

Baltimore Capital Management, Inc.

Firm Brochure - Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Baltimore Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (410) 727-4480 or by email at: lhickel@baltimorecapital.com. 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 Baltimore Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Baltimore Capital Management, Inc.'s CRD number is: 109949

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Baltimore Capital Management, Inc. has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

Item 3: Table of Contents

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Item 4: Advisory Business

A. Description of the Advisory Firm

Baltimore Capital Management, Inc. is a Corporation organized in the state of Maryland.

This firm has been in business since October of 1994, and the principal owners are Alexander Stewart Graham, Gordon Lee Smith, Linda Gibson Hickel and Ernest George Jacob.

B. Types of Advisory Services

Baltimore Capital Management, Inc. (hereinafter "BCM") offers the following services to advisory clients:

Investment Supervisory Services

BCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BCM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client's specific situation. Investment Supervisory Services include, but are not limited to, the following:

- | | |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy |
| • Asset allocation | • Asset selection |
| • Risk tolerance | • Regular portfolio monitoring |

BCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BCM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Services Limited to Specific Types of Investments

BCM generally limits its money management to equities, ETFs, and REITs. BCM may use other securities as well to help diversify a portfolio when applicable.

C. Client Tailored Services and Client Imposed Restrictions

BCM offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BCM from properly servicing the client account, or if the restrictions would require BCM to deviate from its standard suite of services, BCM reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. BCM does not participate in any wrap fee programs.

E. Amounts Under Management

BCM has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$79,000,000.00	\$0.00	3/8/2012

Item 5: Fees and Compensation

A. Fee Schedule

Investment Supervisory Services Fees

Total Assets Under Management	Annual Fee
The First \$2,500,000	1.00%
The Next \$2,500,000	0.80%
Above \$5,000,000	0.60%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Fees are based on the assets under management on the last day of the previous quarter. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract.

Advisory fees are withdrawn directly from the client's accounts with client written authorization. BCM will deduct fees directly from client accounts using the safeguards below:

1. BCM has written authorization from the client to deduct advisory fees from the account held with a qualified custodian.

Each time a fee is deducted BCM will send the qualified custodian notice of the amount of the fee to be deducted and will also send the client an invoice 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 period covered by the fee.

The custodian will send statements, at least quarterly, to the client showing all disbursements for the custodian account, including the amount of the advisory fees.

B. Payment of Fees

Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. Advisory fees may also be invoiced and billed directly to the client quarterly in advance. Clients may select the method in which they are billed.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BCM. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

BCM collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be returned within fourteen days to the client via check or deposit back into client's account.

The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

E. Outside Compensation For the Sale of Securities to Clients

Neither BCM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

BCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

BCM generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

Minimum Account Size

There is no account minimum.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

BCM's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

Charting analysis involves the use of patterns in performance charts. BCM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

Cyclical analysis involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Investment Strategies

BCM uses long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Cyclical analysis assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies. Because fees are charged based upon the value of securities purchased on margin, clients will effectively pay higher fees for securities purchased on margin; this practice creates an incentive for BCM to engage in margin trading in light of these higher fees.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

BCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin

transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies.

Equity investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

Stocks & Exchange Traded Funds (ETF): Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

REITs have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short term trading risks include liquidity, economic stability and inflation.

Short sales risks include the upward trend of the market and the infinite possibility of loss.

Margin transactions use leverage that is borrowed from a brokerage firm as collateral.

Options writing involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither BCM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither BCM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither BCM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

BCM does not utilize nor select other advisers or third party managers. All assets are managed by BCM management.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

BCM does not recommend that clients buy or sell any security in which a related person to BCM or BCM has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of BCM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BCM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of BCM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BCM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always transact client's transactions before its own when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodians, Fidelity Investments, Charles Schwab, UBS and Deutsche Bank, were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. BCM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. Research and Other Soft-Dollar Benefits

BCM receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). BCM receives a benefit because it does not have to produce or pay for research, products, or services. BCM therefore has an incentive to select or recommend a broker/dealer based on BCM's interest in receiving those benefits rather than the clients' interests in receiving most favorable execution. Nevertheless, the first

consideration when recommending broker/dealers to clients is best execution and BCM always acts in the best interest of the client.

2. *Brokerage for Client Referrals*

BCM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

BCM allows clients to direct brokerage. BCM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage BCM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

BCM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing BCM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least monthly by Alexander Graham. Alexander Graham is the chief advisor and is instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at BCM are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive monthly or quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

BCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BCM clients.

B. Compensation to Non - Advisory Personnel for Client Referrals

BCM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

Item 15: Custody

BCM, with client written authority, has limited custody of client's assets through direct fee deduction of BCM's Fees only. If the client chooses to be billed directly by the Custodian, BCM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those client accounts where BCM provides ongoing supervision, the client has given BCM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. **Clients may nevertheless impose restrictions, such as moral and political restrictions or limitations, on the types of investments BCM purchases. However, if these restrictions prevent BCM from properly servicing the client account, or if the restrictions would require BCM to deviate from its standard suite of services, BCM reserves the right to end the relationship.**

Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides BCM discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

BCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

BCM does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither BCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

BCM has not been the subject of a bankruptcy petition in the last ten years.

Item 19: Requirements For State Registered Advisers

A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background

BCM currently has the following management persons/executive officers: Alexander Graham, President; Gordon Smith, Chairman of the Board; and Linda Hickel, Chief Financial Officer and Chief Compliance Officer. The education and business background of each of these individuals can be found on the Supplemental ADV Part 2B form for such individual.

B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)

The other business activities of each of the management persons/executive officers listed above can be found on the Supplemental ADV Part 2B form for such individual.

C. How Performance Based Fees are Calculated and Degree of Risk to Clients

BCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

D. Material Disciplinary Disclosures for Management Persons of this Firm

No management person at BCM or BCM has been involved in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)

Neither BCM, nor its management persons, has any relationship or arrangement with issuers of securities.