



## **M. C. DRAPER CAPITAL MANAGEMENT**

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Note: This is a brochure to Form ADV which is being sent to clients. This brochure is required by regulatory authorities. Any material future changes will be reported on this brochure's cover page. No material changes have occurred as of the date of this brochure.

This brochure provides information about the qualifications and business practices of Mont C. Draper, III and M. C. Draper Capital Management. If you have any questions about the contents of this brochure, please contact us at 316-612-8944 or [MCDCM1@aol.com](mailto:MCDCM1@aol.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.

Mont C. Draper, III is a registered investment adviser. Registration of an Investment Adviser does not imply any certain level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Mont C. Draper, III also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## ABOUT THIS BROCHURE

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that I provide to clients as required by SEC Rules. This brochure dated January 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

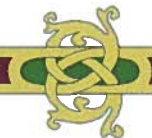
In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. I will also reference the date of our last annual update of our brochure.

In the past I have offered or delivered information about my qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, I will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of my business’ fiscal year. I may further provide other ongoing disclosure information about material changes as necessary.

I will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, this brochure may be requested by contacting me at 316-612-8944 or [MCDCM1@aol.com](mailto:MCDCM1@aol.com). Additional information about Mont C. Draper, III or M. C. DRAPER CAPITAL MANAGEMENT is also available via the SEC’s web site.

Mont C. Draper, III



## TABLE OF CONTENTS

ITEM	PAGE
Advisory Services and Fees	1
Types of Clients	1
Types of Investments	2
Methods of Analysis, and Sources of Information	2
Education and Business Standards	3
Participation of Interest in Client Transactions	3
Conditions for Managing Accounts	4
Review of Accounts	4
Investment or Brokerage Discretion	4
Additional Compensation	5
Code of Ethics	5



## ADVISORY SERVICES AND FEES

M. C. Draper Capital Management herein referred to as "MCDPCM" manages accounts of individuals on a fully discretionary basis, using a third party custodian for safekeeping of clients' securities. The principal owner of MCDPCM is Mont C. Draper, III.

Accounts are managed in investment grade securities, taking into consideration the client's income needs, risk tolerance, various other extraordinary circumstances, and stated investment objectives. ALL managed accounts are personally known to MCDPCM. The investment goal is to provide and maintain consistent long-term investment growth and stability in principal value and income.

Fees are clearly stated in the contract between the client and MCDPCM. In certain cases, such as size of a particular account, or related multiple accounts, fees may be negotiable. Fees are charged on a quarterly forward calendar basis and prorated fees are refunded to accounts, should a termination occur during a calendar quarter. Fee work forms are submitted to the custodian for review and account debit. MCDPCM does not charge fees to clients accounts. No transaction-based compensation is received. No performance based fees are charges. No brokerage commissions are charged.

Minimum account size is flexible, but MCDPCM is not actively seeking new clients.

The custodian also charges a fee in a manner similar to that described above. The custodian's charge is 1/4 of 1% annually. (See Item 12 - Brokerage Selection - for additional information.)

There are no financial conditions reasonably likely to impair MCDPCM's ability to meet contractual commitments to clients.





## **TYPES OF CLIENTS**

Clients consist of individuals known to MCDCM. They are high net worth individuals. Client related retirement plans are also managed, but the preponderance of accounts are high net worth individuals.

## **TYPES OF INVESTMENTS**

The service offered by MCDCM may be described, in general terms as conservative, using investment grade fixed income and equity securities. Bonds are rated "AA" or better at time of purchase. Equities will have a Value Line Rating of "B+" or better. Depending upon account objectives, market conditions, and diversification requirements, Exchange Traded Funds may be used.

It is important to note that investing in marketable securities involves risk of less principal or income. Clients should review their monthly statements. The material risks with the types of securities would include, but are not limited to, the business cycle, global occurrences, market fluctuations..

MCDCM does not employ a strategy of excessive trading. Market conditions determine purchases and sales and reserve funds. Excessive trading, particularly in the case of commissions being charged, may affect performance. No commissions are charged to accounts.

## **METHODS OF ANALYSIS AND SOURCES OF INFORMATION**

MCDCM primarily uses fundamental resources in selecting securities for clients' accounts. The primary sources of financial information are research materials provided by third parties on hard dollar basis company reports or press releases are reviewed daily, as they pertain to securities held in client accounts. Annual Reports are reviewed when issued. Stockholdings will be diversified in different



industries, but no particular attempt is made to conform to S&P 500 Index percentage weightings. MCDCM relies on accredited rating firms for fixed income quality ratings and, normally, employs a "laddered" maturities schedule.

## **EDUCATION AND BUSINESS STANDARDS**

Mont C. Draper, III, the sole proprietor of MCDCM, is a Chartered Financial Analyst. Business standards for additional personnel depend upon the job description and no standard is set.

### **Education and Business Background:**

Year of birth -1935

Formal Education:

University of Colorado, degree B.S. Finance -1957

Chartered Financial Analyst designation -1966

Graduate Colorado School of Banking -1982

Engaged in securities business on a continuing basis since 1960.

### **Other Business Activities:**

No other business activities.

### **Other Financial Industry Activities Or Affiliation:**

No other industry activities or affiliation.

## **PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS**

The custodian effects securities transactions for MCDCM. Clients do not pay commission on transactions. The custodian charges an annual fee for execution, safekeeping, monthly statements, performance reviews and other such matters,



aiding clients needs such as wire transfers.

## **CONDITIONS FOR MANAGING ACCOUNTS**

MCDCM does not hold itself out as providing financial planning or some similarly termed service.

## **REVIEW OF ACCOUNTS**

All accounts are reviewed by Mont C. Draper, III, only, as sole proprietor of MCDCM. Accounts are actively and continuously under review.

Clients receive a monthly letter commenting on such things as the U.S. and world economy, securities purchased and other items of interest to clients in the management of their accounts.

The January letter includes information on proxies, fees, confidentially, conflicts of interest, annual request for any change in client objectives. The custodian also requests information regarding any changes in client objectives annually and notifies MCDCM if a change is requested.

## **INVESTMENT OR BROKERAGE DISCRETION**

All accounts are custodian only at Morgan Stanley or Smith Barney. The custodian furnishes clients a monthly account statement and an independent performance report. For fee purposes MCDCM relies on market valuations as shown on the clients' monthly statement.

Family-related accounts of MCDCM are managed in a manner similar to other clients accounts. Such accounts are safekept with the custodian. No outside trading occurs. Purchase and sale orders may be made individually, but are normally combined into omnibus trades with other managed accounts. Family



related accounts invest in the same securities as clients. A Code of Ethics Policy regarding trading procedures is available upon request.

The custodian was chosen for the services it provides to both clients and MCDCM, the location to the advisor, fees charged, and trading capabilities.

MCDCM will vote proxies mailed to MCDCM by appropriate authority in the best interest of the client. MCDCM, in general, votes with management absent a vote deemed not in the best interest of the client. Clients may obtain a copy of MCDCM's proxy voting policies and procedures upon request. Clients may also obtain information from MCDCM about how MCDCM voted any proxies on behalf of their account(s).

### **ADDITIONAL COMPENSATION**

No additional compensation is received by MCDCM in the management of client accounts, nor is any compensation paid to anyone, clients, brokers or other parties for client referrals.

### **CODE OF ETHICS**

MCDCM subscribes to the standards of professional conduct, as adopted by the Association of Investment Management Research, and Institute of Chartered Financial Analysts. This code of ethics/professional conduct is substantially in compliance with SEC rules. A copy of said code is available to clients upon request.

MCDCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, MCDCM will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Mont C. Draper, III, may also own an interest. The Code of Ethics is designed to assure that the personal securities transactions, activities and





interests of Mont C. Draper, III, 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 him to invest for his own account. Nonetheless, because the Code of Ethics in some circumstances would permit Mont C. Draper, III to invest in the same securities as clients, there is a possibility that he might benefit from market activity by a client in a security held by him. He will continually monitor this ethical issue to reasonably prevent conflicts of interest between him and his clients.