

**Mountain Capital Investment Advisors, Inc**  
**FORM ADV Part 2A**  
**Wrap Fee Program Brochure**

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October 1, 2018

This wrap fee program brochure provides information about the qualifications and business practices of Mountain Capital Investment Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (720) 221-5290. 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 Mountain Capital Investment Advisors, Inc, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **2. Material Changes**

Since the last annual update in March 2018, the following material changes have occurred:

- We now have \$210,000,000 in assets under management (AUM). See Item 4
- We now have an arrangement to pay Solicitors for referrals. See Item 9

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## **4. Services, Fees and Compensation**

### **Our Services**

Mountain Capital Investment Advisors Inc. (MCIA) is an investment advisor registered with the Colorado Division of Securities. We were formed in May 2011 and are privately co-owned by Brandt Burns and Michelle Burns. Brandt Burns is Manager, and Robert Loesch is Chief Compliance Officer of the firm.

We provide investment advisory services and financial planning primarily to individuals and their trusts, estates, and charitable organizations. Advice and recommendations are tailored to the individual needs of our clients through personal consultation, accounting for clients' risk tolerance, time horizon, liquidity needs, and other personalized factors. Clients may impose restrictions on investing in certain securities.

In addition to the wrap fee program described in this brochure, MCIA offers advisory services outside of this wrap fee program, described in a separate brochure. MCIA is both the sponsor and portfolio manager for this wrap fee program. There is no difference in how we manage accounts for our clients, whether in the wrap program or not. We receive advisory fees for both programs.

We have \$200m in assets under management on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2017.

### **Schwab's Brokerage Services**

In addition to the foregoing portfolio management and other services, the program includes the brokerage services of Charles Schwab & Co., Inc. ("Schwab") a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. We are independently owned and operated and not affiliated with Schwab. Schwab will act solely as a broker-dealer and not as an investment advisor to you. It will have no discretion over your account and will act solely on instructions it receives from us. Schwab has no responsibility for our services and undertakes no duty to you to monitor our management of your account or other services we provide to you. Schwab will hold your assets in a brokerage account and buy and sell securities and execute other transactions when we [or you] instruct them to. While we require that you use Schwab as custodian/broker to participate in our program, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to place your assets with Schwab, then we cannot manage your account in the program. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described below.

### **Our Wrap Fees**

Under this program, the fees for advisory services and the cost of trades are included in the wrap program fee. MCIA also has clients who do not participate in this wrap program. These non-wrap clients pay MCIA for advisory services while trading costs, paid to Schwab, come directly out of their investment account(s).

For wrap fee clients, our fee is 2.0% of the first \$1 million of all assets under management. For clients with more than \$1 million in assets under management, the fee is 1.4% on all assets above the

first \$1 million. Fees are negotiable. This program may cost more, or it may cost less, than if our advisory fee and transaction costs were charged separately.

Fees will be billed in advance on the first day of each quarter, based on the account balance on the last business day of the preceding quarter. We will send you a copy of the fee invoice at the same time we send it to the custodian. The custodian will send statements to you showing all disbursements from your investment account, including the amount of our fees; and will obtain your written authorization permitting us to be paid directly from your account held by the custodian.

Because our wrap fees are not tied to an account's frequency of trading and apply generally to all assets in the account, this fee arrangement is not appropriate for all accounts. For example, a wrap fee arrangement would not be appropriate for an account that holds primarily cash and cash equivalents, fixed income securities or no-transaction-fee mutual funds for a substantial period of time.

The Investment Advisory Agreement may be terminated by either us or you by submitting written notice. If we receive notice of termination within five (5) business days of the signing of the Investment Advisory Agreement, services will be terminated without penalty (*i.e.*, no fees are due). After the initial five (5) business days, fees will be due, based on the number of days of services provided prior to receipt of such notice. Termination of services will not affect the liabilities or obligations of the parties arising out of transactions initiated prior to termination. All written notices of termination under the Investment Advisory Agreement shall be delivered by hand, first class mail, e-mail, facsimile transmission, or by certified mail to the addresses set forth in the Investment Advisory Agreement.

### Fees We Pay Schwab

In addition to compensating us for our portfolio management, other investment advisory, and other services to you, the wrap fees you pay us also allow us to pay Schwab for the brokerage services it provides to you, as described above, which may include fees for trades made away from the custodian. The fees we pay Schwab consist primarily of transaction-based fees assessed on the total number of trades (including stocks, bonds, mutual funds, and cash) in all of our clients' accounts in our wrap fee program that are maintained at Schwab. The transaction-based fee does not exceed \$19.95 for equities and options, and \$49 for mutual funds and bonds in your account(s) at Schwab, along with the accounts of our other clients participating in this wrap fee program.

In addition to the transaction-based fee described above, we pay Schwab certain other fees that it would otherwise charge you. These fees may include (a) flat dollar per trade fees for Schwab's prime brokerage and trade away services (through which we can have trades for your account at Schwab executed by broker-dealers other than Schwab), (b) transaction-based fees imposed on Schwab by regulatory organizations and exchanges and fees to offset processing costs incurred by Schwab for the exchange of securities for equity, options, or other covered security sell transactions (sometimes referred to as Exchange Process Fees), and (c) short-term redemption fees on no-transaction-fee mutual funds (including, but not limited to, those available through Schwab's Mutual Fund OneSource®).

## Relative Cost of Our Wrap Fee Program to You

The program may cost you more or less than purchasing our investment advice and Schwab's brokerage services separately. The relative cost of our wrap fee program to you is influenced by various factors, including the cost of our investment advice and Schwab's brokerage services if you purchased them separately, the types of investments held in your account, and the frequency and size of trades we make for your account. For example, if the number of transactions in your account is low enough, the wrap fee you pay us may exceed the stand alone investment advisory fee and separate brokerage commissions and other transaction charges that you otherwise would have paid.

Our fees for stand-alone investment advisory services that are comparable to those we provide as part of the program are 1.5% of the first \$1 million of all assets under management. For clients with more than \$1 million in assets under management, the fee is .9% on all assets above the first \$1 million. These fees are negotiable.

The wrap fee we charge you will not be more than the fees we pay Schwab plus the stand alone investment advisory fee we would otherwise separately charge you (i.e., we don't mark up Schwab's fees).

## Additional Fees and Costs You May Pay

Our wrap fee does not cover the fees and costs listed below, which may apply to assets in your enrolled accounts to which our wrap fee also applies, and to transactions in your accounts.

- Commissions and other fees for services provided by broker-dealers other than Schwab for transactions executed or effected by or through them that settle into or from your account at Schwab such as through our use of Schwab's Prime Brokerage or Trade Away Services. You will be responsible for paying any commissions and other fees or compensation charged by broker-dealers other than Schwab. Because you will pay our wrap fee in addition to any commissions and/or other charges paid to broker-dealers other than Schwab who execute transactions for your account, we may have an incentive to execute transactions for your accounts through Schwab, and this incentive could, in some circumstances, conflict with our duty to seek best execution.
- Fees charged by mutual fund companies, unit investment trusts (UITs), closed-end funds and other collective investment vehicles, including, but not limited to, sales loads (a portion of which are paid to Schwab) and/or charges and short-term redemption fees.
- Markups and markdowns, bid-ask spreads, selling concessions and the like received by Schwab in connection with transactions it executes as principal by selling or buying securities to or from you for its own account. Principal transactions contrast with those in which Schwab acts as your agent in effecting trades between you and a third party. Schwab may make a profit or incur a loss on trades in which it acts as principal. Markups and markdowns and bid-ask spreads are not separate fees, but rather are reflected in the net price at which a trade order is executed.
- Transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, fees required by law, and any other fees or charges similar to those described above.

- Custody, trading and setup fees for alternative investments (such as non-standard assets, non-publicly traded limited partnership interests, foreign securities, non-marketable securities, etc.),

A complete list of Schwab's charges and fees is contained in the *Charles Schwab Pricing Guide*, which you will receive promptly following the opening of your account with Schwab.

### **Additional Compensation We Receive**

We may receive more compensation from your participation in our wrap fee program than if you purchased our investment advisory services and Schwab's (or another broker/custodian's) services separately. As described below, Schwab makes other products and services available to us (see Item 9, "Other Products and Services Available to Us from Schwab"). Consequently, we may have an incentive to recommend that you participate in our wrap fee program and open your account with Schwab. That incentive may be based on our interest in receiving the products and services rather than based on your interest in having the most appropriate fee arrangement for our investment advisory services and the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our recommendation of our wrap fee program, including the use of Schwab as custodian and broker, is in the best interests of those of clients to whom we recommend it based on (a) an assessment of their investment objectives, financial situation, our investment plans and anticipated trading activity in their accounts and all other relevant factors, and (b) the scope, quality and price of Schwab's services, and not based on Schwab's payment for third party services that benefit only us. We have adopted policies and procedures designed to ensure, at account opening and thereafter, that our wrap fee program and our use of Schwab's services is appropriate for each of our clients.

## **5. Account Requirements and Types of Clients**

We provide investment advisory services and financial planning primarily to individuals and their trusts, estates, and charitable organizations. We generally require a minimum of \$500,000 in assets under management.

## **6. Portfolio Manager Selection and Evaluation**

For participants in this wrap fee program, your portfolio manager is the same as for our clients not participating in this program. All client portfolios are managed using portfolio models.

We provide performance of client portfolios as calculated by Schwab Portfolio Center. Performance information is available to clients through our online client portal. We do not calculate performance ourselves, but rely on Schwab's calculations, in order to ensure uniformity and consistency.

### **Our Advisory Business**

We provide investment advisory services and financial planning primarily to individuals and their trusts, estates, and charitable organizations. Advice and recommendations are tailored to the individual needs of our clients. Clients may impose restrictions on investing in certain securities.

Mountain Capital Investment Advisors manages all of our client portfolios internally, and applies the same portfolio management criteria to all client accounts, adjusting for each individual client's profile. As discussed under "Services, Fees, and Compensation," an advisory representative may receive higher compensation for clients under this program if the client's transaction costs are less than the higher amount of the fee for the wrap program. This represents a conflict of interest, because the representative may have a financial incentive to recommend this wrap program and/or minimize transactions in the client account, since the cost of transactions decreases the representative's net compensation. We mitigate this conflict of interest by managing all client portfolios in the same manner, without regard to transaction costs, and by the fact that Mountain Capital has a fiduciary duty to all clients and is required by regulation to put client interests ahead of its own.

### Performance-Based Fees and Side-By-Side Management

MCIA does not receive, accept, or charge any performance-based fees.

### Methods of Analysis, Investment Strategies, and Risk of Loss

Our security analysis method is fundamental and technical. Our main sources of information are research materials from research firms, corporate rating services, financial publications, annual reports, prospectuses, filings with the Securities and Exchange Commission and company press releases to conduct our analysis. We advise on a number of different types of investments, including exchange listed securities, securities traded over the counter, foreign issuers, warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, variable life insurance, variable annuities, mutual fund shares, United State government securities, option contracts on securities and commodities, and interest in partnerships investing in real estate and oil and gas. We also advise qualified clients regarding private placement offerings.

Our investment strategy is to purchase investments for both the long and short term based on asset allocation appropriate for each client. Short term purchases and frequent trading may result in increased brokerage fees and increased trading costs and taxes. We also conduct option trading for appropriate clients. Option trading involves a risk of losing an entire investment in a short amount of time so is not appropriate for all investors.

**Investing in any security involves risk which clients must be prepared to bear, including loss of principal invested.**

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control



regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Options:** Transactions in options carry a high degree of risk. A relatively small market movement will have a proportionately larger impact, which may work for or against the investor. The placing of certain orders, which are intended to limit losses to certain amounts, may not be effective because market conditions may make it impossible to execute such orders. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

### **Voting Client Securities**

Clients may select when opening an account with Schwab, whether the client or Mountain Capital will vote proxies for the client's securities. If the client chooses to have us vote the proxies, we will do so in the client's best interest, without regard to our interest. Clients may obtain information on how their proxies were voted by making an oral or written request to us. A copy of our proxy voting policies and procedures is available upon request.

## **7. Client Information Provided to Portfolio Managers**

Since the portfolio manager under this wrap program is the same person as the client's advisory representative, the portfolio manager will have all client information that has been provided to Mountain Capital Investment Advisors.

## **8. Client Contact with Portfolio Managers**

Since the portfolio manager under this wrap program is the same person as the client's advisory representative, the client will have full communication with the portfolio manager.

## **9. Additional Information**

### **Disciplinary Information**

Mountain Capital Investment Advisors does not have any legal or disciplinary events to disclose.

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

Mountain Capital Investment Advisors does not have any other financial industry activities or affiliations.

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

We have adopted a code of ethics that sets forth standards of conduct and required compliance with securities laws. A copy of our code of ethics is available to any client or prospective client upon request.

Members and employees of MCIA may trade in the same securities, on the same day, as client accounts. This represents a conflict of interest, as it may provide an opportunity for an employee to receive a more favorable trade execution than a client. To mitigate this conflict, all trades in a given security, both for clients and employees, are placed as block trades, and all accounts receive the same average share price and trade cost. Front running (trading shortly ahead of clients) is prohibited. We have a duty to clients to exercise our authority and responsibility for the benefit of our clients, and to place client interests first.

We periodically review personal securities transactions to ensure that our policies are followed and client interests are placed first.

### **Review of Accounts**

MCIA will perform an initial review all accounts under its management and will perform periodic reviews thereafter. The initial review will assess the client's overall financial situation, attempt to determine the client's risk profile and risk tolerance, determine the client's long-term financial goals, explain our investment approach, and review the current balances and investments in your account.

MCIA will conduct periodical reviews at least monthly, and we will provide portfolio review reports monthly, uploaded to the client portal. Quarterly, we will provide in-person reviews or conference call reviews. The custodian of the clients' accounts will send statements at least quarterly.

Additionally, MCIA will review client accounts prior to and following any trades in individual securities or any large withdrawal or additions to the client's account to ensure the account still meets the client's investment objectives. Reviews may also be triggered by market factors, events likely to materially influence markets, or upon request.

### **Client Referrals and Other Compensation**

MCIA does pay Solicitors for referring clients to us, but we are not paid by anyone for referring clients to them. Our arrangement with Solicitors is as follows:

1. Solicitor is not an employee or investment adviser representative of Advisor.
2. Solicitor is not authorized to provide investment advice or manage investments on behalf of or through Advisor. Solicitor's role on behalf of Advisor is limited to introducing or referring prospective clients to Advisor.
3. Solicitor does not have authority to accept a client agreement on behalf of Advisor or to collect or receive payment in her own name for any services of Advisor. All client agreements with Advisor are subject to acceptance by Advisor.
4. Once a client agreement is accepted, Advisor typically makes investment recommendations to the client as described in the agreement between the client and Advisor.
5. Pursuant to a separate agreement between Advisor and Solicitor, Advisor will pay Solicitor a percentage of the Advisory Fees payable to Advisor under the investment management agreement between client and Advisor: \_10% of investment management fees
6. The total investment management fee charged to a client by Advisor will **not** increase as a result of compensation being shared by Advisor with Solicitor.
7. Solicitor's role is limited exclusively to that of a solicitor and that Solicitor does not give, and has not given, investment- related advice on behalf of Advisor.

**Other Products and Services Available to Us from Schwab.** Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of Schwab's support services:

*Services that Benefit You.* Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account 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 clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

*Services that Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

**Our Interest in Schwab's Services.** The availability of the services from Schwab described above under the caption "Other Products and Services Available to Us from Schwab" benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Our arrangements with Schwab may give us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's services and Schwab's payment for third party services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's payment for third party services that benefit only us.

**Brokerage for Client Referrals.** We do not receive client referrals from custodians or broker-dealers in which we have an institutional advisory arrangement. Also, we do not receive other benefits from custodians or broker-dealers in exchange for client referrals.

## Financial Information

MCIA does not require the payment of \$500 or more in fees, six months or more in advance.

MCIA does not have any financial conditions that may impair our ability to meet our contractual obligations to our clients.

## **10. Requirements for State Advisers**

Not Applicable