

Form ADV Part 2A

MTC Wealth Management LLC Client Brochure

**Item 1 Cover Page**

**This brochure provides information about the qualifications and business practices of MTC Wealth Management LLC, a Florida limited liability company and an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training but only indicates that MTC Wealth Management LLC has registered its business with state and federal regulatory authorities, including the SEC. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.**

**If you have any questions about the contents of this brochure, please contact us at 888-727-9191. Additional information about MTC Wealth Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**MTC Wealth Management LLC**

**14025 Riveredge Drive, Suite 280**

**Tampa, Florida 33637**

**August 7, 2019**

**Item 2 Material Changes**

Not applicable. The August 2019 brochure is the first.

**Item 3 Table of Contents**

Item 1 Cover Page

Item 2 Material Changes

Item 3 Table of Contents

Item 4 Advisory Business

Item 5 Fees and Compensation

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

Item 7 Types of Clients

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

Item 9 Disciplinary Information

Item 10 Other Financial Industry Activities and Affiliations

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

Item 12 Brokerage Practices

Item 13 Review of Accounts

Item 14 Client Referrals and Other Compensation

Item 15 Custody

Item 16 Investment Discretion

Item 17 Voting Client Securities

Item 18 Financial Information

## **Item 4 Advisory Business**

### **A. Company Information**

MTC Wealth Management LLC (the “Advisor”) is an investment adviser registered with the SEC, which is organized as a limited liability company under the laws of the State of Florida. The Advisor was formed on May 15, 2019 as a wholly owned subsidiary of Members Trust Company, FSB. Additional information about the Advisor can be found online at [www.memberstrust.com](http://www.memberstrust.com).

### **B. Summary of Investment Advisory Services**

The investment advisory services offered by the Advisor fall into two distinct categories: (i) asset management services, and (ii) third party money management services.

#### **Asset Management Services**

The Advisor’s asset management services consist of providing discretionary investment advisory services, which are tailored to fit the needs of each client. The Advisor offers a variety of investment vehicles as part of its asset management services, including mutual funds, individual stocks and bonds, and exchange traded fund (ETF) portfolios. The Advisor primarily provides asset management by partnering with unaffiliated investment advisers and working through their financial representatives to offer investment strategies to clients of those advisers who wish to utilize our services.

The Advisor manages its client’s assets by utilizing a top down macro analysis with a global focus. For example, the Advisor analyzes trends including reward-to-risk analysis and develops longer-term strategic allocations for its clients.

#### **Third-Party Money Management Services**

The Advisor’s third-party money management services consist of making model portfolios available through investment platforms where the Advisor does not always enter into an advisory agreement with the investor (however, under some arrangements, the client enters into an agreement with the Advisor).

In providing both asset management services and third-party money management services, the Advisor maintains a conservative investment approach. We offer a wide range of portfolios from the very aggressive to the more conservative, but in all of our strategies we remain vigilant to downside risks. We believe the paths of investment returns are as important as point-in-time performance results. Reducing the volatility of returns from month-to-month, quarter-to-quarter, and year-to-year offers greater opportunity for clients to avoid the roller-coaster of emotional investing.

### **C. Tailored Services and Investment Restrictions**

Prior to engaging the Advisor to provide investment advisory services, each client is required to enter into an Investment Advisory Agreement with the Advisor that sets forth the terms, conditions, rights and obligations of the Advisor and the client. The investment advisory services provided by the Advisor depend largely on the personal information the client provides to the Advisor. In order for the Advisor to make tailored investment decisions for the client it is very important that clients provide accurate and complete responses to their advisor’s questions about their financial condition, needs, goals, and

objectives and notify the advisor of any reasonable restrictions they wish to apply to the securities or types of securities to be bought, sold, or held in their managed account.

#### **D. Wrap Fee Programs**

The Advisor does not participate in wrap fee programs.

#### **E. Discretionary and Nondiscretionary Assets**

As disclosed in the Advisor's Form ADV Part 1, the Advisor currently does not manage any client assets (either discretionary or non-discretionary).

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

The Advisor charges fees based on percentage of assets under management. The Advisor maintains a standard fee schedule, but such fees may be subject to negotiation on a case-by-case basis at the sole discretion of the Advisor.

#### **A. Fees for Advisory Services**

##### Asset Management Services

Clients engaging the Advisor for portfolio/asset management services are charged a monthly fee based upon a percentage of the market value of the assets being managed. The Advisor's fee for portfolio/asset management services are set forth in the following blended fee schedule:

<b>Assets Under Management</b>	<b>Annualized Asset-Based Fee</b>
First \$500,000 of Assets	1.00%
Next \$1,500,000 of Assets	0.75%
Next \$1,000,000 of Assets	0.70%
Next \$1,000,000 of Assets	0.65%
Over \$4,000,000	0.60%

For purposes of calculating fees, the Advisor may allow, upon request, for accounts held by members of the same household to be aggregated. In such a case, we will combine account valuations to assist you in meeting fee breakpoints, thereby lowering the overall fee level.

##### Third Party Money Manager Services

Clients engaging the Advisor to provide third party money management services are charged a management fee in addition to any applicable investment account fees. Such fee will be in an amount equal to 0.25% per annum of the market value of the assets in relation to which such services are provided.

#### **B. Fee Billing**

##### Asset Management Services

Asset management service fees will be automatically deducted from the client account by the custodian monthly in arrears. The amount due is calculated by applying the monthly rate (annual rate divided by

12) to the total assets under management with the Advisor on the last business day of each month. Clients will be provided with a quarterly statement from the custodian reflecting the deduction of the asset management service fee.

#### Third Party Money Manager Services

As indicated above, the fee for the Advisor to provide third party money management services will be an additional 0.25% per annum of the market value of the assets in relation to which such services are provided, which fee will be in addition to the client's asset management service fees and will be charged in the same manner and according to the same schedule as the asset management service fees.

#### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third-parties, other than the Advisor, in connection with investments made on behalf of the client's account[s]. The client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The asset management and/or third-party money management service fees charged by the Advisor are separate and distinct from these custodian and execution fees, and are separate and distinct from any fees or expenses charged by mutual funds and exchange traded funds to their shareholders, if applicable (all of which should be described in each applicable fund's prospectus). Such other fees and expenses generally will be for the payment of management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and possibly distribution fees.

#### **D. Advance Payment of Fees and Termination**

Typically, the Advisor's Investment Advisory Agreement with clients permits either the Advisor or the client to terminate the Investment Advisory Agreement upon 10 days' written notice (or more) to the other party. Since the Advisor's fees are paid in arrears, no pro-ratio of previously paid fees will occur upon termination of the Investment Advisory Agreement, but applicable fees for the final monthly period of the relationship will be due, and will be prorated according to the number of days for which the Advisor provided investment advisory services during the month in which the termination became effective. The Advisor does not charge a separate termination fee when an Investment Advisory Agreement is terminated.

The Advisor does not require advance payment of fees.

#### **E. Compensation for Sale of Securities**

The Advisor does not buy or sell securities or other investment products and does not receive any compensation for securities or investment transactions in any client account, other than the asset management and third-party money management service fees noted above.

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

The Advisor does not charge performance-based fees or enter into side-by-side management arrangements. The fees charged by the Advisor are as described in Item 5 – Fees and Compensation above, and are not based upon capital appreciation of the funds, securities, or other investments held by any client. The Advisor does not manage any proprietary investment funds or limited partnerships and has no financial incentive to recommend any particular investment options to its clients.

## **Item 7 Types of Clients**

The Advisor offers asset management and third-party money management services to individuals, pension and profit sharing plan participants, guardianships, trust, and estates.

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

### **A. Methods of Analysis and Investment Strategies**

#### **Methods of Analysis**

The Advisor will take into consideration the client's current financial situation, needs, goals, objectives, and tolerance for risk. Asset allocation and investment decisions are made in the Advisor's judgment to meet the client's objectives while minimizing risk exposure. To achieve this, the Advisor will employ what it believes to be an appropriate blend of fundamental and technical analyses to develop long-term investment strategies. Fundamental analysis involves evaluating economic factors including interest rates, current state of the economy, future growth of an issuer, or sector, among others. Technical analysis may involve studying securities, markets, or economies as a whole in an effort to determine potential future behaviors. Our research and recommendations may be drawn from sources that include financial publications, investment analysis and reporting software, research materials from outside sources, corporate rating services, annual reports, prospectuses and other regulatory filings, as well as company press releases.

#### **Investment Strategies**

### **APPROPRIATE POLICY STATEMENTS & OBJECTIVES**

The Advisor develops an Investment Policy Statement ("IPS") for each client. This IPS is the customized investment plan based on the client's specific needs, goals, and desires. The investment plan will detail the long-term target allocations as well as specify any unique directives or constraints. The IPS can be changed at any time and is simply a roadmap for financial success.

### **ASSET ALLOCATION**

Modern Portfolio Theory (MPT) is at the core of our portfolio design process with asset class allocations based on long-term risk and return characteristics blended together with our internal capital market expectations. However, we also know that correlations change over time and if anything, the financial crisis reminded investors that they cannot rely on MPT alone. Portfolio design also accounts for fat tail (low probability event) risk with a focus on downside risk.

### **SECURITY SELECTION**

The Advisor provides active management utilizing passive index Exchange Traded Funds (ETFs) to gain broad based market exposures thereby eliminating company specific risk. ETFs provide portfolio managers greater flexibility and efficiency in maintaining and readjusting portfolio allocations across asset classes than individual bonds, stocks, or mutual funds. Other benefits include lower costs, increased liquidity, and greater transparency. We believe utilizing broad indexes to gain asset class exposures has proven to reduce overall portfolio volatility.

## DISCIPLINED REBALANCING

The Advisor employs a multi-layered rebalancing approach. Each IPS provides allocation ranges which control disciplined, long-term strategic rebalancing of positions. The Advisor also believes in the benefits of shorter-term tactical rebalancing based on market conditions rather than a set calendar schedule. We believe in taking profits during positively performing markets so that we can manage risk and be opportunistic during periods of short-term stress.

## TACTICAL ASSET ALLOCATION

The Advisor believes tactical asset allocation changes are an important ingredient to managing risks within any portfolio. The danger in short-term tactical changes is that asset managers utilize these adjustments too frequently. Too often tactical adjustments are used to chase investment returns in particular asset classes or to “window dress” the portfolio at the end of reporting cycles. Our simple strategy is fewer, smarter decisions.

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

### B. Risk of Loss

Investing in securities involves risk of loss. Depending on the type of investment, there may be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of principal (invested amount). The Advisor cannot guarantee any level of performance or that account assets will not be lost.

Some risk may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

- **Market Risk:** When the stock market as a whole goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (Stock) Risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If the client held common stock, or common stock equivalents, of any given issuer, the client would generally be exposed to greater risk than if the client held preferred stock or debt obligations of the issuer.
- **Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Exchange Traded Funds (ETFs) Risk:** The Advisor implements its advisory services by primarily investing in ETFs. For information regarding the structure, fees, and risks associated with investing in ETFs, see the SEC's Investor Bulletin on ETFs:  
<https://www.sec.gov/servlet/sec/investor/alerts/etfs.pdf>  
When the client is invested in an ETF, the client will bear additional expenses based on the client's pro rata share of the ETFs operating expenses, including the potential duplication of



management fees. The risk of owning an ETF generally reflects the risks of owning the underlying securities the ETF holds. Clients will also incur brokerage costs when purchasing ETFs.

- **Management Risk:** The client's investment will vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

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

There are no legal, administrative, regulatory, or disciplinary events involving the Advisor or any of its employees.

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

- A. Neither the Advisor nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Advisor nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. All employees of the Advisor are also employed by Members Trust Company, FSB. Investment Advisor Representatives of the Advisor generally oversee the investment accounts of Members Trust Company, FSB.
- D. The Advisor primarily provides investment management services by partnering with unaffiliated investment advisers and working through their financial representatives to offer investment strategies to clients of those advisers who wish to utilize the Advisor's services. No material conflicts of interests are created by such relationships.

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

##### **A. Code of Ethics**

The Advisor has implemented a Code of Ethics that defines our fiduciary commitment to each client. This Code of Ethics applies to all persons associated with the Advisor. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to clients. The Advisor and its personnel owe a duty of loyalty, fairness and good faith towards each client. It is the obligation of the Advisor's associates to adhere not only to the specific provisions of the Code of Ethics, but also to the general principles that guide it. The Code of Ethics covers a range of topics that may include; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings and private placements, reporting ethical violations, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures. The Advisor has written its Code of Ethics to meet and exceed regulatory standards. Clients and prospective clients may request a copy of our Code of Ethics by contacting us at (813) 386-8723.

## **B. Personal Trading and Conflicts of Interest**

The Advisor does not allow related persons to purchase or sell the same securities that may be recommended to and purchased on behalf of clients in personal accounts managed outside of the Advisor or Members Trust Company, FSB. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted, consistent with Section 204A of the Investment Advisers Act of 1940, a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

At no time, will the Advisor or any related person of the Advisor, transact in any security to the detriment of any client.

## **Item 12 Brokerage Practices**

### **A. Recommendation of Custodian and/or Broker-Dealers**

For clients that wish to establish asset management accounts with the Advisor, the Advisor will require that accounts be established at Members Trust Company, FSB. Members Trust Company, FSB offers custody of securities, trade execution, clearance, and settlement of transactions.

The execution of trades for clients will be conducted by broker-dealers selected by the Advisor. The Advisor's policy with respect to the selection of broker-dealers is to consider best execution while taking into account factors such as price, commission, size of order, difficulty of execution, and the degree of skill of the broker-dealer.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers whereby an advisor enters into an agreement to place security trades with the broker in exchange for research and other services. The Advisor does not participate in soft dollar programs sponsored or offered by any broker-dealer.

**2. Brokerage Referrals** – The Advisor does not receive any compensation or client referrals from any third party or broker-dealer in connection with the recommendation for establishing a brokerage account.

**3. Directed Brokerage** – The Advisor does not require or engage in directed brokerage involving its accounts. The client may direct the Advisor (in writing) to use a particular broker/dealer to execute some or all transactions for the client's accounts. In these circumstances, the client is responsible for negotiating, in advance, the terms and/or arrangements for their account with the selected broker-dealer. The Advisor will not be obligated to seek better execution services or prices from these other broker-dealers and may be unable to aggregate client transactions for execution through such directed broker-dealers with orders for other accounts executed by the Advisor's selected broker-dealer. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions for the account than would otherwise be the case. Pursuant to the Advisor's obligation to seek best execution, the Advisor may decline a client's request to

direct brokerage if the Advisor believes any directed brokerage arrangement would result in additional operational difficulties or risk.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for client accounts is to obtain the most favorable net results taking into account factors such as: 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality, and 5) skill of the broker-dealer. The Advisor will execute its transactions through an unaffiliated broker-dealer. The Advisor may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple discretionary accounts (except for transactions executed by self-directed broker-dealers, over which the Advisor has no control).

Aggregated orders are done in a manner reasonably designed to ensure that no participating client obtains a more favorable execution price than other clients. When the Advisor aggregates multiple client orders, transactions are typically allocated pro rata to the participating client accounts in proportion to the size of the order placed for each account. The Advisor may increase or decrease the amount of securities allocated to each account, if necessary, to avoid holding odd lot or small numbers of shares for particular clients. Additionally, if the Advisor is unable to fully execute an aggregated order and determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, the Advisor will allocate such securities in a manner determined in good faith to be fair and equitable to the clients involved.

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

##### **A. Frequency of Reviews**

Accounts are monitored on a regular and continuous basis by members of the Compliance Department and/or the Portfolio Management team. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the client for adherence to investment strategy and to confirm that account performance is consistent with any model portfolio or client guidelines.

##### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each client account shall be reviewed at least annually or upon the occurrence of certain events. Reviews may be conducted more or less frequently at the client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the client's financial situation, and/or large deposits or withdrawals in the client's account. The client is encouraged to notify the Advisor if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic, or political events.

##### **C. Review Reports**

The client will receive written brokerage statements no less than quarterly from the custodian. These brokerage statements are sent directly from the custodian to the client. The client may also establish electronic access to the custodian's website so that the client may view these reports and their account activity. Client brokerage statements will include all positions, transactions, and fees relating to the

client's account[s]. The Advisor may also provide clients with periodic reports regarding their holdings, allocations, and performance.

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

The Advisor nor any of its related persons accept economic benefit by providing investment advice or other advisory services to its clients.

Neither the Advisor nor any of its related persons, directly or indirectly, compensates any person who is not a supervised person of the Advisor for client referrals.

#### **Item 15 Custody**

The Advisor does not maintain physical custody of client assets. Rather, all client cash and securities advised by the Advisor are held by the client's qualified custodian. However, under relevant regulations, the Advisor is deemed to have "custody" of client assets held by a client's qualified custodian in certain circumstances, including:

- where the Advisor is permitted to deduct its asset management and/or third-party money management service fee directly from the client's account held by the qualified custodian;
- where an affiliate of the Advisor, such as Members Trust Company, FSB, acts as the client's custodian; and
- where the Advisor has the ability or authority to transfer funds or securities out of the client's account held at a qualified custodian.

A client's qualified custodian will provide the client with account statements at least quarterly. Clients are encouraged to carefully review these statements and to compare them to any statements provided by the Advisor.

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

Clients typically grant the Advisor discretionary authority to determine, without obtaining specific client consent, the securities to be bought or sold for the client's account(s). This discretionary authority is set forth in the client's written Investment Advisory Agreement with the Advisor. If required by the client's qualified custodian, the Advisor may also require the client to execute a limited power of attorney granting the Advisor authority over their accounts for trading purposes. Clients may place limitations on the Advisor's discretionary authority, which would be included in the client's written Investment Advisory Agreement or other written agreement with the Advisor.

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

The Advisor has the authority to vote client securities by proxy. Proxies will always be voted based solely on considerations of the best interests of the client. Proxies are routed to the Proxy Coordinator, who analyzes the proxy voting proposal and votes according to the best interests of the client. The Proxy Coordinator's proxy vote then goes to an executive investment committee for ratification.

Clients may direct the voting of their securities by contacting their financial advisor.

Since the majority of the holdings in client accounts are ETFs, the likelihood of a conflict of interest between the Advisor and a client with respect to the voting of such client's securities is low. However, in the event of a conflict or potential conflict of interest, the Advisor would not vote by proxy.

Clients seeking information from the Advisor about how their securities were voted or seeking to obtain a copy of the Advisor's proxy voting policies and procedures may do so by calling 888-727-9191.

**Item 18 Financial Information**

Neither the Advisor, nor its related persons, has any adverse financial situations that would reasonably impair the ability of the Advisor to meet all obligations to its clients. Neither the Advisor, nor any of its related persons, has been subject to a bankruptcy or financial compromise. The Advisor is not required to deliver a balance sheet along with this Disclosure Brochure, as the Advisor does not collect advance fees for services to be performed six months or more in advance.