Schwab Institutional provides MFMC with access to its institutional trading and operations services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors at no charge to them so long as a total of at least \$10 million of the advisor's clients' account assets are maintained at Schwab Institutional.

Schwab Institutional's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab Institutional also makes available to MFMC other products and services that benefit MFMC but may not benefit its clients' accounts. Some of these other products and services assist MFMC in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of MFMC's fees from its clients' accounts, and assist with back-office support, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of MFMC's accounts, including accounts not maintained at Schwab Institutional.

Schwab Institutional may also provide MFMC with other services intended to help MFMC manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to MFMC by independent third parties. 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 MFMC.

## **10. Review of Accounts**

Each advisory account will be reviewed at least once a year and more often if requested by the client. Factors triggering a review more frequently would be substantial changes in the client's financial position or financial goals and objectives. Frank Arvai or Kenneth Klegon have sole responsibility for performing account reviews.

A report will be provided, in writing, to each client regarding his or her advisory account at least annually and more often if requested by the client. The report includes the current market value, rate-of-return, and the investment allocation of the account.

Additionally, clients will receive the customary reports from the investment company or account custodian, at least quarterly, showing holdings in the account and any activity, as well as reports from any mutual funds in which the client may be invested. The information may be sent via postal mail or e-mail.

## **11. Client Referrals and Other Compensation**

The adviser, by maintaining greater than \$5 million under management with certain custodians, may receive a waiver of fees (i.e. file download, on-line services, real time quotes, etc.) and (if applicable) discounted rates on transaction fees (which may benefit the client).

By written agreement, the adviser compensates certain non-related persons to be solicitors for client introductions and/or referrals. Such compensation may be for an amount up to 25% of a client's annual fee. Complete disclosure is provided to any affected client and the client will be subject to the same fee schedule as other clients of the adviser.

The advisor offers the following incentive program to its employees:

Individual staff members are paid a commission for a maximum of five (5) years on all work performed by the firm for clients whom the particular staff member has personally attracted to the firm.

In deciding whether or not a commission has been earned, major emphasis is placed on the phrase "personally attracted to the firm". Rarely do clients attracted to the firm through existing clients or through contacts made by staff members in the performance of their normal professional services qualify as commission accounts.

Commissions will be paid annually between July 31<sup>st</sup> and September 30<sup>th</sup> on all fees collected of the particular fiscal year. Normally these commissions will be based on 10% of the fees billed and collected at standard rates. The firm does reserve the right to make discretionary adjustments.

## **12. Custody**

Not Applicable.

### **13. Investment Discretion**

The adviser may have discretionary authority over client accounts. The client may grant that authority by virtue of the signed Asset Management Agreement and a Schwab Limited Power of Attorney Form. It is possible that it may, without first obtaining specific client consent, have the ability to decide upon the securities to be bought and/or sold, the amount of securities to be bought and/or sold and the transaction fee to be paid.

The purchases/sales made are consistent with the overall objective. More significant changes, such as switching to a different strategy are discussed and agreed upon with the client before implementing such a change.



## **14. Voting Client Securities**

The adviser does not vote proxy statements on behalf of clients.

## **15. Financial Information**

The adviser does not receive fees more than six months in advance. MFMC has no financial commitments that impair its ability to meet contractual and fiduciary commitments to our clients. MFMC has not been the subject of any bankruptcy proceedings.

## **16. Requirements for State-Registered Advisers**

Not applicable.

## **17. Additional Information**

None.