

MONTICELLO WEALTH MANAGEMENT, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Monticello Wealth Management, LLC (hereinafter “Monticello Wealth Management” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at this telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Monticello Wealth Management is required to discuss any material changes that have been made to the brochure since the last annual amendment. As this brochure has been prepared in connection with the Firm's initial application for investment adviser registration, there are no such material changes to disclose.

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Item 4. Advisory Business

Monticello Wealth Management offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Monticello Wealth Management rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Monticello Wealth Management setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Monticello Wealth Management has been registered as an investment adviser since July 2015 and is owned by Jefferson Bank. As of the date of this filing, Monticello Wealth Management does not have any assets under management; however, the Firm reasonably expects to be eligible for registration with the SEC within 120 days of approval as an investment adviser.

While this brochure generally describes the business of Monticello Wealth Management, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on Monticello Wealth Management’s behalf and is subject to the Firm’s supervision or control.

Financial Planning and Consulting Services

Monticello Wealth Management offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Cash Flow Forecasting
- Trust and Estate Planning
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning

Currently these services are only rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Monticello Wealth Management is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Monticello Wealth Management may recommend clients engage the Firm for additional related services and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage Monticello Wealth Management or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Monticello Wealth Management under a financial planning or consulting

engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Monticello Wealth Management's recommendations and/or services.

Wealth Management Services

Monticello Wealth Management provides clients with wealth management services which generally includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

Monticello Wealth Management primarily allocates client assets among various mutual funds in accordance with their stated investment objectives. In addition, Monticello Wealth Management may also recommend that certain clients allocate a some assets to independent investment managers ("Independent Managers") for specialized management.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage Monticello Wealth Management to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Monticello Wealth Management directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Monticello Wealth Management tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Monticello Wealth Management consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Monticello Wealth Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if Monticello Wealth Management determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Clients may wish to transfer into their managed account certain assets held elsewhere and continue to hold these assets without Monticello Wealth Management charging a fee or providing advice on these assets. These assets are considered "unmanaged" assets and will only be traded when Monticello Wealth Management receives specific trading instructions from the client to do so. These assets will not be reflected in any performance reports provided to the client since they are not considered a part of the

managed portfolio and may not be consistent with Monticello Wealth Management's investment philosophy.

Use of Independent Managers

As mentioned above, Monticello Wealth Management may select certain Independent Managers to manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

Monticello Wealth Management evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. Monticello Wealth Management also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Monticello Wealth Management continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Monticello Wealth Management seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Monticello Wealth Management retains LWI Financial Inc. ("LWIF"), an independent third-party account administrator that is an SEC registered investment adviser to perform certain services such as account administration, portfolio allocation analysis, asset-class investment strategy, back-office fulfillment, report and statement production, and fee debiting. Such services are paid directly by Monticello Wealth Management.

LWIF may also sponsor educational seminars for the benefit of Monticello Wealth Management and its clients. Such educational seminars provide Monticello Wealth Management with access to information and ideas regarding practice development, client servicing, investment strategy, relationship management and financial planning. Attendance expenses associated with such educational seminars may be paid or reimbursed, either in whole or in part, by LWIF.

Item 5. Fees and Compensation

Monticello Wealth Management offers services for fees based upon assets under management or advisement.

Wealth Management Fees

Monticello Wealth Management offers wealth management services for an annual fee based on the amount of assets under the Firm's management. This fee generally varies in accordance with the following blended fee schedule:

<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$1,000,000	0.95%
Next \$1,000,000	0.65%
Next \$3,000,000	0.50%
Above \$5,000,000	0.35%

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Monticello Wealth Management on the last day of the previous billing period.

If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is not adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Monticello Wealth Management may negotiate a fee rate that differs from the range set forth above.

Fee Discretion

Monticello Wealth Management may, in its sole discretion, negotiate to charge a lesser fee for clients and employees of the Firm's affiliated bank, Jefferson Bank, and/or based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Additional Fees and Expenses

In addition to the advisory fees paid to Monticello Wealth Management, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges will typically include margin costs, charges imposed directly by a mutual fund in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

Direct Fee Debit

Clients generally provide Monticello Wealth Management and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Monticello Wealth Management. Alternatively, clients may elect to have Monticello Wealth Management send a separate invoice for direct payment.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Monticello Wealth Management’s right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients may withdraw account assets on notice to Monticello Wealth Management, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. Monticello Wealth Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.

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

Monticello Wealth Management does not provide any services for a performance-based fee (*i.e.*, a fee based on a share of capital gains or capital appreciation of a client’s assets).

Item 7. Types of Clients

Monticello Wealth Management offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Requirements

Monticello Wealth Management does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Monticello Wealth Management may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

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

Methods of Analysis and Investment Strategies

Monticello Wealth Management works with clients to determine their financial goals and objectives, time horizon and risk tolerance to establish a customized model portfolio. Generally a written investment plan is created for each client. The written plan includes the model portfolio to be used, a description of the investment methodology and a depiction of a wide range of expected returns over the long term to help set realistic client expectations.

Monticello Wealth Management's investment strategy is based on the well-documented premise that global financial markets are highly efficient and the primary factor affecting the variability of returns is asset allocation. Monticello Wealth Management primarily utilizes low-cost, institutional class mutual funds, that capture the returns of a broad mix of asset classes both domestic and non-domestic.

Academic research indicates the asset allocation mix is the primary determinant of portfolio returns over time. Monticello Wealth Management's models are influenced by the research of Nobel Laureate and University of Chicago Professor Gene Fama and noted finance professor Ken French from Dartmouth.

In addition to publicly available research, Monticello Wealth Management has the benefit through its association with LWIF to access and utilize research provided by LWIF's Investment Committee. Nobel-Prize winning professor Harry Markowitz serves on the LWIF Investment Committee. In addition, Dimensional Fund Advisors, provides research papers to Monticello Wealth Management.

Monticello Wealth Management recommendations are generally designed as a long-term investment strategy. MWM clients usually have a long-term investment horizon of at least five to ten years and often much further. Monticello Wealth Management may, however, adjust its recommendations based upon the needs, objectives or preferences of the client. These adjustments based on a client's specific wishes may result in an asset allocation that is less than optimal relative to long term needs but are "behaviorally" acceptable to the client.

Risk of Loss

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Monticello Wealth Management's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that Monticello Wealth Management will be able to predict those price movements accurately or capitalize on any such assumptions.

Mutual Funds

An investment in a mutual fund involves risk, including the loss of principal. Mutual fund shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Use of Independent Managers

As stated above, Monticello Wealth Management may select certain Independent Managers to manage a portion of its clients' assets. In these situations, Monticello Wealth Management continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition,

Monticello Wealth Management generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

Item 9. Disciplinary Information

Monticello Wealth Management has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations. The Firm does not have any other financial industry activities or affiliations that need to be disclosed.

Related Bank

Monticello Wealth Management is under common control and shares the same office with Jefferson Bank, a family-owned bank that provides broad and diverse banking offerings to individuals and businesses. In the event a client requires banking services, the Firm may recommend Jefferson Bank. The Firm does not receive any portion of any compensation received by Jefferson Bank and does not receive a referral fee in connection with banking services that Jefferson Bank renders to Monticello Wealth Management clients. However, because of the common ownership and possible involvement by Monticello Wealth Management employees with the bank, there exists a conflict of interest to the extent that the Firm recommends the banking services of Jefferson Bank.

Item 11. Code of Ethics

Monticello Wealth Management has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. Monticello Wealth Management's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Monticello Wealth Management's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial

public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person will access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Monticello Wealth Management to request a copy of its Code of Ethics.

Item 12. Brokerage Practices

Recommendation of Broker/Dealers for Client Transactions

Monticello Wealth Management generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services™ ("Schwab") for investment management accounts.

Factors which Monticello Wealth Management considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Monticello Wealth Management's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Monticello Wealth Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Monticello Wealth Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Monticello Wealth Management periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

Software and Support Provided by Financial Institutions

Monticello Wealth Management may receive without cost from Schwab computer software and related systems support, which allow Monticello Wealth Management to better monitor client accounts maintained at Schwab. Monticello Wealth Management may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit Monticello Wealth Management, but not its clients directly. In fulfilling its duties to its clients, Monticello Wealth Management endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Monticello Wealth Management's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, Monticello Wealth Management may receive the following benefits from Schwab:

- Credits to be used toward qualifying third-party technology expenses;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

Brokerage for Client Referrals

Monticello Wealth Management does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Directed Brokerage

Clients must open a brokerage account with a Financial Institution in which the Firm has a relationship that allows it to purchase the securities it recommends on behalf of clients. The Firm is not affiliated with these Financial Institutions. Not all advisers require clients to direct brokerage to a particular Financial Institution.

Trade Aggregation

Because the Firm primarily invests in open-end funds, transactions for each client generally will be effected independently and not combined or “batched.”

Item 13. Review of Accounts**Account Reviews**

Monticello Wealth Management monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Such reviews are conducted by the Firm’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Monticello Wealth Management and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Monticello Wealth Management and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account

statements they receive from their custodian with any documents or reports they receive from Monticello Wealth Management or an outside service provider.

Item 14. Client Referrals and Other Compensation

Client Referrals

In the event a client is introduced to Monticello Wealth Management by either an unaffiliated or an affiliated solicitor, including employees of Jefferson Bank, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Any such referral fee is paid solely from Monticello Wealth Management's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Monticello Wealth Management's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Monticello Wealth Management is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Item 15. Custody

The Advisory Agreement and/or the separate agreement with any Financial Institution generally authorize Monticello Wealth Management and/or the Independent Managers to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Monticello Wealth Management.

In addition, as discussed in Item 13, Monticello Wealth Management may also send periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Monticello Wealth Management.

Item 16. Investment Discretion

Monticello Wealth Management may be given the authority to exercise discretion on behalf of clients. Monticello Wealth Management is considered to exercise investment discretion over a client's account if it

can effect and/or direct transactions in client accounts without first seeking their consent. Monticello Wealth Management is given this authority through a power-of-attorney included in the agreement between Monticello Wealth Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Monticello Wealth Management takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Item 17. Voting Client Securities

Declination of Proxy Voting Authority

Monticello Wealth Management generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

Item 18. Financial Information

Monticello Wealth Management is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.