

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A: Investment Adviser Brochure**  
**Item 1: Cover Page**

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**Firm CRD#: 163986**

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**This brochure provides information about the qualifications and business practices of Montis Financial. If you have any questions about the contents of this brochure, please contact us at (781) 541-5057 or via email at [administrator@montisfinancial.com](mailto:administrator@montisfinancial.com).**

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Please note, where this brochure may use the terms “registered investment adviser” and/or “registered”, registration itself does not imply a certain level of skill or training.**

**Additional information about our firm also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

Because the firm is new there are no material updates to the firm's brochure to disclose. In the future Material updates to the information contained within this brochure will be promptly provided to clients.

Additional information about the firm and its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4: Investment Advisory Business**

Established in 2012, Montis Financial (Montis) provides investment advice to clients through financial planning as well as other investment advisory services. Montis is principally owned by Christopher Dalto, President and CCO, and Christiane Delessert, Chairperson.

We provide investment advisory services specific to your investment needs based upon a variety of factors such as your goals and objectives, sources of income, insurance and estate needs, asset distribution and risk tolerance. We then develop a financial plan which may include an analysis of your current assets, risk management, financial independence, retirement planning, estate planning, asset allocation and diversification. The investments we may recommend include short-term cash instruments, mutual funds, money managers, limited partnerships, real estate investment trusts (often known as REITs), government securities, corporate/municipal debt (bonds) and equity securities (stocks). You may impose restrictions on our services at any time.

We may also manage certain client accounts through various clearing firms and custodians using mutual funds or individual equities offered through such custodians. In certain circumstances, we may also consult on or manage on a discretionary basis investment portfolios of clients held in trust and in custody by a bank. We primarily use mutual funds in managing these accounts. For certain clients such as institutional accounts, trusts, retirement plans and individual clients seeking only investment consulting and portfolio monitoring services, we perform third-party money manager searches and consulting on mutual funds independently of the comprehensive and integrated financial plan described above.

#### **Assets Under Management**

As of June 30, 2012, Montis managed \$345,596,242 of client assets, of which \$297,202,881 were discretionary and \$48,393,361 were non-discretionary.

#### **Item 5: Fees and Compensation**

Our fee covers both financial planning and investment services. We generally charge asset-based fees for our services, though we may charge retainer and hourly fees. We calculate asset-based fees twice a year in December and June. Fees are paid on a quarterly basis. We calculate asset-based fees upon your total amount of investable assets, which includes IRAs, 401(k) plans, stock options, etc. Our asset-based calculation schedule is set forth below with breakpoints applying to the first dollar amount:

<u>Assets</u>	<u>Fees</u>
Up to \$3,000,000	1.00%
Up to \$5,000,000	0.80%
Up to \$7,500,000	0.70%
Up to \$10,000,000	0.60%
Up to \$15,000,000	0.55%

Up to \$20,000,000	0.50%
Up to \$30,000,000	0.48%
(Negotiable thereafter)	

We will adjust our fees for any substantial decreases or increases in assets during the relevant billing period. We deduct our fees, at the beginning of the applicable period, from your designated account or investments unless we have agreed to another payment arrangement. Should you terminate your arrangement with us, we will return any unearned fees from the date of termination. If you terminate our relationship within the first quarter of the engagement, you will still be charged a non-refundable fee of \$5,000. With some exceptions, there is a minimum total asset size of \$2,000,000 investable assets. In some situations, we will accept a client with a minimum combined income of \$400,000, subject to a minimum of \$15,000. We may reduce or waive our fees from time to time in our discretion.

We base our fees on the level and scope of the services we provide you and consider other factors such as your specific financial situation and goals and objectives. You generally will enter into a written agreement with us setting forth the terms and conditions of the engagement (including termination), describing the scope of the services we will provide, and indicating when fees are due.

Fees are negotiable and your fees may vary slightly from the above schedule given your individual circumstances such as, but not limited to, ongoing financial planning issues, size of the account, involvement of other third party money-managers and the number of report we generate. Our fees are separate from and in addition to the fees and expenses of mutual funds, REITs, partnerships, hedge funds or third party money-managers we recommend to you. The fees of such investments or third party money managers are set forth in the prospectus, offering document or money manager client agreement, as applicable.

Upon request, we evaluate portfolios, and offer specific recommendations about investment strategy, asset allocation, and diversification separate from our comprehensive and integrated financial planning described above. We charge a flat fee retainer for this service and typically require payment of half of the estimated amount before performing these services. We may also provide our comprehensive and integrated financial planning analysis at an agreed upon flat rate depending on the scope of the engagement. Our hourly rate for investment counseling is \$350/hr.

From time to time we may recommend “No Transaction Fee” funds through Schwab or Fidelity. You should be aware that in order to be considered a No Transaction Fee fund, mutual fund companies will pay money to Schwab or Fidelity which in turn may increase the annual fund expenses you pay for these “No Transaction Fee” funds. We do not receive any compensation that Schwab or Fidelity receives from a mutual fund company.

Unless you direct us otherwise or have unique individual circumstances, we will generally recommend that Schwab, Fidelity or NATCo serve as the broker-dealer or custodian for your investment management assets. Broker-dealers such as Schwab and Fidelity charge brokerage commissions and/or transaction fees for effecting certain securities transactions. Usually transaction fees correspond to investments like no-load mutual funds and commissions relate to individual equity and fixed income securities transactions. Mutual funds and exchange traded

fund impose their own management fees and other fund related expenses which you will also bear in addition to our fees and brokerage commissions and/or transaction fees.

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

We do not charge performance-based fees.

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

Our clients shall generally include individuals, high net worth individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. We generally require a minimum asset level of \$ 2,000,000 in investible assets, which includes IRAs, 401(k) plans, stock options, etc., for our services though we may reduce or waive our minimum asset level if you meet certain criteria. Such criteria includes anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition or other negotiated terms between us.

Clients utilizing Montis Portfolios (a discretionary model portfolio) generally are required to have a minimum investible asset size of \$100,000.

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

Our main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. We also rely on third-party data and analysis providers for both printed and online reports and analysis. Such providers include Morningstar, Valueline, Yahoo Finance, Frontier Analytics, and Mobius.

Your investment strategy is based upon the objectives you state to us during consultations.

You should be aware that different types of investments and strategies involve differing degrees of risk. You should not assume that future performance of any of your specific investments or investment strategy, including those we recommend, will be profitable or equal any specific performance levels. Any investment or investment strategy involves some risk of loss you should be prepared to bear. Examples of risk you could face are:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, market values of bonds decline when interest rates rise because the rising rate makes the existing bond yields less attractive.
- *Market Risk:* External factors independent of a security's particular underlying circumstances may impact its price. The price of a security, bond, or mutual fund may

drop in reaction to tangible and intangible events and conditions such as a political or social event or an economic condition.

- *Inflation Risk:* Inflation means a dollar today will not buy as much as a dollar next year. When any type of inflation is present your purchasing power decreases at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk, these risks may be present in international mutual funds for example.
- *Reinvestment Risk:* The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- *Business Risk:* Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they may generate a profit. An electric company generates steady income customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk:* Liquidity means the ability to readily convert an investment into cash. Assets with a lot of interest from purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* A company with excessive borrowing to finance a business' operations increases the risk of profitability they may be unable to meet loan obligations during periods of financial stress.

Our methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. We rely upon current and new market information to help perform accurate market analysis for you, but we have no control over how quickly or how often that market information is communicated. As a result, our analysis may incorporate outdated market information resulting in us providing a limited analysis to you. You should also remember that any market analysis can only produce a forecast of the direction of market values. There are no assurances or guarantees that any forecast will materialize and present profitable investment opportunities.

#### **Item 9: Disciplinary Information**

Our firm has not been the subject of any disciplinary actions.

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

The chairperson of our firm, Christiane Delessert, is a shareholder in a savings and loan holding company, National Advisors Holding, Inc., which formed a federally chartered trust company, National Advisors Trust Company (NATCo). NATCo provides a low-cost alternative to traditional trust service providers and our firm may refer clients to NATCo for trust services if it is in the best financial interest of the client. No client is required to use NATCo. Any referral of

clients to NATCo may be deemed to create a conflict of interest since it could result in an indirect increased economic benefit to principals of our firm. However, referrals to NATCo are not considered a material part of our business.

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

We maintain a written code of ethics, in accordance with the Advisers Act, that is intended to create an ethical culture for our firm. Our code of ethics requires our employees to comply with federal securities laws, safeguard material non-public information about client transactions and to report their personal securities holdings. Our code sets forth standards of business conduct required from our employees when dealing with our clients. Employees are required to treat sensitive information with confidentiality and are forbidden to misuse any such information. We will provide a copy of our code of ethics upon request.

We typically do not recommend clients purchase securities that our firm or employees have a material financial interest in. In no event will we recommend or cause you to enter into transactions for the purpose of benefiting the direct or indirect securities holdings of our personnel.

We and our representatives may buy or sell securities we recommend to you. Our employees may invest their own funds in mutual funds, variable annuities, individual issues, private placements and other similar vehicles which we may also recommend to you. Such investments will be made independently of your investments and will be based upon our employees own circumstances. However, returns of our employees' investments could be higher or lower than your returns given the differences in circumstances. This practice could create a conflict of interest since we and our employees are in a position to materially benefit from the sale or purchase of those securities. Abusive practices, such as "scalping" and "front-running," could take place if we did not have adequate policies and procedures in place to detect such activities. Scalping is selling a security for a profit immediately after a recommendation to purchase that security. Front-running is trading personal accounts prior to trading client accounts. We address these issues with our code of ethics and written compliance manual for the firm. Our employees must provide their personal securities holdings to the Chief Compliance Officer which helps address this conflict.

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

We may suggest brokers to client based upon one or more of the following factors: past performance, technical abilities, commission or margin rates and investment options offered.

Though we always seek to obtain best execution for you and competitive rates for account transactions, you should be aware you may pay higher a commission and transaction charges

than what other qualified broker-dealers charge. In seeking best execution, we examine whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. We do consider the costs of a transaction though the determining factor is not the lowest possible cost. The transaction related fees that you pay are separate from and in addition to the fees you pay us for investment advisory services. When purchasing mutual funds for your accounts, our best execution responsibility is qualified because the purchase price is determined by net asset value of the fund as of the daily market close.

We do not receive referrals from broker-dealers nor do we receive research or other products or services other than execution from a broker-dealer or custodian in connection with executing trades for you (sometimes known as soft dollars).

We generally do not accept directed brokerage arrangements, where you require we effect your account transactions through a specific broker-dealer or custodian. In these arrangements, you must negotiate terms and arrangements for your account with that broker-dealer. We will not seek better execution services or prices from other broker-dealers or be able to “batch” your transactions with orders for other client accounts we manage. As a result, you may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for your account. In directing brokerage, you acknowledge it may cause your accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the transactions been made through alternative clearing arrangements available to us.

We may, but need not, aggregate or “bunch” orders for your account. Where we believe aggregation is appropriate and practicable or that it will result in a more favorable overall execution for you, we will allocate such bunched orders at the average price of the aggregated order. We will not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13: Review of Accounts**

We periodically review and monitor the performance of your plan compared to any relevant and applicable indices, benchmarks and other similar money managers. Your initial plan, subsequent changes of your circumstances, goals and objectives you communicated to us and new investment opportunities guide the review. We rely upon data provided by third-party sources and services for any analysis and comparison of a money-manager’s performance.

You will receive both written and oral reports on a periodic basis as we agree upon. Reports include a performance evaluation of your individual investments, asset classes and the overall account. Reports also review and compare your current asset allocation to the targeted asset allocation resulting from the investment analysis and study. Reports may also include schedules of income received, realized and unrealized capital gains and losses, current market valuation and the time-weighted rate of return of your portfolio compared to relevant security market indices.



We also create a report binder outlining your entire portfolio, holdings, overall performance, quantitative analytics, and tax data. We generally provide you the binder at least quarterly, but in no less frequently than twice a year. To give a true picture of your gains, we show performance net of all fees, inclusive of cash holdings and then compare the figures to the appropriate target benchmark. We also are available to meet with you quarterly to review your portfolio and update the plan based on the newest information and factors affecting your life.

Other conditions may trigger a review your account such as changes in the tax laws, new investment information and changes in your financial situation. In addition, we may perform account reviews more frequently when market conditions dictate.

#### **Item 14: Client Referrals and Other Compensation**

We do not provide compensation for referrals nor do not accept referral fees or any form of remuneration from other professionals if we refer a prospect or client to them.

#### **Item 15: Custody**

We and our representatives do not hold or maintain your assets. Third-party qualified custodians hold and maintain your assets and those custodians provide account statements directly to you at your address of record at least quarterly. We urge you to compare the account statements you receive from your account custodian with any performance report or statements we or our service providers may create for you.

#### **Item 16: Investment Discretion**

You can engage us to provide investment advisory services on a discretionary basis. Discretionary trading authority means placing a trade in your account without your prior approval. You will execute an agreement with us granting us discretionary trading authority to buy, sell, or otherwise effect investment transactions involving the assets in your account. Though we may have this authority, our general policy is to only execute trades and confer instructions to your account custodian with your consent.

You may, at any time, impose restrictions, in writing, on our discretionary authority. For example, you can limit the types and amounts of particular securities we purchase for your account.

#### **Item 17: Voting Client Securities**

We do not vote client proxies. You maintain exclusive responsibility for: (1) directing and voting the proxies solicited by issuers of securities you own, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to

investments in your accounts. You will receive proxies or other solicitations directly from your account custodian. You may contact us to discuss any questions you may have with a particular solicitation.

#### **Item 18: Financial Information**

We do not solicit fees of more than \$1,200, per client, six months or more in advance. We do not have any financial condition likely to impair us from meeting our contractual commitments to you. We have not been the subject of a bankruptcy petition.