

## **Part 2A of Form ADV Firm Brochure**

October 30, 2019

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This brochure provides information about the qualifications and business practices of R&C Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us at 212-344-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State Securities Commission. Registration with the SEC or State Regulatory Authority does not imply a certain level of skill or expertise.

Additional information about R&C Investment Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

Not applicable.

## Item 3. Table of Contents

Item 1.	Cover Page .....	1
Item 2.	Material Changes.....	2
Item 3.	Table of Contents .....	2
Item 4.	Advisory Business .....	3
Item 5.	Fees and Compensation .....	3
Item 6.	Performance-Based Fees .....	4
Item 7.	Types of Clients .....	4
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	4
A.	Methods of Analysis.....	4
B.	Investment Strategies .....	4
C.	Material Risks of Investment Instruments .....	4
Item 9.	Disciplinary Information.....	7
Item 10.	Other Financial Industry Activities and Affiliations .....	7
Item 11.	Code of Ethics .....	8
A.	Code of Ethics Description.....	8
B.	Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest.....	8
C.	Client Securities Recommendations and Concurrent Firm Securities Transactions and Conflicts of Interest.....	9
Item 12.	Brokerage Practices .....	9
A.	Soft Dollar Arrangements.....	9
B.	Trading Practices.....	9
Item 13.	Review of Accounts.....	11
Item 14.	Client Referrals and Other Compensation.....	11
Item 15.	Custody.....	11
Item 16.	Investment Discretion.....	11
Item 17.	Voting Client Securities.....	11
Item 18.	Financial Disclosures .....	12

## Item 4. Advisory Business

R&C Investment Advisors LLC ("RCIA," "we" or "us") is an investment adviser registered with the Securities and Exchange Commission and a limited liability company organized in Delaware. RCIA is principally controlled by Roberto Roffo and Matthew Campolettano, and is a new SEC registrant.

We currently solely provide discretionary asset management services as a sub-advisor to the AlphaCentric Municipal Opportunities Fund ("Fund") under a subadvisory agreement (the "Subadvisory Agreement") with the Fund's investment adviser (the "Adviser"). Under the Subadvisory Agreement, we have a limited power of attorney to effect securities transactions for the Fund that include securities and strategies described in the Fund's prospectus and statement of additional information (collectively, the Fund's "Prospectus"). In addition, we have discretionary authority to determine which securities are to be bought and sold, the price of such securities, the executing broker, and the commission rates to be paid to effect such transactions, as more fully described in Item 12 in this Brochure.

We are under common control with Roosevelt & Cross, Inc. ("RCI"), which is registered as a broker-dealer with FINRA and the U.S. Securities and Exchange Commission. Currently, we will act solely as sub-adviser to the Adviser, and all Fund transactions are anticipated to be effected through non-affiliate executing broker-dealers.

We provide the Adviser with subadvisory services respecting the Fund's investments in municipal securities issued by state governments, their political subdivisions (such as cities, towns, counties, agencies and authorities) and the District of Columbia, U.S. territories, commonwealths and possessions or by their agencies, instrumentalities and authorities. These primarily include municipal bonds and notes, interests in municipal leases, and tax-exempt commercial paper. We also provide sub-advisory services to the Adviser respecting the Fund's structured tax-advantaged income-producing products and inverse floater residual certificates of Tender Option Bond Trusts ("TOB Residuals").

In selecting securities for the Fund, we look at a wide range of municipal sectors, coupons, and revenue sources for high-yield, tax-exempt municipal securities that offer high-income opportunities, might be overlooked by other investors and funds (including unrated securities or securities of smaller issuers), or are special situations that provide opportunities for value.

We use a relative value approach to profit from investment opportunities within the municipal securities market, and we seek to invest in undervalued securities in order to capitalize on price appreciation and superior cash flows.

We do not participate in wrap fee programs. We are new investment adviser and have \$0 assets under management.

## Item 5. Fees and Compensation

As described in the Prospectus, under the Sub-advisory Agreement, we are paid a sub-advisory fee based on a percentage of the Fund's average daily net assets. The Prospectus describes other fees and charges the Fund and its shareholders bear.

Neither we nor our personnel are paid any sales, service or administrative fees for the sale of mutual funds or any other investment products.

## Item 6. Performance-Based Fees

We do not charge performance-based fees.

## Item 7. Types of Clients

We currently only provide discretionary asset management services to the Fund.

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

### A. Methods of Analysis

We use a relative value approach to profit from investment opportunities within the municipal securities market. We seek to invest in undervalued securities in order to capitalize on price appreciation and superior cash flows.

We intend to utilize Bloomberg and its affiliates proprietary system for portfolio management, trading, and accounting. In addition, we review research material prepared by others, as well as corporate filings, corporate rating services, and a variety of financial publications. We may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

### B. Investment Strategies

The Fund's investment strategies are described in its Prospectus. The Fund invests primarily in municipal securities that are exempt from regular federal individual income taxes, including municipal bonds and notes, interests in municipal leases, and tax-exempt commercial paper. We provide advice respecting the Fund's investment grade bonds and high-yield below investment-grade securities (also known as "junk" bonds), and securities that have legal or contractual restrictions on resale or are otherwise illiquid. We also provide advice on structured tax advantaged income producing products such as municipal closed-end funds, and inverse floater residual certificates of Tender Option Bond Trusts ("TOB Residuals"), a variable rate obligation and form of derivative.

In selecting securities for the Fund, we look at a wide range of municipal sectors, coupons, and revenue sources for high-yield, tax-exempt municipal securities that offer high-income opportunities, might be overlooked by other investors and funds (including unrated securities or securities of smaller issuers), or are special situations that provide opportunities for value. We use a relative value approach to profit from investment opportunities within the municipal securities market, and seek to invest in undervalued securities in order to capitalize on price appreciation and superior cash flows.

### C. Material Risks of Investment Instruments

As described in more detail in the Fund's Prospectus, these are the principal risks associated with the investments on which we provide advice to the Adviser and the Fund:

**Credit Risk.** Fixed income securities issuers may not make payments, resulting in losses. In addition, the credit quality of fixed income securities may be lowered if an issuer's financial condition changes. The issuer of a fixed income security may also default on its obligations.

**Derivative Risk.** The use of derivative instruments involves risks that include (i) the risk that the counterparty to a derivative transaction may not fulfill its contractual obligations; (ii) risk of mispricing or improper valuation; and (iii) the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. Derivative prices are highly volatile and may fluctuate substantially during a short period of time. Such prices are influenced by numerous factors that affect the markets, including but not limited to changing supply and demand relationships, government programs and policies, national and international political and economic events, changes in interest rates, inflation and deflation, and changes in supply and demand relationships. Trading derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities.

**Extension Risk.** If interest rates rise, repayments of principal on certain debt securities may occur at a slower rate than expected and the expected maturity of those securities could lengthen as a result. Securities that are subject to extension risk generally have a greater potential for loss when prevailing interest rates rise, which could cause their values to fall sharply.

**Fixed Income Risk.** Fixed income investments will fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities owned by the Fund. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than shorter-term securities. Other risk factors include credit risk (the debtor may default), extension risk (an issuer may exercise its right to repay principal on a fixed rate obligation held later than expected), and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments).

**Interest Rate Risk.** Interest rate risk is the risk that bond prices overall will decline over short or even long periods of time due to rising interest rates. Bonds with longer maturities tend to be more sensitive to interest rates than bonds with shorter maturities.

**Junk Bond Risk.** Lower-quality bonds, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. An economic downturn or period of rising interest rates could adversely affect the market for these bonds and reduce the ability to sell.

**Legislative Risk.** Legal, tax, and other regulatory changes can be expected to occur over time. The regulatory environment with respect to investment funds and their managers is evolving, and changes in regulations that affect investment funds and asset managers may result in an adverse effect on the value of investments. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, and the authority of SEC and CFTC with regard to such matters was greatly augmented by the Dodd-Frank Act. Securities and commodities regulators in the United States and elsewhere and self-regulatory organizations are authorized to take extraordinary actions in times of market crisis. The U.S. Congress and the governing bodies of non-U.S. jurisdiction may periodically consider certain legislation impacting greater regulation of the investment fund industry, such as certain changes under the Dodd-Frank Act that the SEC is in the process of implementing with regard to the registration of, or reporting by, investment advisers. It is impossible to predict what, if any, changes in the regulations applicable to the markets or counterparties may be instituted in the future. Any such regulation could have a material adverse effect on performance. In addition, there is a risk that there could be changes in legislation at the federal or state level which could affect the ability of states and municipal issuers to declare bankruptcy. Currently, there are statutory prohibitions in numerous jurisdictions against such occurrence, and even in the absence of express prohibition, there are significant legal and practical restrictions on such an option. However, there is increasing discussion of changing the law in this area. Any such change in law, or even the specter of the possibility of such change in law, could have an adverse effect on the municipal bond market.

**Leverage Risk.** The Fund's strategy relies on the use of actual and economic leverage. Using derivatives like futures to increase the Fund's combined long and short exposure creates leverage, which can magnify the Fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the Fund's share price. The purchase of closed-end municipal bond funds could also add leverage, as many of these funds have embedded leverage. Inverse floaters also can be used to add leverage, as would borrowings. The use of leverage exposes the Fund to additional levels of risk including (i) greater losses from positions than would otherwise have been the case had the Fund not borrowed to take the positions, (ii) margin calls or changes in margin requirements on the municipal bonds or the futures contracts or credit default swaps used by the overlay may force premature liquidations of positions, and (iii) losses on positions where the positions fail to earn a return that equals or exceeds the Fund's cost of leverage related to such positions. In case of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

**Liquidity Risk.** Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing the sale at an advantageous time or price, or possibly requiring the disposal of other investments at unfavorable times or prices.

**Market Risk.** Factors such as domestic economic growth and market conditions, interest rate levels, and political events affect the securities markets.

**Municipal Securities Risk.** The value of municipal bonds that depend on a specific revenue source or general revenue source to fund their payment obligations may fluctuate as a result of changes in the cash flows generated by the revenue source(s) or changes in the priority of the municipal obligation to receive the cash flows generated by the revenue source(s). In addition, changes in federal tax laws or the activity of an issuer may adversely affect the tax-exempt status of municipal bonds. Investments in inverse floating rate securities typically involve greater risk than investments in municipal bonds of comparable maturity and credit quality, and their values are more volatile than municipal bonds due to the leverage they entail.

**Municipal Market Risks.** The municipal market is a fragmented market that is very technically driven. There can be regional variations in economic conditions or supply-demand fundamentals. Municipals essentially cannot be shorted or be the subject of standard repurchase agreements, and any interest or other expenses incurred for their purchase cannot be deducted for U.S. federal income tax purposes. What is issued by municipalities must be held by beneficial owners for their interest to be treated as tax-exempt in the U.S. The municipal market is also still predominantly a retail buyer-driven market, which impacts supply-demand fundamentals for the market. This is particularly evident with fund flows into mutual funds, which in the past have been very sensitive to "headline" risk. For these reasons, it is subject to very different supply-demand fundamentals than those of the securities underlying the futures used in the overlay's interest rate strategy. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Some bonds in the municipal market are insured by private companies. Changes in market conditions affecting the bonds insured, the availability of capacity of such private insurance companies to insure, or the downgrade or insolvency of any or all of such insurers could have a negative impact on the municipal market and performance. We rely on the issuer's counsel's tax opinions on the exemption of a security's interest income from federal taxation. At times, the tax-exempt nature of a municipal bond's interest income is challenged or denied by the Internal Revenue Service. Were this to occur, there could be a significant loss of value in that security.

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**Non-Diversification Risk.** If a high percentage of assets are invested in the securities of a limited number of issuers in the same or related economic sectors, a portfolio may be more susceptible to any single economic, technological, or regulatory occurrence than a diversified portfolio.

**Prepayment Risk.** Debt securities may be paid off early when the issuer of a debt security can repay the principal prior to a security's maturity. If interest rates are falling, the account may have to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in income.

**Tax Reform Risk on Municipals.** Municipal bonds are appealing to many investors, both retail and institutional, due to the federal (and state) tax preference on their interest income. Changes to the tax code could change the desirability and value of municipal bonds versus alternatives and hence the value of bonds. Of particular concern would be large changes in marginal income tax rates or the elimination of the tax preference for municipal interest income versus currently taxable interest income. Also, the failure or possible failure of such debt issuances to qualify for tax-exempt treatment in the U.S. may cause the prices of such municipal securities to decline.

**Tender Option Bonds Risk.** Investments in tender option bond transactions involve counterparty risk and leverage risk. An investment in a tender option bond transaction typically will involve greater risk than an investment in a municipal fixed rate security, including the risk of loss of principal. Distributions on TOB Residuals will bear an inverse relationship to short-term municipal security interest rates. Distributions on TOB Residuals paid will be reduced or, in the extreme, eliminated as short-term municipal interest rates rise and will increase when short-term municipal interest rates fall. TOB Residuals generally will underperform the market for fixed rate municipal securities in a rising interest rate environment. If an account invests in a TOB Trust on a recourse basis, it could suffer losses in excess of the value of its TOB Residuals.

**Turnover Risk.** A higher portfolio turnover for an account will result in higher transactional and brokerage costs.

**US Government Securities Risk.** U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. government and generally have negligible credit risk. Securities issued or guaranteed by federal agencies or authorities and U.S. government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. government. An account may be subject to such risk to the extent it invests in securities issued or guaranteed by federal agencies or authorities and U.S. government-sponsored instrumentalities or enterprises.

**Underlying Funds Risk.** Other investment companies including closed-end funds ("Underlying Funds") are subject to investment advisory and other expenses, which will be indirectly paid by an account. As a result, the cost of investing in the account will be higher than the cost of investing directly in the Underlying Funds and may be higher than other mutual funds that invest directly in securities. Each of the Underlying Funds is subject to its own specific risks.

## Item 9. Disciplinary Information

Not applicable.

## Item 10. Other Financial Industry Activities and Affiliations

We are under common control with Roosevelt & Cross, Inc. ("RCI"), which is registered as a broker-dealer with FINRA and the U.S. Securities and Exchange Commission. Currently, we will solely act as sub-adviser

to the Adviser, and all Fund transactions are anticipated to be effected through non-affiliate executing broker-dealers.

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other accounts. More specifically, portfolio managers who manage multiple funds are presented with the following potential conflicts.

The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. The management of multiple funds and accounts also may give rise to potential conflicts of interest if the funds and accounts have different objectives, benchmarks, time horizons, and fees, as the portfolio manager must allocate his time and investment ideas across multiple funds and accounts.

- With respect to securities transactions for the Fund, we or the Adviser determine which broker to use to execute each order, consistent with the duty to seek best execution of the transaction. The portfolio manager may execute transactions for one fund or account that may adversely impact the value of securities held by another account. Securities selected for some accounts may outperform the securities selected for other accounts.
- The management of personal accounts may give rise to potential conflicts of interest. One of our numerous responsibilities is to assist in the sale of Fund shares. Because a portion of our compensation is indirectly linked to the sale of Fund shares, we may have an incentive to devote time to marketing efforts designed to increase sales of Fund shares.
- The management of our personal accounts may give rise to potential conflicts of interest.

We have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

## **Item 11. Code of Ethics**

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

We have adopted policies and procedures designed to detect and prevent insider trading. In addition, we have adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of our advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by our Chief Compliance Officer. Upon written request from a client, we will send to the client a copy of our Code.

We have policies and procedures in place to ensure that the interests of our clients are given preference over us, our affiliates and employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

We, our affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans may purchase the same securities as are purchased for clients in accordance with our Code policies



and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which RCIA specifically prohibits. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow our procedures when purchasing or selling the same securities purchased or sold for the client.

## **C. Client Securities Recommendations and Concurrent Firm Securities Transactions and Conflicts of Interest**

RCIA, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other RCIA-advised funds or clients. We will make a reasonable attempt to trade securities in client accounts prior to trading the securities in our affiliate, corporate, employee or employee-related accounts. It is our policy to place the clients' interests above those of RCIA and its employees.

## **Item 12. Brokerage Practices**

### **A. Soft Dollar Arrangements**

We may utilize soft dollar arrangements and direct brokerage transactions to executing brokers for research and brokerage services in compliance with the safe harbor provisions of Investment Company Act Rule 22e.

### **B. Trading Practices**

We seek "best execution" for all portfolio transactions. This means that we seek the most favorable price and execution available. An account may not always pay the lowest commission or spread available; rather, in determining the amount of commissions (including certain dealer spreads) paid in connection

with securities transactions, we take into account factors such as size of the order, difficulty of execution, efficiency of the executing broker's facilities (including the research services described below) and any risk assumed by the executing broker. We may also utilize a broker and pay a slightly higher commission if, for example, the broker has specific expertise in a particular type of transaction (due to factors such as size or difficulty) or is efficient in trade execution.

We may also give consideration to brokerage and research services furnished by brokers to us and may cause an account to pay these brokers a higher amount of commission than may be charged by other brokers. Research is designed to augment our own internal research and investment strategy capabilities. This research may include reports that are common in the industry, such as industry research reports and periodicals, quotation systems, software for portfolio management and formal databases. Typically, the research will be used to service all of our accounts, although a particular client may not benefit from all the research received on each occasion. Our fees are not reduced by reason of our receipt of research services. Since most of our brokerage commissions for research are for economic research on specific companies or industries, and since we follow a limited number of securities, most of the commission dollars spent for industry and stock research directly benefit our clients.

We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. We will follow a process in an attempt to ensure that we are seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include:

- the financial strength, reputation and stability of the broker
- the efficiency with which the transaction is effected
- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- the availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- the efficiency of error resolution, clearance and settlement
- block trading and positioning capabilities
- performance measurement
- online access to computerized data regarding customer accounts
- availability, comprehensiveness, and frequency of brokerage and research services
- commission rates
- the economic benefit to the client
- related matters involved in the receipt of brokerage services

We place orders for the purchase and sale of securities with broker-dealers selected by us in our discretion. We do not have any obligation to deal with a specific broker or dealer in the execution of portfolio transactions. Allocations of transactions to brokers and dealers and the frequency of transactions are determined by RCIA in its best judgment and in a manner deemed to be in the best interest of the account, rather than by any formula.

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

Our portfolio managers review the securities activity for accounts daily to ensure that investments are made in conformity with the account's investment objective and investment strategies, and that all activity is in compliance with the account's offering documents.

We may perform ad hoc reviews on an as-needed basis if there have been material changes in an account's investment objectives or investment strategies or in the event of unstable markets.

We provide reports to account holders on a quarterly basis. Such reports include investment performance and information on operational and compliance-related matters.

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

Not applicable.

### **Item 15. Custody**

Fund assets are maintained at independent custodians, as described in the Prospectus. We do not have custody of any client funds or securities.

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

The Adviser granted us a limited power of attorney under which we will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the amount of commissions to be paid, and the executing broker to be used under the investment guidelines described in the Prospectus.

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

The Fund's Board of Trustees (the "Board") has delegated the responsibility for decisions regarding proxy voting for securities to us. We will vote such proxies in accordance with our proxy policies and procedures. In some instances, we may be asked to cast a proxy vote that presents a conflict between our interests and the interests of the Fund's shareholders. In such a case, we abstain from making a voting decision and forward all necessary proxy voting materials to the Board to enable it to make a voting decision. When the Board is required to make a proxy voting decision, only the Board's trustees without a conflict of interest with regard to the security in question or the matter to be voted upon are permitted to participate in the decision of how the Fund's vote will be cast.

Any client may request information on how we voted proxies, as well as a copy of our proxy voting policies and procedures by sending a written request to Roberto Roffo at One Exchange Plaza, 55 Broadway, New York, NY 10006 or by sending an email to Roberto Roffo at [rroffo@r-cia.com](mailto:rroffo@r-cia.com)

## Item 18. Financial Disclosures

Not applicable.