

Form ADV

Part 2A Brochure

BTC Capital Management, Inc.

March 27, 2015

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This Brochure provides information about the qualifications and business practices of BTC Capital Management, Inc. ("BTC Capital"). If you have any questions about the contents of this Brochure, please contact us at 515-245-2459 or jlepley@btccapitalmgmt.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.

BTC Capital is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

Additional information about BTC Capital is also available on the SEC's website at www.adviserinfo.sec.gov.

II. Material Changes

This Brochure, dated March 27, 2015, represents the annual amendment to the previously published annual update Brochure of BTC Capital Management, Inc.

Since the filing of the firm's last annual update Brochure on March 29, 2014, subsequently amended July 24, 2014, we have made various minor changes and updates to content, but no material changes have been made.

Pursuant to SEC Rules, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided to you free of charge.

Currently, our Brochure may be requested by contacting our Chief Compliance Officer at 515-245-2459 or jlepley@btccapitalmgmt.com. . Additional information about BTC Capital is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with BTC Capital who are registered as investment adviser representatives of BTC Capital.

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IV. Advisory Business

BTC Capital Management, Inc. (CRD# 127158) is registered with the Securities Exchange Commission as an investment adviser. BTC Capital is based in and organized as a corporation under the laws of the State of Iowa. The firm has been in business since 2003 and currently has twelve employees.

BTC Capital's principal office and place of business is located at 453 7th Street, Des Moines, IA. Regular business hours are from 8:00am to 5:00pm Monday through Friday. The firm can be contacted by phone at (515) 245-2459, or by fax at (515)247-2160. The firm's web address is www.btccapitalmgmt.com.

BTC Capital is owned by Midamerica Financial Corporation.

Scott D. Eltjes serves as President and CEO, and Jon K. Augustine serves as Chief Investment Officer. John R. Lepley serves as the firm's Chief Compliance Officer. Information about BTC Capital's officers and all other registered individuals may be found in Form ADV Part 2B Brochure Supplements.

BTC Capital provides discretionary investment management services, non-discretionary investment management services, and advisory/consulting services to its clients both directly and as a sub-advisor on behalf of other entities. BTC Capital's clients include individuals, trusts, retirement plans, businesses, government entities, foundations, endowments, investment companies, private funds, and other institutional clients.

Direct Portfolio Management Services

BTC Capital provides ongoing portfolio management services directly to its own institutional clients. The firm makes investment recommendations and manages portfolios on a discretionary basis, but may accept non discretionary assets in certain accounts. For discretionary assets, BTC Capital has the discretion to select the amounts, types and timing of investments without client approval. For non-discretionary assets, BTC Capital may make recommendations and will implement such recommendations upon client approval. Specific management authority will be detailed in the applicable client agreement. BTC Capital may also provide certain administrative functions as part of an engagement.

Investments recommended or selected by BTC Capital may include stocks, bonds, mutual funds, exchange traded funds, accounts or model portfolios managed by third party managers, and other types of investments. Portfolios are individually constructed for each client based on the client's financial objectives, needs and goals, etc., but will usually be

structured similar to BTC Capital portfolio models. Because BTC Capital relies on information provided by the client as a basis for its recommendations, clients are urged to update BTC Capital if their situation or objectives change.

Sub-Advisory Portfolio Management Services

BTC Capital provides ongoing portfolio management services on behalf of other entities pursuant to sub-advisory arrangements with those entities. In these sub-advisory relationships, these entities delegate all or part of their advisory responsibilities to BTC Capital. These clients may include affiliated and non affiliated banks, trust companies, investment companies, and private funds, among others.

Although the firm makes investment recommendations and manages on a discretionary basis, the firm may accept non-discretionary assets in some accounts. For discretionary assets, BTC Capital has the discretion to select the amounts, types and timing of investments without client approval. For non-discretionary assets, BTC Capital may make recommendations and implement such recommendations upon client approval. Specific management authority will be detailed in the applicable sub-advisory agreement.

Investments recommended or selected by BTC Capital may include stocks, bonds, mutual funds, exchange traded funds, accounts or model portfolios managed by third party managers, and other types of investments. Portfolios are individually constructed based on the strategies or overall objectives rather than being individualized for that institution's client.

Retirement Plan Consulting Services

BTC Capital provides individualized retirement plan consulting services to assist businesses with administration of their defined benefit and defined contribution retirement plans. In these engagements, BTC Capital serves in an advisory capacity where the client retains control for implementation of all recommendations and other actions.

General services the firm provides might include preparation of an Investment Policy Statement, recommendation of investment options, monitoring of investment performance, plan performance reporting, employee communications, and employee education, among others.

Research Reports and other Publications

BTC Capital may publish research reports and other publications as a courtesy to existing clients, but does not charge for nor offer as a formal service.

As of 12/31/2014, BTC Capital managed approximately \$3,023 million in assets. Of that total, the firm managed \$2,556 million on a discretionary basis, and \$467 million on a non-discretionary basis.

V. Fees and Compensation

Direct Portfolio Management Services

Fees for portfolio management services provided directly to clients will generally be charged as a percentage of assets under management, according to the following schedule of annual rates:

Cash

First \$25 million 0.30%

Next \$25 million 0.20%

Over \$50 million 0.15%

Fixed Income

First \$5 million 0.50%

Next \$5 million 0.45%

Over \$10 million 0.40%

Equity

First \$5 million 1.25%

Next \$5 million 0.90%

Over \$10 million 0.80%

Clients will generally be charged quarterly in arrears based upon the market value of the client's account at the end of the service quarter. Fees are typically deducted from managed accounts (which requires client consent), although BTC Capital may allow direct billing in limited instances. Fees may be negotiable in certain circumstances at BTC Capital's discretion. Although there is no minimum fee, accounts are subject to an account minimum of \$250,000 for individuals or \$2,000,000 for institutions. Should services be terminated, partial periods will be prorated.

All fees paid to BTC Capital for services are separate and distinct from brokerage fees, custodial fees, mutual fund expenses, etc.

Sub-Advisory Portfolio Management Services

Fees for portfolio management services provided directly to institutional clients will generally be charged as a percentage of assets under management, but may be charged as a percentage of the fee charged by the entity to its own client. The actual rate will be negotiated on a case by case basis depending on the level of services provided.

Clients will generally be charged quarterly in arrears based upon the market value of the assets managed as of the end of the service quarter. Fees are typically deducted from managed assets (which requires client consent), although BTC Capital may allow direct billing in limited instances. Should services be terminated, partial periods will be prorated.

All fees paid to BTC Capital for services are separate and distinct from brokerage fees, custodial fees, mutual fund expenses, administrative costs, etc.

Retirement Plan Consulting Services

Fees for retirement plan consulting services may be charged as a fixed fee or as a percentage of total plan assets. The actual fee and rate will be negotiated on a case by case basis depending on the level of services provided.

Clients will generally be charged quarterly in arrears, and fees may be deducted from a plan's assets (which requires client consent) or BTC Capital may bill the plan directly. Should services be terminated, partial periods will be prorated.

All fees paid to BTC Capital for services are separate and distinct from brokerage fees, custodial fees, mutual fund expenses, administrative costs, etc.

VI. Performance-Based Fees and Side-By-Side Management

BTC Capital does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance based and non performance based accounts.

VII. Types of Clients

BTC Capital provides services to individuals, trusts, estates, foundations, charitable institutions, businesses, banks, private and pooled funds, pension and profit sharing plans, government entities and other institutional investors.

For information about minimum fees we may impose, please refer to Item IV above.

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

BTC Capital employs various methods of analysis in formulating its investment strategies. Such methods might include charting/technical analysis (evaluation of historical market data), fundamental analysis (evaluation of an investment's "intrinsic" value), and cyclical analysis (analysis relative to economic conditions), among other methods.

BTC Capital's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to reduce risk and volatility by building diversified portfolios tailored to the needs of the client.

To implement this strategy, we typically create portfolios consisting of securities such as individual equities, bonds, mutual funds, ETF's and other investment products and opportunities. When creating portfolios, BTC Capital will allocate the client's assets among various investments taking into consideration the overall management style selected by the client, the platform where the assets are held, and other client specific factors. In addition to diversified asset allocation portfolios, BTC Capital also manages assets using very specific investment strategies.

Although BTC Capital primarily uses long term, strategic techniques, the firm may in some instances use some short term, tactical techniques. Clients should note that these short term transactions could result in short-term gains or losses for federal and state tax purposes. Clients should review the consequences of such tax consequences with his/her accountant or tax counsel.

BTC Capital may also recommend in certain strategies the use of trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

Although we feel our strategies and methods do not involve unusual risks, investing in securities does involve risk of loss that clients should be prepared to bear. There is no single type of investment instrument that we predominantly recommend, however, please be mindful that all investments carry some form and degree of risk. Such risks include market risk, financial risk, economic risk, interest rate risk, strategy risk, inflation risk, currency risk, credit risk, and political risk, among others. Certain types of investments carry greater types and levels of risk than others so we recommend that you make sure

that you fully understand not only the investment product itself but also the attendant risk factors associated with such products.

Security market values will fluctuate and consequently account values could be greater or lesser than the original invested amount.

IX. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the firm or the integrity of its management. Neither BTC Capital nor any of its representatives is currently subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

X. Other Financial Industry Activities and Affiliations

Midamerica Financial Corporation (“MFC”) and Bankers Trust Company (“BT”)

BTC Capital is a wholly-owned subsidiary of Midamerica Financial Corporation, an Iowa bank holding company which also wholly owns Bankers Trust Company (both Des Moines and Cedar Rapids banks) (“BTC”). Both BTC Capital and BTC share a principal executive officer who is a dual employee. BTC Capital may provide investment services to its parent and to other banking affiliates which could create potential conflicts of interest.

BTC Capital addresses potential conflicts of interest by disclosing the potential conflict to the client, by avoiding activities that put our interests ahead of our clients interests, and by maintaining a comprehensive supervisory program. In addition, we have designated a Chief Compliance Officer to assist with monitoring the firm’s policies and procedures, as well as the effectiveness of their implementation.

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

Code of Ethics:

The BTC Capital Code of Ethics (the “Code”) sets out general ethical standards applicable to BTC Capital employees. For example, BTC Capital employees are expected to maintain high

ethical standards, deal fairly with customers, and protect confidential information. More specifically with respect to advisory activities, the Code requires BTC Capital to endeavor to consistently put the client's interest first, disclose actual and potential conflicts of interest, and manage or avoid conflicts of interest in accordance with applicable legal standards. The Code also requires that BTC Capital act with appropriate care, skill and diligence, and not engage in fraudulent, deceptive or manipulative conduct.

In addition to these ethical principles, the Code requires that BTC Capital's staff acknowledge receipt of the Code, report violations of the Code, and comply with applicable federal and state securities laws. The Code also incorporates a personal securities trading policy and other restriction and reporting provisions for employee personal securities trading.

BTC Capital will provide a copy of the Code at no charge to any client or prospective client upon request to the Chief Compliance Officer.

Trading Conflicts of Interest

In addition to being able to participate directly in BTC Capital investment strategies along with clients, individuals associated with BTC Capital are also permitted to buy or sell securities for their personal accounts identical to or different from those recommended to clients. Such trading however could create an opportunity for favoritism.

In order to address this conflict, no person employed by BTC Capital is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients. BTC Capital also requires that associated persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. Additionally, BTC Capital requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

XII. Brokerage Practices

BTC Capital does not maintain custody of client assets. Instead, we require all client assets be maintained in an account at an affiliated or non affiliated "qualified custodian", generally a broker dealer or bank.

The Brokers/Custodians We Use

BTC Capital uses a variety of different brokers/custodians depending on the type of account, service being provided, platform, etc. In some arrangements, a custodian may be

used for trading, while in others, a custodian will hold accounts but trades will be made by brokers.

Although we may place trade orders with non-affiliated broker-dealers or through non-affiliated custodians, we may also make transactions through an affiliate, as long as the relationship is properly disclosed prior to the transaction and as long as best execution and best price may still be achieved.

In some engagements, we have the authority to determine the broker or dealer to be used and to negotiate cost and other terms. In some engagements, our clients may direct us to use specific brokers or custodians. In those cases however, we may not be able to provide the same level of service or cost advantages as we could with a recommended broker or custodian.

How We Select Brokers/Custodians

When recommending or selecting brokers or custodians, we consider many different factors including quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation, financial resources, and stability, among other things. In determining the reasonableness of a broker's compensation, we consider the overall cost relative to the benefits received from the broker.

BTC Capital has adopted various policies and procedures related to order execution. Specifically, we review order execution to help assure correct placement of the order, best price and execution, and protection of client's interests. We also review relationships with brokers and dealers in their entirety on a periodic basis. This periodic review covers the same factors considered in initially selecting the broker or dealer.

Benefits We May Receive From Brokers/Custodians

BTC Capital may receive research or other products or services other than execution from broker dealers in connection with client securities transactions ("soft dollar benefits"). Securities laws permit us to place trades with a broker that provides brokerage and proprietary research services directly to us, or with a broker that provides brokerage and research purchased from an independent third party provider. BTC Capital currently obtains both proprietary and third party research. Research is not obtained for individual accounts but rather is obtained for the overall decision making process related to large groups of client accounts, although it is not necessarily used for every account.

The availability of these products and services from our brokers may benefit us because we would not have to produce or purchase them ourselves. In fact, it may cause clients to pay commissions higher than those charged by other brokers. This may give us an incentive to direct trades to them based on our interest in these products and services, which is a potential conflict of interest. In addition, such an arrangement may also generate excessive

costs and unnecessary services. We believe, however, that our selection of brokers is in the best interests of our clients, and is primarily supported by the scope, quality, and price of their services that benefit you and not the services that benefit only us. Furthermore, we retain records of both brokerage and research costs, and periodically review such expenditures through formal reviews supervised by our Chief Compliance Officer.

The types of research products and services obtained within the last year include technical market analysis, economic data and research, individual stock research, etc.

Trade Aggregation

Transactions for the managed accounts may be effected independently or in batches depending on the type of account, the type of service provided, etc. We may (but are not obligated to) combine or “batch” orders in order to obtain best execution or to negotiate more favorable transaction rates.

Although batching does not guarantee the lowest possible price for execution, it is intended to reduce the overall volatility in execution price for large orders that if not batched together, may experience significantly different execution prices.

To the extent that we elect to aggregate client orders for the purchase or sale of securities, we will generally do so in accordance with regulatory requirements and in a manner as to not favor certain clients over other clients.

XIII. Review of Accounts

Reviews of Accounts

Direct and sub advised investment management accounts are supervised by the portfolio managers of BTC Capital. In addition to ongoing supervision, accounts are generally reviewed more formally on a quarterly basis. The quarterly review generally includes assessing client goals and objectives, evaluating the employed strategy, monitoring the portfolio, and addressing the need to rebalance. Where applicable, BTC Capital will periodically, and at least annually, review client's investment policy and risk profile, and discuss the re-balancing of each client's accounts to the extent appropriate.

Additional account reviews may be triggered by a specific client request, by a change in client goals or objectives, by an imbalance in a portfolio asset allocation, or by market or economic conditions.

All ongoing clients are advised that it remains their responsibility to advise BTC Capital of any changes in their investment objectives and/or financial situation.

Non individualized portfolios are also supervised by the portfolio managers of BTC Capital, but are managed according to general investment objectives rather than individual client objectives.

Regular Reports Provided to Clients

Investment management clients are provided with account statements from their custodian on at least a quarterly basis which list account holdings and transactions for the period. Investment management clients may also be provided with written performance reports from BTC Capital periodically that detail current market value, performance relative to market benchmarks, and overall portfolio allocation.

Clients may also request secured online access to account information.

XIV. Client Referrals and Other Compensation

From time to time we may enter into agreements with various third parties who may solicit or refer prospective clients to us. We do not charge clients introduced by third parties fees or costs greater than the fees or costs we would normally charge any other clients who were not introduced by a third party solicitor. The specific compensation arrangements vary but will be disclosed to the prospective client prior to the engagement.

BTC Capital may receive economic benefits from custodians or affiliates in the form of support products and services that are made available to us. These products and services, how they benefit us, and the related conflicts of interest are described in Section XII above. The availability to us of these products and services however is not based on us giving particular investment advice, such as buying particular securities for our clients. Furthermore, BTC Capital representatives do not receive sales awards or other such prizes in connection with selling particular securities or giving particular advice.

XV. Custody

BTC Capital does not hold client assets. Instead, all client assets are held by either an affiliated or a separate third party custodian. We may, however have limited control in some instances to trade on your behalf or to deduct our advisory fees from your account with your authorization. We may also have additional authority with respect to pooled investment funds.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provided. We urge you to carefully review these custodial statements when you receive them and to compare them to reports you may receive from us.

XVI. Investment Discretion

BTC Capital will accept discretionary authority to manage securities accounts on behalf of clients, and will also accept non discretionary accounts in some instances.

When granted authority to manage accounts, BTC Capital customarily has the authority to determine which securities and the amounts that are bought or sold. In some engagements we may also have authority to determine brokers or dealers to be used and commission rates to be paid.

Any discretionary authority accepted by BTC Capital however is subject to the client agreement and the client's risk profile and investment objectives. Moreover, discretionary authority may be limited by the client in writing.

BTC Capital will not exercise any discretionary authority until it has been given authority to do so in writing. Such authority is granted in the written agreement between BTC Capital and the client, and in the written agreement with the custodian.

XVII. Voting Client Securities

BTC Capital is willing to accept responsibility for voting proxies on behalf of clients who have properly delegated this responsibility. Clients may however retain this responsibility if they prefer, or may direct BTC Capital with respect to the voting of specific proxies.

When voting proxies for clients, BTC Capital will take into consideration factors which may affect the value of securities, and vote proxies in a manner that in its opinion is in the best interest of the client. If in BTC Capital's opinion a material conflict of interest exists related to its voting of a proxy, BTC Capital will disclose the conflict and obtain the client's consent before voting.

BTC Capital will generally determine the manner in which a proxy will be voted based on the recommendation of management of the company for whom the proxy is being solicited, and/or based on a third party service provider's recommendation and analysis. Therefore,

proxies may very likely be voted “with management” in both routine and non routine matters.

BTC Capital’s actual proxy voting policies and procedures are available from BTC Capital’s Chief Compliance Officer upon request. Clients may also request detail of how specific proxies related to their account have been voted.

XVIII. Financial Information

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about their financial condition. For example, if the firm requires prepayment of fees for six months in advance, or has discretionary authority or custody of client funds, it must disclose any condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.

BTC Capital currently has no financial or operating conditions which impair its ability to meet its contractual commitments to its clients, nor has it been subject to any bankruptcy proceeding or any other event which would trigger such additional reporting requirements.