

# Metis Capital Management LLC

## Client Brochure

*This brochure provides information about the qualifications and business practices of Metis Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 914-315-6850 or by email at: [g.rogers@metiscm.com](mailto:g.rogers@metiscm.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 Metis Capital Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Metis Capital Management's CRD number is: 133198*

411 Theodore Fremd Avenue  
Suite 206 South  
Rye, N.Y. 10538  
914-315-6850  
[www.metiscap.com](http://www.metiscap.com)  
[g.rogers@metiscm.com](mailto:g.rogers@metiscm.com)

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

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## **Item 2: Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission ("SEC") published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to previous versions, it does not contain material changes from our last annual update. After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new 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. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Metis Capital Management LLC ("MCM") provides discretionary and non-discretionary investment management services. It is established as a Limited Liability Corporation in the state of New York, whose fiscal year end is December 31. It is 100% owned by Grant Rogers, and has been operating since November of 2004.

### **B. Types of Advisory Services**

Metis Capital Management's mission is to conservatively run individually managed accounts, which are in the client's name, tailored to the needs, objectives, and risk tolerance level of the client. Our role is to remain aware of client's circumstances in order to direct, or make investment recommendations, which are suitable for the client, in equities, fixed income instruments, commodities, and currencies.

We primarily manage balanced growth portfolios in a conservative fashion.

Growth and balanced growth investment management focuses primarily upon the identification and purchase of stocks experiencing or expected to experience accelerated earnings momentum. Such stocks are often referred to as growth stocks and, hence, the firm's investment style is that of an "active investment manager with a growth stock bias."

Investments are not limited to stocks of certain levels of capitalization, but span the range from small to medium, to large, with the emphasis at any given time placed on those areas deemed most value attractive.

A conservative approach to bond management is employed.

Bond portfolio durations are targeted using economic analysis and interest rate forecasts.

Information derived from further research will cause sector, coupon and quality weightings to vary according to expected opportunities and risks.

### **C. Client Tailored Services and Client Imposed Restrictions**

Our firm provides continuous advice to clients regarding investment of client funds based upon their individual objectives. At the outset of a relationship a client is asked to define objectives and constraints while we provide information about investment opportunities and expectations. From these discussions a portfolio is developed which will attempt to meet the client's needs and against which performance can be measured.

During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, tax situation, and estate plan in order to increase our awareness of the client's needs.

In certain cases, clients may object to investing in certain industries or asset classes. In these cases, we do our utmost to observe the client's wishes. If a client imposes an outright restriction concerning certain types of investment, we observe it.

## **D. Wrap Fee Programs**

Metis Capital Management does not participate in Wrap Fee Programs.

## **E. Amounts Under Management**

<b>Total Amount:</b>	<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
<b>\$48,272,315</b>	<b>\$32,597,599</b>	<b>\$15,674,716</b>	<b>12/31/11</b>

# **Item 5: Fees and Compensation**

## **A. Fee Schedule**

Fees for management services are billed quarterly in arrears, based on the account value as of the last day of the quarter. These fees are based on the following schedule:

Equity and Balanced Accounts:

On Cash and Securities totaling:	At the annual rate of:
On the first \$2,000,000	1.0%
On the balance	0.8%

Fixed Income Accounts:

On Cash and Securities totaling:	At the annual rate of:
On the first \$25,000,000	0.5%
On the balance	Negotiable

The above fees are negotiable in certain limited circumstances. A quarter-end fee adjustment may be made for sizeable contributions made at the end of the quarter. A client may terminate an advisory account on written notice. Upon termination, the fee will be prorated to the date of termination. Account values include the value of cash and any assets held in money market funds.

MCM implements some investment recommendations with mutual funds. These mutual funds charge asset management fees which are in addition to the management fees charged by MCM and are thereby an indirect expense to the client.

MCM believes its fees are competitive, however, lower fees for comparable services may be available from other sources.

## **B. Payment of Fees**

Clients authorize Metis Capital Management to charge their account fees as they become due and payable pursuant to the fee schedule outlined in the agreement they sign when becoming a client. MCM sends a statement to each client showing the amount of fees paid, the value of the account's assets upon which the fee was based, and the specific manner in which the fee was calculated. MCM sends a statement to the client at the same time a bill is sent to the custodian, showing the amount of fees to be paid. The client is responsible for verifying the accuracy of such fees. The client's custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account, including the amounts of any and all investment management fees paid directly to the Adviser.

Clients may also elect to receive a bill from MCM and to remit payment by check or wire within 30 days of its receipt.

## **C. Clients Are Responsible For Third Party Fees**

All account assets will be held by a designated custodian of the client's choice in the client's name. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports. In addition, some mutual fund assets deposited in the account may have been subject to deferred sales charges and 12(b)(1) fees. Mutual funds also have annual expenses, which are described in each fund's prospectus. Advisory clients should also note that fees for comparable services vary and lower fees for comparable services may be available from other sources. We do not accept compensation for the sale of securities or other investment products. Neither MCM, nor any investment adviser representative associated with MCM, will act as the custodian. Adviser will have no liability with respect to custody arrangements or the acts, conduct, or omissions of Custodian.

## **D. Prepayment of Fees**

Clients may not pay fees in advance.

A client may terminate an advisory account on written notice. Upon termination, the fee will be prorated to the date of termination.

## **E. Outside Compensation For the Sale of Securities to Clients**

We do not accept compensation for the sale of securities or other investment products.

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

We do not offer performance based fees, nor any “side-by-side” management.

## **Item 7: Types of Clients**

We provide investment advice to individuals, high net worth individuals, trusts, foundations, endowments, and retirement plans.

MCM’s clients are generally required to open an equity or balanced account with at least \$100,000, and MCM generally requires \$500,000 to open a fixed income Account.

The above mentioned minima may be waived at MCM’s sole discretion.

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

### **A. Methods of Analysis and Investment Strategies**

We recognize that each one of our clients has individual needs, and we address this in the investment strategies we provide. Every portfolio represents a unique set of parameters: risk tolerance, industry preferences, investment time horizon, preference for growth vs. income, and other factors. We begin the investment process by listening to our clients and shape an investment plan with them to realize their objectives.

An important part of the investment process for us begins with asset allocation. A client’s risk profile determines how much exposure he or she should have to equities, fixed income, commodities/precious metals or cash investments. We profile clients according to their risk tolerance, categorizing each client into a low, medium, medium/high, or high risk profile. The asset allocation we choose between stocks, fixed income, commodities or precious metals, or cash is a function of these criteria.

We then employ fundamental analysis to optimize our investment decisions, which would include economic analysis, industry analysis, and company analysis.

This is both a “top-down” and “bottom-up” approach.

Top down analysis begins with a review of global economics, in order to identify the most promising sectors in a given market. Some considerations here might include geography, sector, size, sensitivity to interest rates, and cyclicalities.



Bottom up analysis focuses on individual stocks. When a promising industry is identified with top down analysis, we try to identify the most promising companies within it. Our process includes examination of a company's past growth and future expectations for growth. We scrutinize the overall quality of the company and its management, looking for reliable earnings growth, efficiency of resources, reasonable debt levels, and low risk factors. Reasonable valuations are sought using several valuation criteria. We then use these criteria to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). We are rooted in the analysis of long-term growth trends.

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Furthermore our securities analysis relies upon the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Diversification, in our view, is the best solution to adverse short-term developments. Reducing risk while still taking advantage of growth opportunities in the market are our primary goals. We focus on high-quality industry leading stocks, and prefer to recommend companies that we have followed for a lengthy period of time.

We primarily employ a long term investment strategy when purchasing securities for clients with an investment horizon of at least one year. We do this primarily because we believe that a sound long term growth strategy involving quality blue chip companies works well over time. A risk in a long-term purchase strategy is that by holding the security for longer periods, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

We do however make investments periodically with a short term time horizon of one year or less, in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains. Short term investment strategies are generally reserved for high risk and medium high risk client profiles, or for medium risk clients wishing to allocate a small portion of their portfolio to higher risk investments.

Some of our clients wish to take advantage of currency price movements relative to the dollar. In these cases, we generally employ currency ETF's because we find that it is the most liquid and inexpensive way of taking positions in the foreign exchange market. Positions in foreign currencies, like any investment class, are exposed to the risk of outright potential losses.

## **B. Material Risks Involved**

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal that clients should be prepared to bear. Each type of security has its own unique set of risks that are not always easily identifiable. These risks affect the performance and the volatility of any investment. For example, investments are affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. Investments are also subject to currency, political and business risks.

## **C. Risks of Specific Securities Utilized**

All asset classes and all types of securities involve risks. We generally limit our investments to stocks, ETF's, treasury bonds, corporate bonds, municipal bonds, preferred stocks, mutual funds, unit trusts, REIT's, master limited partnerships, and currencies. We do not employ derivatives such as options, swaps, or structured products unless the client specifically requests them. For each investment category defined above, there are market risks, credit risks, sovereign risks, state/local risks, interest rate risks, company specific risks, currency risks, and geopolitical risks which are always present.

## **Item 9: Disciplinary Information**

Our firm has no reportable disciplinary events to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

Our firm is not engaged in other financial industry activities and has no other industry affiliations. Neither Metis Capital Management LLC nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Neither Metis Capital Management LLC nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. MCM does not recommend or select other investment advisors.

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

### **A. Code of Ethics**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Metis Capital Management and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Metis Capital Management's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to nonpublic information, all employees are reminded that such information may not be used in a personal or professional capacity. In the event that the firm or a supervised person is in receipt of material non-public information about an issuer, the firm would be restricted from transacting in the securities of such issuer for client accounts for an indefinite period of time.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [g.rogers@metiscm.com](mailto:g.rogers@metiscm.com), or by calling us at 914-315-6850.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

### **B. Recommendations Involving Material Financial Interests**

If any investment recommendation is ever made to clients in a security in which Metis Capital Management or any of its associates may have a material financial interest, it shall be disclosed to the client in writing in a timely fashion for purposes of transparency.

### **C. Investing Personal Money in the Same Securities as Clients**

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

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

As mentioned in item 11.C, no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. While employees may not execute transactions prior to advisory clients, it is possible that they may receive a more favorable price

### **Item 12: Brokerage Practices**

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

We do not request or accept the discretionary authority to determine the broker dealer to be used for client accounts. Clients must direct us as to the broker dealer to be used for all client securities transactions. While we recommend Fidelity or TD Ameritrade ("Recommended Custodians") we will work with the custodian of the client's choice. Most of our clients choose to keep their accounts at Recommended Custodians, which are discount brokers whose trading fees are considered low.

##### ***1. Research and Other Soft-Dollar Benefits***

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

If the firm maintains client assets at the Recommended Custodians, it receives other benefits from them without cost or at a discount. These benefits are typically only available to institutional investors or would require a significantly higher minimum initial investment. Unlike soft dollar benefits, these benefits do not depend on the amount of brokerage transactions the firm directs to the Recommended Custodians. The firm may receive some or all of the other benefits listed below.

- receipt of duplicate client statements and confirmations
- research related products and tools
- consulting services
- access to a trading desk serving institutional advisers
- the ability to aggregate securities transactions for execution and then allocate the shares to client accounts
- the ability to have advisory fees deducted directly from client accounts
- access to an electronic communications network for client order entry and account information
- access to mutual funds with no transaction fees
- access to certain institutional mutual fund managers

- software and other technology that provide access to client account data (such as trade confirmations and account statements)
- researching, pricing information and other market data
- assistance with back-office functions, recordkeeping and client reporting

These products and services assist the firm in managing and administering client accounts. For example, the Recommended Custodians provide services to help the firm manage and further develop its business enterprise. These products and services benefit the firm and do not benefit client's accounts. The firm receipt of these economic benefits creates a potential conflict of interest. The firm manages this potential conflict by periodically comparing the fees charged and services offered by the Recommended Custodians with those offered by other custodians.

## ***2. Brokerage for Client Referrals***

Metis Capital Management neither refers clients to broker-dealers nor receives client referrals from broker dealers.

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

Metis Capital Management executes all trades through the custodian where the client keeps his or her account. We do not direct brokerage outside of the custodian. We do not permit clients to direct brokerage outside the custodian. MCM has no economic relationship with any of these custodians.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

In placing its orders to purchase or sell securities in accounts, MCM may elect to aggregate orders. In so doing, the firm will not aggregate transactions unless aggregation is consistent with its duty to seek best execution and the terms of our investment advisory agreement with each client for which trades are being aggregated. Additionally, we will not favor any advisory client over any other client and each client that participates in an aggregated order will participate at the average share price for all adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client's participation in the transaction. MCM will also prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will be allocated pro-rata based on the Allocation Statement.

The order in which block transactions are placed among custodians is executed on a random basis. All efforts are maintained to send block limit orders using different custodians as closely in time as possible.

## **Item 13: Reviews of Accounts**

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

Grant Rogers, Member, will continuously monitor the underlying securities in client accounts and perform at least quarterly reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Economic and macroeconomic specific events may also trigger reviews.

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

Material changes in our investment outlook or in the personal circumstances of a client may trigger a non-periodic review of client accounts.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Clients receive monthly statements and confirmations of transactions from their broker dealer and/or custodian(s). These statements list the account positions, activity in the account over the covered period, and other related information. Metis Capital Management provides a quarterly statement to all clients consisting of a quarterly outlook, a portfolio appraisal, and a performance report. At the end of each year, we also send a realized gain and loss report for each account.

## **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)**

Our firm does not receive any additional compensation from third parties for providing investment advice to its clients.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

Our firm does not pay referral fees to independent persons or firms (“Solicitors”) for introducing clients to us.

## **Item 15: Custody**

Clients receive statements from their custodian or broker dealer on a monthly basis. As discussed in item 5 of this brochure, our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. The custodian sends to the client each month a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement. We urge clients to compare statements received from Metis Capital Management with those received from custodians.

## **Item 16: Investment Discretion**

For clients granting us discretionary authority to determine which securities and the amount of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

## **Item 17: Voting Client Securities (Proxy Voting)**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: 1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and 2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

Clients receive proxies or other solicitations directly from their custodian.

## **Item 18: Financial Information**

### **A. Balance Sheet**

Under no circumstances will we earn fees in excess of \$1200 more than six months in advance of services rendered.

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

Metis Capital Management LLC has no financial conditions which are likely to impair its ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

Metis Capital Management LLC has never been the subject of a bankruptcy petition.