

# **Mutual Trust Asset Management, Inc.**

## **Form ADV Part 2A Item 1 – Cover Page**

**Headquarters/Branch Office  
2701 N Rocky Point Drive,  
Suite 1000  
Tampa, FL 33607  
(813) 264-0440**

**October 2024**

This brochure provides information about the qualifications and business practices of Mutual Trust Asset Management ("MTAM"). If you have any questions about the contents of this brochure, please contact us at 813-605-0902, or by email at: [srahmouni@calton.com](mailto:srahmouni@calton.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MTAM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The firm's IARD # is 121364.

### ITEM 3 – TABLE OF CONTENTS

DESCRIPTION	PAGE NUMBER
ITEM 1 COVER PAGE	1
ITEM 2 MATERIAL CHANGES	2
ITEM 3 TABLE OF CONTENTS	3
ITEM 4 ADVISORY BUSINESS	4
ITEM 5 FEES AND COMPENSATION	5
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7 TYPES OF CLIENTS	9
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS	9
ITEM 9 DISCIPLINARY INFORMATION	12
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	12
ITEM 11 CODE OF ETHICS	14
ITEM 12 BROKERAGE PRACTICES	14
ITEM 13 REVIEW OF ACCOUNTS	16
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	16
ITEM 15 CUSTODY	16
ITEM 16 INVESTMENT DISCRETION	17
ITEM 17 VOTING CLIENT SECURITIES	17
ITEM 18 FINANCIAL INFORMATION	17

## ITEM 2 Material Changes

### Annual Update

Regulatory rules require that we provide a summary of any material changes to this Brochure and any subsequent Brochures within 90 days of the close of our business's fiscal year. In addition, we will provide other ongoing disclosure information about material changes or an updated brochure when necessary.

### Material Changes since the last update

As of 10/02/2024, an amendment to the Form ADV Part 2A was filed regarding the following changes:

1. Mutual Trust Asset Management, Inc. ("The Company") was purchased by Calton & Associates, Inc. ("Calton"), a broker-dealer and investment adviser. Calton is affiliated with PeakShares LLC, ("PeakShares") a registered investment adviser through common control and ownership. Certain registered representatives of Calton will be registered as investment adviser representatives of PeakShares LLC. PeakShares LLC acts as the investment adviser to a publicly traded registered investment company under the Investment Company Act of 1940, PeakShares Sector Rotation ETF ("ETF"). Certain related persons of Calton, including owners, officers, and/or investment adviser representatives, also serve in the same or a similar capacity for the ETF. The compensation of these related persons may be based, in part, upon the profitability of the ETF. Where appropriate, The Company and/or Calton will exercise our discretionary authority and without further approval from you, we may invest a percentage of your assets in PeakShares Sector Rotation ETF. This creates a conflict of interest because we will receive compensation as your investment adviser and these related persons will be compensated as a result of PeakShares LLC acting as the investment adviser to the ETF. Additionally, related persons of our firm and Calton may buy or sell, for their personal account(s), investment products identical to those purchased by the ETF. This practice may create a conflict of interest because they have the ability to trade ahead of the ETF and potentially receive more favorable prices than the ETF will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor these related persons shall have priority over the ETF in the purchase or sale of securities.

### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please call us at 813-605-0902, or by email at: [srahmouni@calton.com](mailto:srahmouni@calton.com).

### ITEM 3 TABLE OF CONTENTS

<u>DESCRIPTION</u>	<u>PAGE NUMBER</u>
<u>ITEM 1 COVER PAGE</u>	<u>1</u>
<u>ITEM 2 MATERIAL CHANGES</u>	<u>2</u>
<u>ITEM 3 TABLE OF CONTENTS</u>	<u>3</u>
<u>ITEM 4 ADVISORY BUSINESS</u>	<u>4</u>
<u>ITEM 5 FEES AND COMPENSATION</u>	<u>5</u>
<u>ITEM 6 PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT</u>	<u>8</u>
<u>ITEM 7 TYPES OF CLIENTS</u>	<u>8</u>
<u>ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES &amp; RISK OF LOSS</u>	<u>9</u>
<u>ITEM 9 DISCIPLINARY INFORMATION</u>	<u>12</u>
<u>ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS</u>	<u>12</u>
<u>ITEM 11 CODE OF ETHICS</u>	<u>13</u>
<u>ITEM 12 BROKERAGE PRACTICES</u>	<u>14</u>
<u>ITEM 13 REVIEW OF ACCOUNTS</u>	<u>15</u>
<u>ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION</u>	<u>16</u>
<u>ITEM 15 CUSTODY</u>	<u>16</u>
<u>ITEM 16 INVESTMENT DISCRETION</u>	<u>17</u>
<u>ITEM 17 VOTING CLIENT SECURITIES</u>	<u>18</u>
<u>ITEM 18 FINANCIAL INFORMATION</u>	<u>18</u>

## ITEM 4 ADVISORY BUSINESS

### Firm Description

MTAM is an independent investment advisory firm that provides investment management and financial planning services.

Assets under management of MTAM are held primarily at Fidelity Brokerage, Schwab, and Hilltop Securities. While clients often provide us with discretionary authority to manage their accounts, the fact that their accounts remain in their names means clients retain access and control over their accounts at all times.

### Principal Owner

As of October 2024, MTAM became a wholly owned subsidiary of Claton & Associates, Inc., a broker dealer and SEC registered investment adviser.

Please refer to the rest of this Form ADV and specifically Item 12 regarding specific conflicts of interest related to the affiliated relationship and how it will affect you.

### Types of Advisory Services

MTAM provides investing services to individuals, families, and their related entities, trusts and estates, retirement plans, charitable organizations, and small businesses. MTAM provides two types of services, Investment Advisory & Financial Planning:

#### Investment Advisory Services:

MTAM provides investment management services, which entails management of accounts, the purchase and sale of individual securities, and the selection and dismissal of sub-advisors, by the principals of the firm. Investment advisory services start with the evaluation and assessment of the client's financial position and tolerance for risk. After a review of a client's

personal data, an investment strategy is developed, and specific investments are recommended. The strategy is then implemented on a discretionary basis. Investment portfolios and strategies are reviewed periodically. MTAM may recommend outside money managers.

MTAM will have the discretion to hire and dismiss sub-advisors.

#### Financial Planning:

When performing financial planning services, MTAM works with clients to define financial objectives and develop strategies for reaching those objectives. Where appropriate, these strategies will be implemented over a period of time. Strategies could include wealth accumulation, investment planning, retirement planning, distribution planning, college funding planning, risk management analysis, income tax and estate planning implications, cash flow and debt management, and company benefit plan optimization. A portion of the fees for such planning is charged in advance, with the balance due upon completion. Should recommendations from such plans include insurance or brokerage services, representatives earn commissions, if the representative is securities and/or insurance licensed. Earning commissions causes a conflict of interest; we seek to remediate, mitigate, and disclose all such conflicts of interest.

We have an inherent conflict of interest whenever we provide Financial Planning services to a client that also has retained our Investment Advisory services or our brokerage services, via our affiliated broker. It could be in our interest not to recommend paying down debt that would directly reduce the Assets Under Management that we manage and charge a percentage fee for, or on products we recommend and earn a commission for. We mitigate this conflict by providing an overall plan suitable and in the best interest of the client.

Whenever we provide Financial Planning Services, we shall:

1. Document the scope of work in an agreement.

Formatted: Indent: Left: 0"

2. Prepare a questionnaire to understand the client's needs.
3. Conduct a reasonable level of due diligence when referring other professionals to the Financial planning client.
4. Disclosure any and all compensation methods we shall receive.
5. Conduct reasonable due diligence when recommending or using technologies when providing professional CFP® services to a client.
6. Periodically monitor the CFP Board's Code of Ethics and Standard of Conduct

Whenever MTAM makes a recommendation for the Financial Planning client to utilize the services of a third-party as mentioned above, MTAM shall:

- Have a reasonable basis for the recommendation or Engagement based on the person's reputation, experience, and qualifications.
- Disclose to the Client, at the time of the recommendation or prior to the Engagement, any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to the CFP® professional, the CFP® Professional's Firm, or a Related Party for the recommendation or Engagement; and
- When engaging a person to provide services for a Client, exercise reasonable care to protect the Client's interests.

When selecting or using and recommending technology MTAM shall document the due-diligence process which will include:

- Exercising reasonable care and judgment when selecting, using, or recommending any software, digital advice tool, or other technology while providing Professional Services to a Client.
- Having a reasonable level of understanding of the assumptions and

outcomes of the technology employed.

- Having a reasonable basis for believing that the technology produces reliable, objective, and appropriate outcomes.

The CFP® professionals of MTAM will also review the complete CFP Board Code of Ethics and Standards of Conduct and the Practice Standards to ensure proper implementation within the firm.

#### **Tailored Relationships**

At MTAM, advisory services are tailored to the individual needs of clients. Client goals and objectives are clarified in meetings and via correspondence and are used to determine the course of action for each individual client. The goals and objectives for each client are documented in client files. In some cases, clients have the ability to impose restrictions on investing in certain securities or types of securities.

For additional information on the Fees for the services described above, please see Item 5 Fees and Compensation below.

#### **Assets Under Management**

As of December 31, 2023, MTAM managed approximately \$241,372,086 in assets under management for 1915 accounts, all of which are managed on a discretionary basis.

### **ITEM 5 FEES AND COMPENSATION**

#### **Description**

Mutual Trust Asset Management's compensation comes from three sources, Investment Management Fees, Performance-Based Fees, and Financial Planning services. Each client's fees are outlined in their fee schedule. The following is the general structure for our fees. We reserve the right to modify the fee structure that could be different from what is listed below. The specific fee structure for each client will be outlined in their fee agreement.

#### **Investment Management Fees**

Annual fees are calculated as a percentage of

assets under management, which includes accrued interest where applicable. Fees are negotiable based on the client's circumstances and requirements and range from 1% to 2.5%, depending upon the services rendered. All fees are payable at the end of each quarter on the ending balance of assets under management for that previous quarter. The clients will authorize MTAM to deduct the fees directly from their custodial account. These services can possibly be found elsewhere at a lower cost. If client cancels the services of firm within five (5) business days of contracting with MTAM for investment management services or if client cancels the services of MTAM before five (5) business days from the start of a new quarter, no fees will be charged to the client. If client cancels the services of MTAM after five (5) business days from after contracting for services or after the beginning of a new quarter, the firm will deduct directly from the client account a pro-rata amount. The pro-rata amount will be based upon the amount of days the client's account was managed for the quarter and the value of the client account on the date of termination. When sub-advisors are used, the client will pay a portion of the fee to both MTAM and the Sub-Advisor. MTAM will direct debit our fees, and the Sub-Advisor will direct debit their fee through an advisory platform. The specific way in which fees will be deducted will be outlined in the client's agreement. Upon termination of the Sub-Advisor, any prorated amount and/or termination fees earned by the sub-advisors will be direct debit from the client's account. In addition to fees charged by MTAM, clients will be assessed transaction charges by the brokerage or custodian where the client's account is maintained. For a further discussion on brokerages, please see the section of this document entitled Brokerage Practices on page ten (10) of this document.

#### **Performance-Based Fees**

MTAM may charge side-by-side management or performance-based fees to certain clients under the terms of the Investment Advisory Agreement. Generally, clients having a net worth greater than \$2,200,000 or clients where MTAM manages at

least \$1,100,000 in assets upon account opening may be charged performance-based fees under the terms of the Investment Advisory Agreement.

Performance-based fees are investment advisory fees that are charged based on a share of capital gains or capital appreciation of a client's account. The fixed portion of the investment advisory fee will not exceed 25% of the account balance payable quarterly in advance. The performance investment advisory fee is generally equal to a maximum of 10% of the net increase in the account value (adjusted for additional investments, redemption and other non-performance related changes) for the preceding month (or portion thereof if less than a month). In general, Performance-based investment advisory fees are calculated and charged quarterly in arrears. In certain instances, performance-based investment advisory fees are calculated monthly and charged quarterly in arrears, therefore an account may incur an investment advisory fee for a given month during a quarter even though the account value at the quarter-end may be below the account value at the beginning of the quarter. The client is provided with a detailed performance-based investment advisory fee calculation on a quarterly basis.

Investment advisory fees will be adjusted for deposits and withdrawals made during the 12-month period. In the event the client makes a complete withdrawal from the account on a date other than year-end, investment advisory fees will be due at the time of withdrawal. Refer to the Fees and Compensation section above for additional information on performance-based investment advisory fees.

MTAM manages accounts that are charged performance-based investment advisory fees while at the same time managing accounts that may also have similar objectives that are not charged performance-based investment advisory fees. Charging performance-based investment advisory fees and non-performance based investment advisory fees at the same time creates a conflict of interest, which is described in the following paragraphs.

Performance-based investment advisory fees

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

create an incentive for MTAM to make recommendations for investments that may be considered having more risk or may be more speculative than would be the case without the performance-based fee arrangement.

Performance-based investment advisory fees may also create an incentive for MTAM and/or its IAR to overvalue investments which do not have a readily obtainable market value. In order to address this conflict, MTAM has adopted policies and procedures that require the firm to "fairly value" any investments, which do not have a readily obtainable market value. It may also cause MTAM to recommend accounts where it charges a performance-based fee over accounts that it does not charge a performance-based fee. MTAM may have an incentive to allocate certain securities, such as initial public offerings to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this conflict of interest, MTAM has adopted policies and procedures that require the firm to allocate securities to clients' accounts without regard to whether the account pays performance-based versus asset-based investment advisory fees.

Mutual Trust Asset Management, Inc. can negotiate performance-based fees for Qualified Clients. Because MTAM offers Performance-Based Fees to Qualified Clients, as well as asset-based fees to individual investors, the Adviser is

deemed to utilize side-by-side management. A client is considered qualified if he falls under the definition of Rule 205-3 under the Advisor Act, as amended on February 15, 2012.

This represents conflicts due to the firm: 1) Choosing better performing assets for the performance-based fee accounts vs. asset-based fee accounts. The Adviser's Code of Ethics and internal procedures require the allocation of products to client accounts to treat the interest of all clients equally. Accounts are reviewed on a regular basis to ensure compliance with the Code of Ethics and allocation policies, and 2) Performance-based compensation creates an incentive to recommend an investment that carries a higher degree of risk to the client. The Adviser's Code of Ethics and internal procedures require all investment recommendations to be appropriate based on the client's investment objectives and risk tolerance.

Performance-based fees are done on a negotiated basis, and subject to a loss carry forward. Fees will be assessed quarterly in arrears and based upon the value the client account has appreciated and by the income that the account has produced. The fees will be as follows:

Zero percent quarterly management fee plus 30% of quarterly account profit in excess of the ten-year treasury yield at the beginning of the quarter, subject to a loss carry forward. To provide clarity, the ten-year quarterly yield will be sent to the client at the beginning of the quarter. These services may be found elsewhere at a lower cost. If client cancels the services of firm within five (5) business days of contracting with MTAM for investment management services or if client cancels the services of MTAM before five (5) business days from the start of a new quarter, no fees will be charged to the client. If the client cancels the services of the firm before the quarter-end, we will deduct directly from the client account a pro-rata amount, which is subject to a loss carried forward. The pro-rata amount will be based on the amount of days the client's account was managed for the quarter and the

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

**Commented [RS1]:** We need to make this highlighted section the same as ours. I don't know if there are legacy clients in this arrangement. If there are, we need to discuss.



value of the client account on the date of termination, subject to a loss carry forward. If sub-advisors are being used, the firm will deduct directly from the client account, the pro rata amount due to the sub-advisor(s). In addition to fees charged by MTAM, clients can be assessed transaction charges by the brokerage or custodian where the client's account is maintained. For a further discussion on brokerages, please see Item 12 Brokerage Practices below.

1% quarterly management fee plus 20% of quarterly account profit in excess of the ten-year treasury yield at the beginning of the quarter, subject to a loss carry forward. To provide clarity, the ten-year quarterly yield will be sent to the client at the beginning of the quarter. If client cancels the services of firm within five (5) business days of contracting with MTAM for investment management services or if client cancels the services of MTAM before five (5) business days from the start of a new quarter, no fees will be charged client. If the client cancels the services of the firm before the quarter end, the firm will deduct directly from the client account a pro rata amount, which is subject to a loss carryforward. The pro rata amount will be based upon the amount of days the client's account was managed for the quarter and the value of the client account on the date of termination, subject to a loss carry forward. If sub-advisors are being used, the firm will deduct directly from the client account, the pro rata amount due to the sub-advisor(s). In addition to fees charged by MTAM, clients can be assessed transaction charges by the brokerage or custodian where the clients' account(s) is maintained. For a further discussion on brokerages, please see Item 12 Brokerage Practices below.

#### Financial Planning Fees

Financial planning services can be included as part of the investment management arrangement or are billed on an hourly basis, a flat fee basis, or a fixed period payment (retainer). Hourly rate billing is normally utilized when a client has requested a review or analysis of a specific project or situation; an example

might be reviewing financing options for a business venture. Hourly rates are negotiable. The number of hours for a financial planning engagement varies depending on the complexity of the client's situation and needs. A deposit must be made before work begins, and the rest due upon completion. If financial planning services are canceled within five (5) business days of contracting for such services, the retainer will be returned. If financial planning services are canceled after five business days, of contracting for such services, the retainer will be returned to the client less, any documented expenses incurred by the firm on behalf of the client, if any, and less an hourly fee of not less than contracted hourly rate specified on the firm's contract with the client. If the firm has put more time into a financial planning project, in excess of the retainer, the client will be billed for any balance due.

#### Fee Billing

Investment management fees are computed and billed on a calendar quarter in arrears, based on the value of the account at the end of the quarter, including accrued interest where applicable.

Hourly fees for financial planning services: A retainer will be deposited in advance, with the balance due upon completion. Hourly fees are negotiable and range between \$50 to \$500 per hour. Clients can pay us by check for Financial Planning Services. These services can be found elsewhere at lower fees. If financial planning services are canceled within five (5) business days of contracting for such services, the retainer will be returned. If financial planning services are canceled after five business days, of contracting for such services, the retainer will be returned to the client less, any documented expenses incurred by the firm on behalf of the client, if any, and less an hourly fee of not less than contracted hourly rate specified on the firm's contract with the client. If the firm has put more time into a financial planning project, in excess of the retainer, the client will be billed for any balance due.

Formatted: Justified, Indent: Left: 0.18", Right: 0.03", Space Before: 0 pt

#### **Other fees**

Mutual funds and exchange-traded funds generally charge a management fee for their services as investment managers. The management fee is calculated in what is called their "expense ratio." Mutual fund fees also include transaction charges for the purchase or sale of securities within the fund and charge other fees as disclosed in the fund prospectus. These fees are in addition to the fees paid by the client to MTAM. MTAM fees cover investment consulting and oversight (with respect to asset allocation, mutual fund selection monitoring, etc.) while the mutual fund's management fee covers the selection and acquisition of individual securities for the mutual fund. Mutual fund fees are taken from the mutual fund's net asset value directly by the mutual fund's management and, as a result, are reflected in the fund's published returns data.

Custodians charge transaction fees on purchases or sales of certain mutual funds, stocks, bonds, and exchange-traded funds. These transaction charges are usually relatively small and are incidental to the purchase or sale of a security. In some cases, custodians also charge monthly, quarterly, or annual custody fees. Fees for custody are disclosed to clients when this type of arrangement is recommended. For further discussion, please see Item 12 Brokerage Practices.

The registered representatives of the affiliated Broker-Dealer firm, Calton & Associates, Inc., will receive commissions from certain recommendations made to you. Please see [Compensation for Sales of Investment Products](#) in Item 5 Fees and Compensation for more information.

#### **Prepaid fees**

MTAM does not charge prepaid fees for assets under our management. MTAM can charge prepaid fees for financial planning services. If financial planning services are canceled within five (5) business days of contracting for such services, the retainer will be returned. If financial planning services are canceled after five business

days, of contracting for such services, the retainer will be considered earned by the firm and not returned to the client. If the firm has put more time into a financial planning project, in excess of the retainer, the client will be billed for any balance due.

#### **Termination**

Clients can terminate their relationship with the firm in writing, verbally, or by other means, such as by initiating a change in Investment Management authorization at their custodian. Clients terminating their accounts should seek a confirmation of receipt of termination from us to ensure the communication was received by us. Please see our contact information on the Cover Page. Please refer to Item 5 Fees and Compensation regarding the manner in which your account will be charged upon termination.

#### **Compensation for Sales of Investment Products**

MTAM is compensated by fees paid directly by clients. In addition, if recommendations from financial planning include insurance or brokerage services, representatives earn commissions, if the representative is securities and/or insurance licensed. Earning commissions is a conflict of interest; we seek to remediate, mitigate, and disclose all such conflicts of interest. We utilize questionnaires, objectives, and client interviews to determine our recommendations are being made in the best interest of the client.

#### **ITEM 6 PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT**

MTAM charges performance-based fees. Please refer to Item 5 Fees and Compensations section *Performance based Fees* for more detail.

MTAM charges performance-based fees that are based on a share account appreciation of a client's account. Representatives of MTAM manage accounts that charge a performance-based fee and accounts that are charged an asset-based fee. Conflicts exist when representatives of MTAM manage the above-described accounts at the same time. Representatives of MTAM have an

incentive to favor accounts for which they receive performance-based fees. MTAM seeks to mitigate this conflict by requiring that all recommendations are placed in the interest of the client first. The CEO or their designee shall review accounts on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies.

#### ITEM 7 TYPES OF CLIENTS

MTAM provides services to individuals, families, trusts and estates, retirement plans, charitable organizations, and small businesses. Client relationships vary in scope and length of service.

MTAM generally requires a minimum of \$100,000 in assets under management for investment management. We reserve the right to waive the minimum on a case-by-case basis.

#### ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

##### Methods of Analysis

Security analysis methods at MTAM include fundamental analysis and technical analysis. The main sources of information include Bloomberg & Morningstar reports and research, fund prospectuses, Standard & Poor's reports, financial newspapers and magazines, market and fund webcasts and written commentary, research materials prepared by others, company press releases and annual reports. Employees of MTAM also attend conference calls, industry conferences, and meetings with investment company representatives.

##### Investment Strategies

The investment strategy for a specific client is based upon the objectives, income needs, and tax situation stated by the client during consultations. Based on the discussions with the client, we arrive at a broad asset allocation weighting for the client general securities, exchange traded funds, mutual funds, government securities, REMIC's, REIT's, master general limited partnerships, structured

products, and exchange-listed options. Each client portfolio is constructed solely for that client.

An investment strategy MTAM uses is strategic asset allocation. This strategy is based on Modern Portfolio Theory. It consists of allocation portions of a client's portfolio to various asset classes in order to develop an optimal portfolio to meet a client's financial objectives. We believe an optimal portfolio is the asset allocation, which given the client constraints, is intended to meet specified return objectives with minimum risk or volatility. In our view, a secondary but important strategy is tactical asset allocation, whereby we may slightly overweight or underweight asset classes based on valuations, sentiment, and anticipation of movements in the financial markets. We will normally combine these two strategies when managing client accounts. This also includes adding exposure to other minor asset classes (for example, gold or real estate) to attempt to take advantage of opportunities or to reduce risk.

Portfolios are generally globally diversified to minimize the risk or volatility associated with traditional markets. Where appropriate for the client MTAM will recommend unrelated, third party investment managers who have a greater expertise in certain disciplines. The types of investments MTAM generally utilizes include actively and passively managed mutual funds, exchange traded funds, stocks (US and Foreign), various types of bonds and certificates of deposit, and U.S. government securities.

##### Risk of Loss

All investment programs have certain risks that are borne by the investor. Risks include, but are not limited to a portion or complete loss of principal, interest rate risk, market risk, inflation risk, extension risk, prepayment risk, poor execution, poor or fraudulent accounting risk, adverse government legislation, currency risk, reinvestment risk, business risk, systematic risk, liquidity risk, and financial risk.

Cash Management Risks. The Firm can invest some of a client's assets temporarily in money market funds or other similar types of

investments, during which time an advisory account may be prevented from achieving its investment objective.

**Equity-Related Securities and Instruments.** The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization, and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

**Fixed Income Securities.** Fixed income securities are subject to the risk of the issuer's or guarantor's inability to meet the principal and interest payments on its obligations and to price volatility.

**Mutual Funds and ETFs.** An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF 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 and ETFs 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 can differ significantly from the NAV during periods of market volatility, which, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

**Market Risk.** Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of the firm's recommendations and/or investment decisions depends to a great extent upon correctly assessing the future course of price movements of stocks, bonds, and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that the firm will be able to predict these price movements accurately or capitalize on any such assumptions.

**Volatility Risks.** The prices and values of

investments can be highly volatile and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Interest Rate Risk. An increase in interest rates could depress the prices of bonds and other fixed income securities in a client's portfolio.

Event Risk. An adverse event affecting a specific company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The issuer could become unable to handle its debt service, or receive a downgraded credit rating by a rating agency.

Liquidity Risk. Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.

Political Risk. The events that occur in the home country of the foreign company may impact valuations. Events such as revolutions, nationalization, currency collapse, or other types of events can have a negative impact on the security.

Inflation Risk. Inflation is a general upward movement of prices, reducing your purchasing power, which is a risk for investors receiving a fixed rate of interest. The concern for individuals is that inflation will erode returns.

Derivative Risk. Investing and engaging in derivative instruments or derivative transactions such as options, commodity funds, and

commodity exchange traded funds "ETF's", may involve different types of risk and possibly greater levels of risk such as those listed below.

Leverage Risk. A derivative instrument or transaction may disproportionately increase an account's exposure to the market for the assets underlying the derivative position and the sensitivity of an account's portfolio to changes in market prices for those assets.

Counterparty Credit Risk. An account's ability to profit from a derivative contract depends on the ability and willingness of the other party to the contract "counterparty" to perform its obligations under the contract. If the counterparty to an over-the-counter contract fails to perform its obligations, an account may lose the benefit of the contract and may have difficulty reclaiming any collateral that an account may have deposited with the counterparty.

Lack of Correlation. The market value of a derivative position may correlate imperfectly with the market price of the asset underlying the derivative position. If a derivative position is being used to hedge against changes in the value of assets in an account, a lack of price correlation between the derivative position and the hedged asset may result in an account's assets being incompletely hedged or not completely offset price changes in the derivative position.

Illiquidity. Over-the-counter derivatives contracts are usually subject to restrictions on transfer, and there is generally no liquid market for these contracts. Although it is often possible to negotiate the termination of an over-the-counter contract or enter into an offsetting contract, a counterparty may be unable or unwilling to terminate a contract with an account, especially during times of market instability or disruption. The markets for many exchange-traded futures, options, and other instruments are quite liquid during normal market conditions, but this liquidity may disappear during times of market instability or disruption.

Less Accurate Valuation. The absence of a liquid market for over-the-counter derivatives increases the likelihood that the firm will be unable to correctly value these interests.

Tax Harvesting Risk. Efficient tax-loss harvesting is an important component of a customized portfolio approach. Tax harvesting is a strategy where an ETF or mutual fund is sold at a taxable loss and replaced with a security whose historical performance and expected future performance are similar, thereby having little impact on the overall strategic allocation, but capturing the tax loss. Because past performance is no indication of future performance, there is potential for the future performance of the replacement position to deviate from that of the initial holding. This type of strategy may also incur an increase in the frequency of trading and amount of transaction costs.

Real Estate Risk. REIT share prices may decline because of adverse developments affecting the real estate industry and real property values. In general, real estate values can be affected by a variety of factors, including supply and demand for properties, the economic health of the country or different regions, and the strength of specific industries that rent properties.

Margin Risk. Some of our investment strategies require that you maintain a margin account. Clients who purchase securities can pay for them in full or borrow part of the purchase price from the broker-dealer that holds his/her account. Clients generally use margin to leverage their investments and increase their purchasing power. At the same time, clients who trade securities on margin incur the potential for higher losses. We will discuss the risks of using margin with clients to determine if it is appropriate.

Cybersecurity. The technology systems of the firm and its respective service providers can be vulnerable to inadvertent or deliberate interruption and consequent damage from technical or human sources. In addition to

natural catastrophes, service/power outages, and network or telecommunications failures, security breaches and intrusion by unauthorized persons could result in damage, disruption, and theft of data, including investor information. The firm has implemented cybersecurity procedures meant to address these risks. Nevertheless, given the firm's fundamental dependence on technology, a cyber-attack or similar technology disruption could have a material adverse impact on Clients. Additionally, there are inherent limitations in cybersecurity policies and procedures and controls, including the possibility that certain risks have not been identified. The firm has conducted limited due diligence and risk assessments of third-party providers. However, the firm is not able to control the cybersecurity plans, breach notifications, incident response plans, and controls put in place by other services providers and/or the issuers in which the client invests. It is in the client's best interest to monitor all of his or her accounts on a regular basis and stay informed of cybersecurity best practices.

#### **ITEM 9 Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MTAM or the integrity of MTAM's management, MTAM, and its management personnel do not have any disciplinary history.

#### **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

##### **Arrangements with Affiliated Broker Dealer**

We are a wholly owned subsidiary of Calton & Associates, Inc., ("Calton") a securities broker-dealer and a member of FINRA and SIPC and a registered investment adviser. Persons providing investment advice on behalf of our firm are also registered representatives with Calton. In their separate capacity as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products.

Compensation earned by these persons in their capacities as registered representatives is separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. While we believe that commissions charged by Calton are competitive, such compensation may be higher than commissions or related fees charged by other firms providing the same or similar services. You are under no obligation to use Calton's services and may obtain comparable services and/or lower commissions or related fees through other firms. Refer to the *Fees and Compensation* section above for additional disclosures on this topic.

We are a wholly owned subsidiary of Calton who is affiliated with PeakShares LLC, ("PeakShares") a registered investment adviser through common control and ownership. Certain registered representatives of Calton will be registered as investment adviser representatives of PeakShares LLC. PeakShares LLC acts as the investment adviser to a publicly traded registered investment company under the Investment Company Act of 1940, PeakShares Sector Rotation ETF ("ETF"). Certain related persons of Calton, including owners, officers, and/or investment adviser representatives of our firm, also serve in the same or a similar capacity for the ETF. The compensation of these related persons may be based, in part, upon the profitability of the ETF. Where appropriate, MTAM and/or Calton will exercise our discretionary authority and without further approval from you, we may invest a percentage of your assets in PeakShares Sector Rotation ETF. This creates a conflict of interest because we will receive compensation as your investment adviser and these related persons will be compensated as a result of PeakShares LLC acting as the investment adviser to the ETF. Additionally, related persons of our firm and Calton may buy or sell, for their personal account(s), investment products identical to

those purchased by the ETF. This practice may create a conflict of interest because they have the ability to trade ahead of the ETF and potentially receive more favorable prices than the ETF will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor these related persons shall have priority over the ETF in the purchase or sale of securities.

#### **Corporate Insurance Agency and Licensed Insurance Agents**

In addition to being registered as a broker/dealer and investment adviser, Calton is also licensed as a corporate insurance agency in states in which it conducts insurance business. IARs may also be licensed as independent insurance agents and recommend insurance products from a variety of insurance companies. IARs will earn commission-based compensation from the sales of insurance products to clients. Insurance commissions earned by IARs are separate from the investment advisory fees charged by Calton and/or the IARs. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by insurance agents who are affiliated with Calton.

#### **Other Outside Business Activities**

Certain associated persons of our firm are also separately licensed as certified public accountants. Our advisory services are separate and distinct from the compensation paid for accounting services.

Some IARs own or are affiliated with independent Registered Investment Adviser ("RIA") firms outside of MTAM or our parent Calton. These firms are not affiliated with MTAM or Calton and their activities of are not supervised by MTAM or Calton. Typically, IARs that own or are affiliated with an independent RIA may offer and provide different investment advisory services and programs, including fee based financial planning services through the RIA. The investment advisory fees may be more or less than what MTAM or Calton charges. Investment advisory fees and financial planning services fees provided by the IAR through their own independent RIA are separate

and distinct from any fees paid to MTAM or Calton. Clients that engage an IAR through an independent RIA firm will receive a copy of the independent outside RIA firm's disclosure documents.

#### **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

##### **Code of Ethics**

MTAM has a Code of Ethics that is outlined in our company compliance manual. The complete Code of Ethics is available upon request. All employees are expected not only to comply with the code but also live up to the broader spirit of the code. The general principles of the code include putting our clients' interests first, avoiding circumstances where outside interests conflict with the interests of our clients, honest and ethical conduct, prompt internal reporting in the event of a violation, disclosure of personal securities holdings and transactions, and accountability for following the Code of Ethics. All client information is to be kept strictly confidential. All owners and employees are expected to act professionally and exercise diligence in their work. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

##### **Participation or Interest in Client Transactions**

MTAM and/or Calton & Associates, Inc., its owners/employees, will, at times, trade securities that are also held by clients. This represents a conflict of interest. MTAM Code of Ethics and internal policies require all recommendations place the interest of the client first. Accounts are reviewed on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies.

##### **Selecting Brokerage Firms**

MTAM currently executes trades through Calton & Associates, Inc. ("Calton"), an affiliated company. Hilltop Securities clears trades for Calton and serves as Custodian. Clients can use a Custodian or Insurance Company of their choice and have no obligation to utilize the custodian recommended by MTAM. However, the Adviser will retain the right not to accept the account. Clients will be assessed transaction charges by the brokerage or custodian, where the client's account is maintained.

The Custodian and/or Calton have their own fees and costs that will be assessed against the client account for transactions and other services. The Client will incur charges for other account services provided by the Custodian not directly related to the execution and clearing of transactions, including, but not limited to: IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities. These services may be found elsewhere for less money.

Calton may affect transactions from and to other client accounts. The firm may make recommendations to clients that the firm or the principal of the firm has positions in. The firm may buy and sell the same securities that it, or related parties, have positions in.

A conflict of interest exists because Calton is a related company to MTAM. MTAM seeks to mitigate the conflict by adhering to the Code of Ethics and internal policies, which require all recommendations to place the interest of the client first. The COO or their designee will review the accounts on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies.

##### **Soft Dollars**

Benefits are received from custodians or broker-dealers based on client securities transactions ("soft dollar benefits"). Custodians generally do not charge separately for custodial services but

#### **ITEM 12 BROKERAGE PRACTICES**



can be compensated by account holders through commissions and other transaction-related or asset-based fees for certain transactions that are executed through them or that settle into client accounts held there. Custodians also make available to MTAM other products and services that benefit MTAM and not benefit its clients' accounts. In evaluating whether to recommend or require that clients custody their assets at a particular custodian, MTAM will take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and note solely the nature, cost or quality of custody and brokerage services provided; this represents a conflict of interest. MTAM Code of Ethics and internal policies require all recommendations place the interest of the client first. The COO or their designee shall review accounts on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies.

MTAM can also benefit from other services provided by Calton and other custodians, such as:

- Provide access to client data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing, and other market data  
Facilitate payment of our fees from our client's accounts.
- Assist with back-office functions, recordkeeping, client reporting, educational conferences and events, consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession, access to employee benefits providers, human capital consultants, and insurance providers

Calton and other custodians provide some of these services themselves. This represents a conflict of interest. We seek to mitigate the conflict of interest with the internal policy of placing the interest of the client first. The COO or their designee shall review accounts on a regular basis to ensure compliance with the Code of Ethics and conflict of interest policies. In other cases, they will arrange for third-party vendors to provide the services to us. Calton or other custodians can discount or waive their fees for some of these services or pay all or a part of a third party's fees. The recommended custodians provide MTAM with access to their institutional trading and custody services, which are typically not available to retail brokerage customers. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them if they maintain a certain level of client assets with their brokerage institution. MTAM recommends custodians based upon factors relevant to the client's best interests and never on the total amount of assets MTAM has with the custodian. Calton and other custodians may also provide us with other benefits, such as occasional business entertainment for our personnel. This is a conflict of interest. We believe, however, that our selection of Calton as broker dealer is in the best interest of our clients. Calton may also allow us access to mutual funds and other investments that are otherwise generally available to only institutional investors, that would require a significantly higher minimum initial investment, funds that are closed but where we have grandfathered access to those funds, and to load-waived funds where they would normally have a sales charge for purchase.

#### **Directed Brokerage:**

MTAM shall generally use the brokerage services of its affiliated Broker-Dealer. Clients are able to direct us to transact their trades with another broker-dealer. However, although we will do what is in the best interest of the client, there may be inherent restrictions on our ability to obtain best execution when the client directs trades to another broker-dealer.

### ITEM 13 REVIEW OF ACCOUNTS

All investment advisory portfolio management accounts are monitored by the IAR assigned to the account either on an ongoing or periodic basis as agreed upon with the client. The IAR is required to meet with the client no less than annually. The client may request to meet with the IAR at any time. We have designated certain supervisors who are responsible for reviewing clients' accounts. The investment advisory account form is approved by a designated supervisor of MTAM. Designated supervisors will also review transactions in clients' account on an ongoing basis.

Clients will receive trade confirmations and monthly or quarterly statements from the clearing firm and/or custodian(s). Clients should carefully review their account statements. When clients have questions about their account statements, or if they have not received a statement from the custodian, they should contact us.

#### Diminished Capacity/Suspected Fraud

In the event the Advisor believes the client is acting in a state of diminished capacity or suspects a third party is fraudulently directing the client in such a way that would financially harm the client, the Advisor reserves the right not to transact an investment, withdrawal, or deposit. The Advisor will then report the incident to the proper authorities. Clients are encouraged to designate a trusted contact that the advisor can contact on the client's behalf in case of suspected diminished capacity or fraud.

### ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

#### Incoming Referrals

As disclosed under the Fees and Compensation section in this brochure, persons providing investment advice on behalf of our firm are registered representatives with Calton & Associates, Inc., a securities broker-dealer, and a

member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In addition, persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, and how we address these conflicts, refer to the Fees and Compensation section.

MTAM directly compensates non-employee (outside) consultants, individuals, and/or entities for soliciting clients to MTAM. In order to receive a solicitor's fee from MTAM, solicitors must comply with the requirements of the jurisdictions in which they operate. If the client was referred to MTAM by a Solicitor, the client is provided a copy of MTAM's Disclosure Brochure along with the Solicitor's Disclosure Statement at the time of the referral. If the client becomes a MTAM client, the Solicitor that referred the client to MTAM will generally receive a percentage of the investment advisory fee the client pays to MTAM for as long as the client maintains an account with MTAM or until such time as the agreement with the Solicitor terminates. The Solicitor may receive a one-time, flat referral fee when the client signs the Investment Advisory Agreement with MTAM. The client does not pay additional fees above MTAM's investment advisory fees from the Solicitor's referral arrangement. Referral fees paid to a Solicitor are contingent upon the client entering into an Investment Advisory Agreement with MTAM.

Therefore, MTAM and the Solicitor have a financial incentive to recommend the client use MTAM's investment advisory services. This creates a conflict of interest, but the client is not obligated to retain MTAM for investment advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. MTAM requires Solicitors to disclose to MTAM's client if the Solicitor has multiple referral relationships and if comparable services may be available from other advisers for lower fees and/or where the

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Formatted: Font: Not Bold

Solicitor's compensation may be less.

~~MTAM has been fortunate to receive many client referrals. The referrals have come from current clients, estate planning attorneys, accountants, employees, personal friends of employees, and other sources. The firm does not pay for referrals. Please refer to Item 4 Advisory Business, section Financial Planning for additional disclosures regarding referrals.~~

#### Referrals to Other Professionals

MTAM can recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents, etc.) at the request of the client. These professionals are engaged directly by the client on an as-needed basis, even when recommended by the firm. MTAM does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them or us.

#### ITEM 15 CUSTODY

##### Account Statements

All assets are held at qualified custodians, who provide account statements directly to clients at their address of record at least quarterly. Clients are encouraged to carefully review the statements provided by their custodians. MTAM never serves as a custodian of client assets.

##### Custody

Your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

##### Standing Letter of Authorization

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria. MTAM does not act as custodian of client assets, although we are considered to technically have "custody" over many client accounts held at independent custodians. This occurs when we have the authority to withdraw fees directly from a client's account held by an independent

Formatted: Font: Not Bold

Commented [RS2]: Make this same as ours.

Formatted: Body Text, Justified, Right: 0.16", Space Before: 0 pt

Formatted: Font: Not Bold

~~custodian. Fees are only deducted from clients' accounts if (1) clients have given us written authorization, (2) MTAM sends the client a fee explanation showing the calculations, and (3) clients receive an account statement from their custodian at least quarterly. MTAM can have custody of client funds for other reasons such as:~~

- ~~1. Acting as Trustee for the client~~
- ~~2. Having online access to the client's financial institution.~~
- ~~3. Having the ability to change the amount and frequency of money movements\*. (Annual Surprise exam is not required if certain conditions are met.)~~

~~MTAM does not have any custody arrangement requiring an annual surprise audit by a Public Company Accounting Oversight Board (PCAOB) CPA firm.~~

#### ITEM 16 INVESTMENT DISCRETION

##### Discretionary Authority for Trading

MTAM accepts discretionary authority to manage accounts on behalf of clients. When this occurs, we have the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold in a client's account. MTAM has the authority to decide the commissions to be paid to a broker or dealer for the client's securities transactions. Discretionary trading authority allows us to implement the investment strategy we have mutually agreed upon. However, if the discretionary authority or limited power of attorney has not been given, MTAM consults with the client prior to each trade.

When MTAM manages client accounts on a discretionary basis, it limits the discretionary authority by prohibiting its owners/employees from withdrawing funds and/or securities from client accounts. The one exception to this is the advisory fees that the client has agreed to have directly deducted from their account by MTAM. In addition, discretionary trading in the accounts is limited to general securities, exchange-traded funds, mutual funds, government securities, REMIC's, REIT's, master general limited

partnerships, structured products, and exchange-listed options.

Clients can impose restrictions on the trading done with MTAM's agreement. Such restrictions can limit MTAM's ability to meet the client's investment objectives.

Commented [RS3]: Delete / same as ours

##### Limited Power of Attorney

Clients must sign a limited power of attorney before MTAM is given discretionary authority. The limited power of attorney is included in the qualified custodian's account application for our main custodians as well as in our agreement for investment management. For accounts not held with Calton, clients can sign a separate limited power of attorney document giving discretionary authority to MTAM

#### ITEM 17 VOTING CLIENT SECURITIES

MTAM does not vote proxies on the client's behalf. Clients will receive proxies directly from the custodian, where the client account is established.

#### ITEM 18 FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide certain financial information or disclosures about our financial condition. MTAM is financially sound and is able to meet all contractual commitments to clients. MTAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.

We appreciate your business and look forward to serving your financial service needs.

~~Requirements for SEC Registered Advisers  
If a person rendering advice is not a Certified Financial Planner, he must have all transactions and / or accounts, approved by the firm's principal.~~

Commented [RS4]: Same as ours

