

MTX Wealth Management, LLC

Part 2A of Form ADV

The Brochure

7475 Wisconsin Avenue, Suite 600, Bethesda, MD 20814
www.mtxwealth.com

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This brochure provides information about the qualifications and business practices of MTX Wealth Management, LLC (“MTX” or “Applicant”). If you have any questions about the contents of this brochure, please contact us at 240-482-4180. 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 Applicant is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

Effective January 2, 2015 MTX's former Principal and co-owner of MTX, Ms. Nina Mitchell, resigned from her position with MTX and transferred her ownership interests to Mr. Steven Trax. MTX is now wholly owned by Mr. Trax who has also assumed the role of serving as MTX's Chief Compliance Officer.

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Item 4 - Advisory Business

Advisory Services Provided

MTX Wealth Management, LLC (“Applicant” or “MTX”) specializes in providing financial management and investment advisory services primarily to high net worth individuals, including among others, professional athletes, corporations, non-profit organizations, closely held companies, trusts and pension plans. Applicant provides objective investment and financial management advice using its internal professional staff and an external network of specialized financial service providers. Applicant is not a broker-dealer. Applicant strives to personally meet, discuss and review Client’s financial plan a minimum of once per year and is in frequent communication throughout the year.

Financial Management Services

Financial management services provided by Applicant include developing a comprehensive financial program tailored to meet Clients’ specific needs and goals. Such services include, but are not limited to, cash management and budgeting; bill paying; tax planning; estate planning; comprehensive insurance review and planning; retirement planning and funding; assistance with loan and credit applications for real estate and other asset purchases; and serving as a general financial planner to Client and his/her family.

Investment Advisory Services

Applicant primarily provides investment management and supervisory services on a discretionary basis to each of its advisory Clients. Investment advisory services provided by Applicant include preparation of an asset allocation strategy; implementation of a selected investment program to meet Client’s specific investment objectives and risk tolerance; monitoring, reporting and performance review of recommended investments; and periodic re-balancing of investment portfolios in conjunction with Client’s financial goals.

Based upon Client’s agreed upon investment policy statement (IPS), Applicant will review and recommend various investments to include, but not limited to, mutual funds, private investments, exchange-traded funds (“ETFs”) and/or separate accounts managed by independent investment managers (“Separate Account Managers”) (collectively, “Investment Managers”) within each investment asset class that meets the Client’s individual requirements. Once the appropriate portfolio has been determined and approved by the Client, the portfolio will be monitored by Applicant. When necessary and appropriate, Applicant will make subsequent modifications to a Client’s asset allocation or the recommended Investment Managers initially approved by the Client in accordance with the investment objectives and constraints established by the Client. Each Client will be provided the opportunity to place reasonable restrictions on the types of investments that may be recommended by Applicant.

Applicant will provide Client with asset optimization recommendations for asset allocation utilizing in house resources in addition to using multiple third-party resources.

Where Applicant is contractually obligated to provide discretionary investment management services, Applicant will utilize an agreed upon investment policy statement and generally contact Clients to seek their approval for any new Investment Manager or termination of a current

Investment Manager. At the inception of each client relationship or upon request, Applicant will document any client requested restrictions to be applied to the management of their account.

Applicant provides quarterly performance reporting generated by Tamarac, Tamarac, an SEC registered investment adviser unaffiliated with Applicant. Reports are provided for all Clients who have engaged Applicant for Investment Advisory Services. These detailed quarterly Performance Reports prepared by Tamarac include (a) performance data for the total Portfolio as well as individual third party money managers, mutual funds and other reportable investments; (b) comparative performance benchmarks or indices; (c) asset allocation data; (d) investment expenses and fees; and (e) any investment related flow activity for the stated time period. Each day, data from custodian/broker/investment managers is electronically and/or manually collected directly by Tamarac, who prepares all Performance Reports for Applicant's review. Once the Performance Report has been completed by Tamarac, it is reviewed by Applicant's senior personnel and then sent to the Client. Clients are not assessed a separate fee directly by Tamarac.

Additional information about asset managers, investment strategies, advisory fees and other pertinent information is available and provided throughout this Form ADV Part 2A or other disclosure brochures of the Separate Account Managers selected by Applicant.

Applicant also provides investment advisory services in the form of proprietary model portfolios for mutual fund and variable annuity platforms provided to Asset & Financial Planning, LTD ("AFP"), an unaffiliated SEC registered investment adviser. AFP retains full discretion over assets maintained in client accounts and the implementation of the Applicant's recommendations. Applicant's services are offered as part of a wrap program for one all-inclusive fee that encompasses fees for investment advisory services as well as brokerage and execution services.

Types of Investments

Applicant recommends various Investment Managers primarily in the area of equities, fixed income, commodities, managed futures, master limited partnerships, diversified alternatives and various hedging strategies after conducting its due diligence procedures. Most Separate Account Managers are accessed through wrap fee programs where Applicant has negotiated preferential fees with third party vendors. Applicant also offers advice, recommends and monitors partnership and LLC interests invested in hedge fund of funds, venture capital, private equity, real estate, franchise or other businesses on behalf of its Clients.

Applicant may recommend structured financial products or notes ("Structured Notes") designed to implement systematic allocation strategies that invest in a wide range of asset classes. Structured Notes are financial instruments that may combine derivatives with equity or fixed income securities, resulting in customized risk and return profiles which may not be listed on any securities exchange.

Miscellaneous

In performing any of its services, Applicant shall not be required to verify any information received from the Client or from the Client's other professionals, and is expressly authorized to rely thereon. If requested by the Client, Applicant may recommend the services of other professionals for implementation purposes. The Client is under no obligation to engage the

services of any such recommended professional. The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Applicant. Moreover, each Client is advised that it remains his/her/its responsibility to promptly notify Applicant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Applicant's previous recommendations and/or services.

Applicant was founded in 2007 and is wholly owned by Mr. Steven Trax. As of December 31, 2014, Applicant managed approximately \$341 million on a discretionary basis on behalf of approximately 70 client relationships.

Item 5 - Fees and Compensation

Compensation to Applicant for its financial management and investment advisory services are commensurate with work performed and level of responsibility assumed. For new clients engaging Applicant as of July 15, 2010, fees generally consist of: (i) an annual financial management retainer ranging from \$3,000 to \$80,000, payable in quarterly installments, in advance, (i.e., on the 15th day of each quarterly cycle for upcoming quarterly period); (ii) out of pocket expenses incurred by Applicant; and (iii) an asset management fee based upon the total dollar value of assets (including cash and money market funds held in accounts as managed by Applicant). This asset management fee is billed quarterly, in advance, and calculated based on the prior calendar quarter's ending market value of Client's total assets under management with Applicant. For example, Clients are billed for 1st Quarter's fees based on 12/31/xx (i.e., prior calendar quarter) ending balance x annual fee x $\frac{1}{4}$. Such asset management fee generally ranges from .25% (25 bps) to 1% (100 bps) per year based upon Client's total assets under management with Applicant and are negotiable. Client's asset management fee is directly debited from the Client's custodial accounts and billed in quarterly increments, such that $\frac{1}{4}$ of annual fee will be due each quarter. Clients can make arrangements to pay outstanding fees directly to the Applicant or the Applicant may also utilize the signature authority over a client's account to withdraw fees directly from bill payment accounts.

In certain cases, at the discretion of the Applicant, clients may make arrangements to pay fees in arrears or on a monthly basis in arrears based on negotiated hourly rates. Applicable advisory fees on cash balances are negotiable at the discretion of the Applicant.

Applicant makes every attempt to negotiate preferred fees for Separate Account Managers on its Clients' behalf. Neither Applicant nor any of its related persons receive any form of compensation from any recommended Separate Account Manager; however, recommended Separate Account Managers have their own fee structures to which Clients are subject. Related Client accounts may be aggregated for purposes of calculating fees.

Fees may be assessed at the time Applicant begins to provide advisory services, as described above, even though Applicant may not have direct access to the Client's assets at that time. Each Client initially engaging Applicant for advisory services during an ongoing quarter may be billed a prorated quarterly fee in arrears based on the ending balance of their custodial accounts for the initial quarter in which services are provided.

If Clients make contributions greater than or equal to \$5,000,000 during the quarter, Applicant reserves the right to bill the Client for a pro-rated portion of the contributed assets to the investment account. Clients will be provided with a pro-rated refund when Clients withdraw funds greater than or equal to \$5,000,000 from the investment account during a calendar quarter.

When deemed appropriate, based on the specific financial situation and risk tolerances for each client, Applicant may recommend investing in certain private investment funds or real estate partnerships. Applicant does not independently value any private securities held in client accounts, including private funds. The quarterly financial information provided by the private funds themselves will be used as the basis for client reporting and fee billing. This valuation is determined independently of Applicant. In some instances, precise account balances are unavailable to Applicant on a timely basis. Applicant's billing in those situations is therefore based on the most current information available to Applicant when fees are calculated. In all instances, Applicant will bill asset management fees based on the most recent value provided to Applicant by the partnership.

For Clients participating in private partnerships investing in real estate properties, Applicant will bill advisory fees based on the most recent third party appraisal information provided by the partnership. If timely appraisals are not conducted on behalf of these real estate partnerships, Applicant will bill on the value of the Client's initial investment in the fund so long as the Client remains invested in the partnership.

For marketable securities, the prices provided by custodians are used for Client reporting and fee billing.

AFP has engaged Applicant to provide guidance in the form of proprietary investment models and may charge their clients up to 18 basis points of the value of their variable annuity and mutual fund accounts managed using the model portfolio recommendations provided by the Applicant.

Applicant's compensation is paid from the net proceeds received by AFP as part of a wrap program that charges an all-inclusive fee for investment advisory services as well as brokerage and execution services.

The fees charged by Applicant are separate and distinct from the fees charged by recommended custodians, mutual funds and Separate Account Managers. A description of these fees is available in each Investment Manager's disclosure documents. Similarly, Applicant's fees are separate and distinct from the fees and expenses charged by underlying investment vehicles that may be purchased by a recommended Investment Manager. Clients should also note that certain Investment Managers may be compensated through performance fee arrangements, which could be viewed to create an incentive for the Investment Manager and its related persons to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.

While the Applicant will seek to utilize no-load mutual funds to implement a portion of the Client's investment strategy, if an investment vehicle also imposes sales charges, Clients may pay an initial or deferred sales charge. Clients could make investments with the same Investment

Managers selected by Applicant directly, without the services of Applicant. In that case, Clients would not receive the services provided by Applicant that are designed, among other things, to assist in determining which investments are most appropriate for Clients as well as investment monitoring and performance reporting. Clients may also access these Investment Managers as recommended by Applicant at lower minimums using Applicant's services then would otherwise be available. Accordingly, Clients should review both the fees charged by the Investment Managers and the fees charged by Applicant to fully understand the total amount of fees to be paid.

Termination of Investment Advisory Agreement

Either Applicant or the Client may terminate an investment advisory agreement at any time upon thirty (30) days prior written notice provided to the other party. The party to whom notice is provided, however, may agree to accept a shorter notice period. If an investment advisory agreement is terminated under circumstances in which a Client has prepaid for advisory services, any such payments in excess of such amounts as are reasonable to cover bona fide advisory services and 'start up' expenses incurred by Applicant through the date of termination shall be fully and promptly refunded to the Client.

Item 6 - Performance Based Fees and Side-by-Side Management

Applicant does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Applicant.

Clients should also note that certain Investment Managers may be compensated through performance fee arrangements, which could be viewed to create an incentive for the Investment Manager and its related persons to make investments that are riskier or more speculative than would be the case in the absence of a performance fee.

Item 7 - Types of Clients

MTX Wealth Management, LLC ("Applicant") specializes in providing financial management and investment advisory services primarily to high net worth individuals, including among others, professional athletes, corporations, closely held companies, non-profit organizations, trusts and pension plans.

Applicant's minimum account size is generally \$1,000,000, but this amount is negotiable.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

As disclosed in the section discussing the Applicant's advisory business, Applicant utilizes asset optimization recommendations for asset allocation supplied by in-house resources in addition to resources provided by Applicant's third-party service providers. Examples of these service providers are Prima, Morningstar, Charles Schwab, UBS, Credit Suisse and JP Morgan, in addition to others. Based on the determination of the asset allocation model, Applicant will

recommend Investment Managers selected according to the investment objectives and risk tolerance level of the Client. Multiple third-party service providers may assist the Applicant in the selection of Separate Account Managers, mutual funds, limited partnership structures, Exchange Traded Notes and ETFs. The applicant uses Tamarac to generate aggregated performance reports on the selected managers and investments that are recommend to the Client.

Applicant uses asset optimization recommendations to determine appropriate asset classes for Client investment. Historical performance, quantitative statistics to include (but not limited to) standard deviation, alpha, sharpe ratio, up-market and down-market capture ratios; as well as qualitative data are reviewed by Applicant in determining suitable Investment Managers.

Specific securities analysis methods are determined by the recommended Investment Managers. These Investment Managers apply various methods of security analysis to include charting, fundamental, technical and cyclical methods based on their own proprietary management style. Applicant rarely recommends individual equity securities unless specifically requested by Client in which case research would be obtained from various brokerage firms and/or financial consultants on Client's behalf.

Sources of information used by Applicant include multiple third-party research providers such as Prima, Morningstar, Charles Schwab, UBS, Credit Suisse and JP Morgan, in addition to others. The Applicant also uses professional journals or websites, business and investment periodicals, financial newsletters, research obtained from major brokerage firms, outside consultants, as well as various personal contacts and experts. Applicant will also use published databases of Investment Manager performance. Applicant does not independently audit or verify the performance figures reported by the funds or managers that appear in these databases.

The career and income pattern of Applicant's Clientele, which consist primarily of high net worth individuals and professional athletes, requires specialized investment and financial management advice. Applicant's primary focus is on fundamental investment value with tax benefits being an important but secondary, concern. Applicant recommends to its Clients an asset allocation strategy that emphasizes (a) income producing and other credit strategies (b) diversification amongst various asset classes based on the "Efficient Frontier" concept relative to risk/return and (c) supplemental tactical strategies and Structured Notes for specific sectors or style based on internal models utilized by the Applicant.

Applicant also emphasizes long term, compounded returns, tax efficiency and reduction of internal portfolio management expenses. Applicant strives to recommend investment portfolios to its Clients geared toward achieving "targeted" returns using capital market assumptions based on both historical return/risk and expected return/risk profiles for various asset classes.

Risk of Loss - General

All investing involves a risk of loss and the investment strategy offered by Applicant could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks including, but not limited to, that portfolio management techniques used by Applicant may not produce the desired results. This could cause accounts to decline in value.

Applicant selects investments based, in part, on information provided by issuers to regulators or made directly available to Applicant by the issuers or other sources. Applicant is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

Potential Risks of Investing in Securities Purchased in Mutual Funds, ETFs, and by Investment Managers:

Stock Market Risk - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small- and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

Foreign Securities Risk - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

Interest Rate Risk - Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

Credit Risk - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

Liquidity Risk - Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

Call Risk - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All Investment Managers are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund or manager invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

Third Party Investment Management Risk – Applicant will not have a role in the management of clients' third-party managed accounts and it will likely not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of third-party managers and returns could be adversely affected by unfavorable performance of such managers. Further, Adviser depends on third-party managers to develop the appropriate systems and procedures to control operational risks.

Potential Risks of Investing in Private Investment Funds:

Private investment funds generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Investing in private investment funds is intended for experienced and sophisticated investors only who are willing to bear the high economic risks of the investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity because of redemption terms and conditions and that there may not and will not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the fund, a potential lack of diversification, higher fees than mutual funds, lack of information regarding valuations and pricing, and advisor risk. Each prospective client investor will be required to complete a subscription agreement with the private investment fund itself, pursuant to which the client investor shall establish that he/she/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. Private investment funds have liquidity risk and investors may not be able to redeem their investment per the offering document's disclosures. In addition, MTX may recommend a particular fund to many clients and a subsequent recommendation to terminate that fund from client portfolios may result in liquidity constraints impacting the redemptions from the fund.

Risks Associated With Structured Notes

Structured Notes do not pay interest, dividend payments, provide voting rights or guarantee any return of principal at maturity unless specifically provided through products that are designed with this purpose in mind. Most Structured Note payments are based on the performance of an underlying index (i.e., S&P 500) and if the underlying index were to decline 100% then the payment may result in a loss of a portion or all of your principal. Notes are not insured through any governmental agency or program and the return of principal and fulfillment of the terms negotiated by MTX on behalf of clients is dependent on the financial condition of the third party issuing the note and the issuer's ability to pay its obligations as they become due.

Structured Notes purchased for clients will not be listed on any securities exchange. There may be no secondary market for such Structured Notes, and neither the issuer nor the agent will be required to purchase notes in the secondary market. Some of these structured financial products are callable by the issuer only, therefore the issuer (not the investor) can choose to call in the Structured Notes and redeem them before maturity. In addition, the maximum potential payment on Structured Notes will typically be limited to the redemption amount applicable for a payment date, regardless of the appreciation in the underlying index associated with the note. Since the level of the underlying index at various times during the term of the Structured Notes held by clients could be higher than on the valuation dates and at maturity, clients may receive a lower payment if redeemed early or at maturity than if a client would have invested directly in the underlying index.

While the payment at maturity of any Structured Notes would be based on the full principal amount of any note sold by the issuer, the original issue price of any Structured Note purchased for clients includes an agent's commission and the cost of hedging the issuer's obligations under the note. As a result, the price, if any, at which an issuer will be willing to purchase Structured Notes from clients in a secondary market transaction, if at all, will likely be lower than the original issue price and any sale prior to the maturity date could result in a substantial loss. Structured Notes will not be designed to be short-term trading instruments so clients should be willing to hold any notes to maturity.

Item 9 - Disciplinary Information

Applicant and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 -Other Financial Industry Activities and Affiliations

Applicant and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Applicant and its employees may also buy and sell the same securities that may be recommended

to Clients. If the possibility of a conflict or interest occurs, the Client's interest will prevail. It is the policy of Applicant that orders will either be placed simultaneously or that priority is given to the Client's orders over the orders of an employee of Applicant.

To avoid any potential conflicts of interest involving personal trades, Applicant has adopted a Code of Ethics ("COE"), which includes policies and procedures for personal trading as well as insider trading. Applicant's COE requires, among other things, that Employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of the Applicant above one's own personal interests;
- Adhere to the fundamental standard that an Employee should not take inappropriate advantage of his/her position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on oneself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve one's professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal and state securities laws.

Applicant's COE also requires Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Applicant with a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of Applicant's COE is available to any client or prospective client upon request.

Item 12 - Brokerage Practices

Applicant generally has the discretion to determine the broker(s) through whom security transactions are executed for Client accounts and commission rates paid. The factors considered by Applicant in both recommending and selecting brokers include their experience, investment research services and their ability to provide best price and execution. Applicant considers the quality of the research services provided such securities firms in terms of accuracy, thoroughness, timeliness, uniqueness and overall benefit to accounts under management. Such research services may include written reports, fundamental data supplied in written or computerized forms and written or oral advice concerning specific investment securities. Commission rates charged by the brokers selected by Applicant appear to be fair and commensurate with other brokers due to

Applicant's preferred relationship and total assets under management with specific broker and/or money manager(s). Applicant may recommend to a Client the use of certain broker-dealers with whom Applicant has placed a number of Clients. However, Clients are not under any obligation to effect trades through any recommended broker-dealer. All Clients are free to select any broker-dealer of their choice. Applicant's recommendation of broker-dealers will be consistent with its obligation to seek best execution.

Clients may have a pre-established relationship with a broker and they will instruct Applicant to execute all transactions through that broker. In directing the use of a particular broker or dealer, Clients may lose out on certain benefits that may otherwise be obtained and it should be understood that Applicant will not have authority to obtain volume discounts. Consequently, Clients directing the use of a particular broker may not receive best execution. Applicant attempts to negotiate the commission rate that a Client is to pay to the broker-dealer that he or she has directed Applicant to use. The Client either approves the commission rate negotiated by Applicant or separately determines the commission rate pursuant to his or her own efforts. In either procedure, the authority to negotiate and establish the rate is solely maintained by the Client. A disparity in commission charges may exist between the commissions charged to their Clients.

Applicant receives from custodians and broker-dealers duplicate Client confirmations and bundled duplicate statements and access to an electronic communication network for Client order entry and account information.

Applicant utilizes the analytical tools and resources provided by multiple third-party research providers such as Prima, Morningstar, Charles Schwab, UBS Financial Services Inc., Morgan Stanley, Credit Suisse, JP Morgan and Deutsche Bank, among others, to formulate investment recommendations to clients. To the extent these tools and resources are biased towards the recommendation of products or services sponsored by the affiliated entity relied on by Applicant, a material conflict of interest would exist. In all cases, however, Applicant will recommend the optimal product/service to Clients based in the individual Client's investment objectives and constraints.

Research may be used by the Applicant in servicing some or all of the Applicant's Clients. In addition, some research may not necessarily be used by the Applicant in servicing the Clients whose commission dollars generated such research. Clients, may not, in any particular instance, be the direct or indirect beneficiary of the research.

Certain broker-dealers recommended by Applicant sponsor various investment product/services. To the extent Applicant utilizes the research analytics and resources provided by these broker-dealers, such research may be biased towards recommending products and services affiliated with the provider of such research (i.e., the broker-dealer). While the Applicant has been granted discretionary authority over client assets, Applicant emphasizes the Client's unrestricted right to reject any investment recommendation presented by Applicant.

Each Investment Manager that Applicant recommends to its Clients generally will have investment discretion over that portion of the Client's accounts managed by the particular

Investment Manager. The Client will have a direct contractual relationship with each such Investment Manager and should receive disclosures of each such manager's practices, including brokerage, aggregation of orders, and use by the investment manager of "soft dollars" to obtain research products and services from broker-dealers based on customer orders placed through the brokers. The designation by a Client of a particular broker for execution of Client account transactions (particularly if it differs from the brokers used by that Investment Manager for execution of most of the manager's other Clients' accounts) may affect the commission rates and the method and pricing of execution of the Client's account transactions for the portion of the Client's portfolio managed by a particular Investment Manager. The Client is urged to review each Investment Manager's disclosures on brokerage practices in deciding whether to direct the Investment Manager to use a particular broker for execution of the Client's portfolio transactions.

Initial Public Offerings ("IPOs") – A client's eligibility is made initially at the start of a Client relationship and monitored periodically, accordingly. In order for a Client to be considered eligible, the following criteria must be met without exception:

- Client must have an investment portfolio with Applicant in excess of \$2 million and a custodial account with the third party underwriting the offering;
- Client acknowledges in the IPS his/her understanding and comfort level with the inherent risks associated with investments made in IPOs; and
- The supervised person of Applicant responsible for managing the Client relationship must concur as to the suitability of IPOs for the Client.

Applicant has determined that eligible Clients receive IPOs exclusively as a result of the Client custodial/brokerage relationships maintained with broker-dealers that commonly participate in IPO syndicates (e.g., UBS). As a result, broker/dealers will only consider IPO allocations for those Clients who maintain accounts with the broker-dealer making the IPO shares available.

Orders for the same Security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating Clients. All Clients participating in each aggregated order shall receive the average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Several of Applicant's Clients participate in asset-based fee programs ("Programs") that have been designed by unaffiliated broker-dealers ("Sponsors") to "bundle" or "wrap" a variety of services for which the Client pays one fee based upon a percentage of the Client's assets under management. Clients who participate in the Programs enter into a separate investment management agreements with the Sponsors. Applicant, in accordance with its fiduciary duty, carefully considers whether this type of brokerage arrangement is suitable and appropriate for its Clients both initially and on a periodic basis. Clients who participate in asset-based fee programs should also consider whether the Programs' fee may or may not exceed the aggregate cost of such services if they were to be provided separately and if Applicant was free to negotiate commissions and seek best price and execution of securities transactions for the Client's accounts at alternative broker-dealers. Clients should take into account the level of the fee charged by the Sponsor, the amount of portfolio activity in the Client's account, and the value of the custodial and other services which are provided under the Programs.

Applicant works with registered representatives of several unaffiliated financial institutions to develop specific customized structured products. In order to have access to these products, the Client must maintain a custodial account with the financial institution underwriting the structured product or with Charles Schwab, subject to minimum account balances. Applicant receives no compensation from these financial institutions for recommending such products.

It is the Applicant's policy to ensure that any identified trade errors will be corrected to ensure each client is made whole as if the error did not occur. For trades executed through Charles Schwab and Company, Inc., ("Schwab") where a loss occurs greater than \$100, Applicant will cover the loss, while Schwab will cover the loss if it is less than \$100. Transactions executed to correct an error resulting in a gain will remain in a client's account unless the same error involved other client accounts that should receive the gain or it is not permissible for a client to retain the gain. If a client cannot retain the gain, Schwab will donate any amount over \$100 to charity and keep any portion less than that amount to minimize and offset administrative expenses related to correcting the error.

Item 13 - Review of Accounts

When an account is opened, it is reviewed formally by one of the senior investment professionals to ensure that an investment program is designed to meet the Client's investment objectives and risk tolerance. All individual investment accounts are reviewed no less than quarterly by senior management for accuracy, security selections, investment style and cash inflows and outflows. A similar type of review occurs for all retirement, custodian and trust investment accounts by senior management on a semi-annual basis. Client's cash account used specifically for bill paying is reviewed several times each week by senior management for accuracy and appropriateness. On a quarterly basis, a comprehensive performance review is done on each Client's investment portfolio based on Applicant's preparation of detailed Performance Reports. Each senior investment professional, on average, will manage between fifteen (15) to sixty (60) Client accounts, depending upon the relative experience level of the investment professional and service requirements of the Client.

The nature and frequency of regular reports to Clients on their accounts are:

1. Monthly summaries or “ledger” of all cash receipts and disbursements transacted in Client’s bank accounts used specifically for “bill paying”. These summaries are prepared for Clients which Applicant pays bills and collects income. Each month, these bill paying accounts are reconciled to bank statements and a copy of the bank statement(s) and reconciliation report at month-end are sent to Clients with their monthly “ledger” summarizing all cash transactions occurring for the month.
2. Comprehensive, Quarterly and/or Annual Performance Reports for Clients engaging Applicant for Investment Advisory Services with investment portfolios in excess of \$50,000 (excluding money market type investments), depending on Client’s request and consistent with Investment Advisory Agreement terms.
3. Periodic cash flow projections/budgets, tax projections, statement of financial condition and other appropriate financial reports.

Item 14 - Client Referrals and Other Compensation

Applicant may enter into agreements with unaffiliated third parties, whereby it pays a referral fee for the introduction to clients who utilize its management services. This will be fully disclosed prior to services rendered by Applicant. Clients introduced through this process shall be billed the same fees as other clients who did not originate in this manner.

Item 15 - Custody

All clients’ accounts are held in custody by unaffiliated broker/dealers or banks, but Applicant can access many clients’ accounts through the signature authority granted to the Applicant for those Clients utilizing the Applicant’s bill payment service. For this reason Applicant is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Applicant.

Item 16 - Investment Discretion

Applicant generally has the discretion to determine the broker(s) through whom security transactions are executed for Client accounts and commission rates paid. In addition, MTX will have discretion in selecting Investment Managers that may be engaged to manage a portion of the Client’s assets. Securities are bought and sold and Investment Managers selected as determined by the client’s goals and financial condition. In most cases, MTX exercises discretionary trading authority and the authority to transfer funds between accounts held in the name of the client granted through a limited power of attorney for most client accounts.

At the inception of each client relationship or upon request, Applicant will document any client requested restrictions to be applied to the management of their account.

Item 17 - Voting Client Securities

Applicant will not exercise proxy voting authority over Client securities. The obligation to vote Client proxies shall at all time rest with Client. Client shall in no way be precluded from

contacting Applicant for advice or information about a particular proxy vote. However, Applicant shall not be deemed to have proxy voting authority solely as a result of providing such advice to Client.

Should Applicant inadvertently receive proxy information for a security held in Client's account, then Applicant will immediately forward such information on to Client, but will not take any further action with respect to the voting of such proxy. Upon termination of its Agreement with Client, Applicant shall make a good faith and reasonable attempt to forward proxy information inadvertently received by Applicant on behalf of Client to the forwarding address provided by Client to Applicant.

Class Actions

With regard to all matters (other than proxies) for which shareholder action is required or solicited with respect to securities beneficially held by the Client's account, such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, Applicant affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

Item 18 - Financial Information

Applicant has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.