

Investment Adviser Brochure

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March 31, 2011

This brochure provides information about the qualifications and business practices of Metz Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (302) 644-1193 or e-mail us at metzcap@comcast.net. 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 Metz Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

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

Material Changes

This page discusses only the material changes to this brochure since the last annual update on March 26, 2010. Those changes include:

- Converting the brochure to a narrative format;
- Including more detailed explanations of required disclosures;
- Adding a discussion of Methods of Analysis, Investment Strategies and Risk of Loss; and
- Adding a discussion of Voting Client Securities.

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Advisory Business

Metz Capital Management, LLC (“Metz Capital”) is an investment adviser providing investment supervisory services on a discretionary basis. Typically, Metz Capital’s primary emphasis will be to develop for clients a diversified portfolio invested primarily in mutual funds that do not charge sales loads. In addition, Metz Capital may also provide advice on a variety of investments such as certificates of deposits, municipal bonds and government bonds, equity securities and exchange-traded funds and these may be purchased and sold in client accounts where that is consistent with client authorization.

Metz Capital provides investment supervisory services that focus on the clients’ investment objectives and risk tolerance. Clients may restrict investments in certain securities.

Metz Capital was founded in 1994 by Thomas Karl Metz. Mr. Metz is the principal owner of Metz Capital.

As of February 1, 2011, Metz Capital managed 404 accounts on a discretionary basis with an approximate value of \$40,000,000.

Metz Capital does not participate in any wrap fee programs.

Fees and Compensation

Metz Capital will provide investment advisory services for an annual fee of 0.35% per quarter of the client’s total assets under management up to \$3 million, and an annual fee of 0.25% per quarter of the client’s total assets under management in excess of \$3 million. This fee schedule will apply to both new and existing accounts. Metz Capital will also provide investment advisory services for an hourly fee of \$175 per hour. Metz Capital’s fees are generally not negotiable, but it may, under certain circumstances, arrange a different fee schedule with a particular client. To the extent that a client’s assets are invested in shares of one or more investment companies, the client indirectly will incur any investment management fees that are charged to the investment companies by their managers.

In addition to Metz Capital’s fees discussed above, clients will incur brokerage fees and other transaction costs. See the section titled “Brokerage Practices” below.

Performance-Based Fees and Side-By-Side Management

Not applicable.

Types of Clients

Metz Capital provides investment supervisory services to individuals, pension and profit-sharing plans, trusts, estates or charitable organizations and corporations or other business entities.

Metz Capital does not have a minimum account size.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Recommended investment strategies are based principally upon the client's investment objectives, risk tolerance and overall investment timeframe.

Methods of analysis include the review of ongoing fees, expenses, and performance of the investment product(s) (i.e., mutual funds, separately managed accounts, and unified managed accounts). Within each product we also evaluate investment style (i.e., value, growth, etc.), and scrutinize for style drift and consider management changes that may have occurred. With respect to equity investment products, we analyze value, blend/core, and growth styles, in conjunction with risk adjusted returns, peer group/benchmark performance, and Modern Portfolio Theory (MPT) statistics such as beta and standard deviation. With respect to fixed income (bond) products, in addition to the above performance and risk measures, we analyze the specific bond category and bond quality, in conjunction with assessing the average maturities and average durations (interest rate sensitivity) of these fixed-income assets.

We tend to favor re-balancing of the investment portfolio when an asset class/category has deviated significantly from the original target allocation. This potentially can help to achieve consistent diversification over the long term in various types of market environments.

Risk of Loss

An investment in any security, whether, for example, shares of stock or a bond issued by a single company or the shares of a mutual fund, which can represent the value of the shares of many different securities owned by the fund, involves risk of loss. You could lose money by investing in securities. An investment in securities is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Even with respect to money market funds, although they seek to preserve the value of the fund's investment at \$1 per share, it is possible to lose money by investing in money market funds.

When investing in a mutual fund, the client will receive a prospectus from the fund which will describe the perceived risks of investing in the fund. Clients should read the prospectus they receive for each fund in which they invest in order to understand the potential risks of owning shares of the fund.

There are many types of events and risks that can affect the value of securities. Some of the general types of investment risk of loss include the following.

Stock Market Volatility. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments.

Issuer-Specific Changes. The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. A decline in

the credit quality of an issuer or a provider of credit support or a maturity-shortening structure for a security can cause the price of a security to decrease. Lower-quality debt securities (those of less than investment-grade quality, also referred to as high yield debt securities) and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer. The value of lower-quality debt securities and certain types of other securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market, or economic developments.

Credit risk, which is the chance that the issuer of a security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that security to decline.

Interest Rate Changes. Interest rate increases can cause the price of a debt or money market security to decrease.

Income risk, which is the chance that a mutual fund's income will decline because of falling interest rates.

Manager risk, which is the chance that poor security selection will cause a mutual fund to underperform relevant benchmarks or other funds with a similar investment objective.

"Growth" Investing. "Growth" stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks.

"Value" Investing. "Value" stocks can perform differently from the market as a whole and other types of stocks and can continue to be undervalued by the market for long periods of time.

Small Cap Investing. The value of securities of smaller, less well-known issuers can perform differently from the market as a whole and other types of stocks and can be more volatile than that of larger issuers.

Industry Exposure. Market conditions, interest rates, and economic, regulatory, or financial developments could significantly affect a single industry or group of related industries.

Prepayment. The ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change.

Foreign Exposure. Foreign markets can be more volatile than the U.S. market due to increased risks of adverse issuer, political, regulatory, market, or economic developments and can perform differently from the U.S. market.

Leverage Risk. Leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly.

Inflation-Protected Debt Exposure. Increases in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

Investing in securities involves a risk of loss that clients should be prepared to bear.

Disciplinary Information

Not applicable.

Other Financial Industry Activities and Affiliations

Not applicable.

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

The members of Metz Capital have adopted a Code of Ethics that is based on openness, integrity, honesty and trust and is designed to address and avoid potential conflicts of interest relating to personal trading of securities. Metz Capital requires prompt internal reporting of any violations of the Code to our chief compliance officer, Andrew Metz. Our Code provides for protection for any supervised person who reports violations. Metz Capital's Code requires all supervised persons to acknowledge in writing the receipt of Metz Capital's Code of Ethics and any and all amendments thereto. Evaluations of supervised persons' compliance with these ethics shall be performed on a quarterly basis. Although Metz Capital does not participate in private placements or IPOs, any action in these areas must have pre-clearance by our compliance officer. All securities transactions must have pre-approval from the compliance officer, or in his absence, the Managing Member of Metz Capital. Our Code requires that any Access Person must complete a report of security holdings as of a date no more than 45 days prior to submission and all supervised persons must submit a report of security holdings quarterly. Metz Capital's Code of Ethics will be provided to any client or prospective client upon request and will be offered annually along with Metz Capital's Form ADV, Part 2A.

The members of Metz Capital may buy or sell for themselves shares in mutual funds in which Metz Capital also buys or sells shares for clients. Such transactions by the members of Metz Capital in mutual fund shares for their own accounts, as will also be the case for client transactions in mutual fund shares, will be effected only at each mutual fund's next determined net asset value.

Brokerage Practices

In effecting the purchase and sale of securities for a client account, Metz Capital usually directs execution of transactions exclusively through a broker-dealer that holds the client's account. Transactions in mutual funds that do not charge a sales load are executed at net asset value without a sales load. Should there be any transactions in mutual funds which charge a sales load, they will be executed at net asset value with the load set by the particular fund involved. With respect to transactions in individual securities, Metz Capital will endeavor to negotiate discounts to the broker-dealer's standard retail commission rates on agency transactions and discounts to

the broker-dealer's standard mark-ups and mark-downs on principal transactions. Such commissions and mark-ups and mark-downs, even with discounts, potentially could be higher than those obtainable from other broker-dealers. However, Metz Capital can give no assurance that it will be able to successfully negotiate discounts to the broker-dealer's standard retail rates and can give no assurance that any discounts it is able to negotiate will remain in effect at all times for the life of the account. Metz Capital generally selects a broker-dealer to hold a client's account based on (1) the services and the quality of service offered by the broker-dealer to the client and to Metz Capital in its advisory capacity for the client, and (2) the transaction fees charged by the broker-dealer (i.e., commission rates and mark-up and mark-down rates charged by the broker-dealer). Metz Capital will not have any agreements or arrangements with broker-dealers by which the commissions or mark-ups or mark-downs charged by the broker-dealer to clients are determined by the value of the products, research and services provided to Metz Capital (i.e., Metz Capital will not have any "soft dollar" agreements or arrangements with the broker-dealers).

Metz Capital receives client referrals from Charles Schwab and considers this fact when recommending broker-dealers. Please see the "Client Referrals and Other Compensation" section of this brochure.

Review of Accounts

Metz Capital will review performance and investment portfolio composition of each investment advisory account on at least a quarterly basis and will review with each client his, her or its investment objectives semi-annually. Metz Capital will also engage in ongoing monitoring of securities markets and investments to identify potential investment opportunities and circumstances warranting a change of investments. Client accounts are monitored by Thomas Karl Metz, Managing Member and Andrew Metz, Member and Chief Compliance Officer.

Client Referrals and Other Compensation

Metz Capital receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through Metz Capital's participation in Schwab Advisor Network™ (the "Service"). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with Metz Capital. Schwab does not supervise Metz Capital and has no responsibility for Metz Capital's management of clients' portfolios or Metz Capital's other advice or services. Metz Capital pays Schwab fees to receive client referrals through the Service. Metz Capital's participation in the Service may raise potential conflicts of interest described below.

Metz Capital pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Metz Capital is a percentage of the fees the client owes to Metz Capital or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Metz Capital pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Metz Capital quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Metz Capital and not by the

client. Metz Capital has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs Metz Capital charges clients with similar portfolios who were not referred through the Service.

Metz Capital generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Metz Capital generally would pay in a single year. Thus, Metz Capital will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Metz Capital's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Metz Capital will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Metz Capital's fees directly from the accounts.

For accounts of Metz Capital's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Metz Capital's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus, Metz Capital may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Metz Capital, nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Metz Capital's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Metz Capital may also use third-party solicitors, outside of the Service, to refer potential clients to Metz Capital. Metz Capital will compensate these solicitors in the form of referral fees based upon the amount of fees, revenue or other benefits realized by Metz Capital for managing a referred client's account. The referral fee will be paid solely from the fees, revenues or other benefits realized by Metz Capital, and shall not result in any additional charge to the client. In such cases, the solicitation and related compensation arrangements shall be disclosed in writing to, and acknowledged by, the referred client.

Custody

Charles Schwab maintains custody of client accounts and provides monthly statements to clients. Account statements reflect transactions, cash and securities holdings and net worth.

Investment Discretion

Metz Capital accepts discretionary authority to manage securities accounts on behalf of clients and requests that discretionary clients provide it with written authorization to determine which securities are bought or sold. Charles Schwab requires that Metz Capital receive the following documentation from clients: fee payment authorization, disbursement authorization and trading authorization.

Voting Client Securities

Upon opening a new account, the client gives Metz Capital voting authority. If the client does not direct Metz Capital on how he, she or it would like to vote, Metz Capital will vote the action. This vote will be cast based on Metz Capital's overall experience and judgment of what is in the best interest for the client. If Metz Capital votes in opposition to the general Board of Directors' recommendation, Metz Capital will notify the client of its choice and maintain a copy of the vote in the client records. Because the Managing Member and the Member of Metz Capital may own the same securities owned by clients, they will have an opportunity to vote their own shares and thus have a personal interest in the outcome of the voting. Their personal interest in the outcome of the voting could involve a conflict of interest between their personal interests and a client's interest. Whether such a conflict will arise in fact will depend on the particular matters to be voted on and generally cannot be predicted in advance.

Financial Information

Not applicable.